



Your Guide to

SAME DAY AND FASTER DELIVERY



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THE INCREASING VALUE OF SAME DAY FULFILLMENT

The overwhelming majority of consumers (90%) now **expect free, two or three day shipping** on eCommerce orders. And retailers are feeding into this expectation, with the **average processing time for orders** clocking in at 2.5 hours and decreasing rapidly.

In short, the era of same day fulfillment is here, and no company can afford not to keep up.

What is same day fulfillment?


Same day fulfillment is when an order leaves the warehouse the same day the customer places it. And the faster it leaves the warehouse, the faster it can reach the customer – which has numerous benefits.

Why is same day fulfillment so important?

Same day fulfillment – and the faster delivery associated with it – offers a better customer experience. In turn, that better experience can help increase customer lifetime value by making people more likely to shop again. On the flip side, 69% of people are much less or less likely to shop with a retailer again **if an order isn't delivered within two days of the date promised.**

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A high-angle photograph of a warehouse worker wearing a white shirt, safety vest, and an orange hard hat. The worker is pushing a yellow pallet jack loaded with a wooden pallet of cardboard boxes. A large, semi-transparent red circle is overlaid on the left side of the image, partially obscuring the worker and the boxes. The background shows a concrete floor and more stacks of boxes.

Additionally, the ability to get products to customers faster can result in lower shopping cart abandonment rates (especially in cases where people are ordering for time-sensitive items, like gifts). Just consider the fact that **only 25% of consumers are willing to wait 3-4 days for an order**, while 44% of consumers are only willing to wait 1-2 days. This sentiment indicates that same day fulfillment and faster delivery isn't just a plus, it's now an expectation for consumers of all kinds. And it can make the difference between consumers ordering from big box retailers versus going directly to the source.

It also results in fewer returns. In the product world, many people return items because they were not delivered on time, and that's a very expensive and very avoidable problem for brands of all kinds.

If that wasn't enough, faster fulfillment and delivery can also provide a competitive edge. Shoppers can easily open multiple tabs on their computers, see all the options, and select where they want to order from based on factors like speed and cost. And while cost is certainly important, delivery speed now has the edge, with **65% of consumers willing to pay more for faster, more reliable deliveries**.

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4 STEPS TO ACHIEVE SAME DAY FULFILLMENT

The most crucial step any retailer can take toward achieving the goal of same day fulfillment is to partner with a 3PL (third-party logistics).

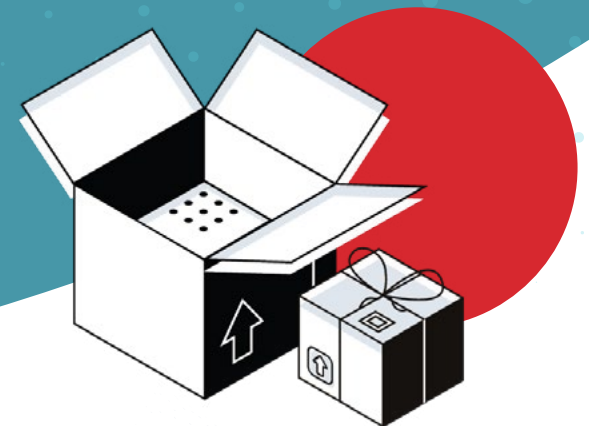
3PLs are best equipped to help meet the demands of same day fulfillment because it's their business to invest in distribution, warehousing, and fulfillment needs. Because 3PLs have deep expertise in these areas and do them repeatedly, at scale with multiple retail partners, they are best positioned to deliver on the speed and accuracy needed for same day fulfillment.

Of course, it's important to find the right 3PL for your business. Most 3PLs will offer same day fulfillment, so finding the right partner requires understanding the reliability of their same day shipping network as well as their approach to innovation when it comes to using technology throughout the process. The best 3PLs will have a deep focus on continuous improvement, constantly looking for new technology to help optimize warehouse operations and further speed up fulfillment times.

As you consider potential partners, look for 3PLs who can offer:

- AI and predictive analytics to support more precise forecasting.
- Automation-as-a-Service (i.e. the ability to rent automation equipment), which is a sign of being agile and flexible in helping your company scale. You want a 3PL that can pivot on a dime to save your company money and provide a great customer experience.
- A unique set of automation tools that work for your business, rather than a one-size-fits-all approach (as your warehouse and fulfillment needs can be very different from the next company's).

As you think about partnering with a 3PL, the following four steps are critical to achieving same day fulfillment:



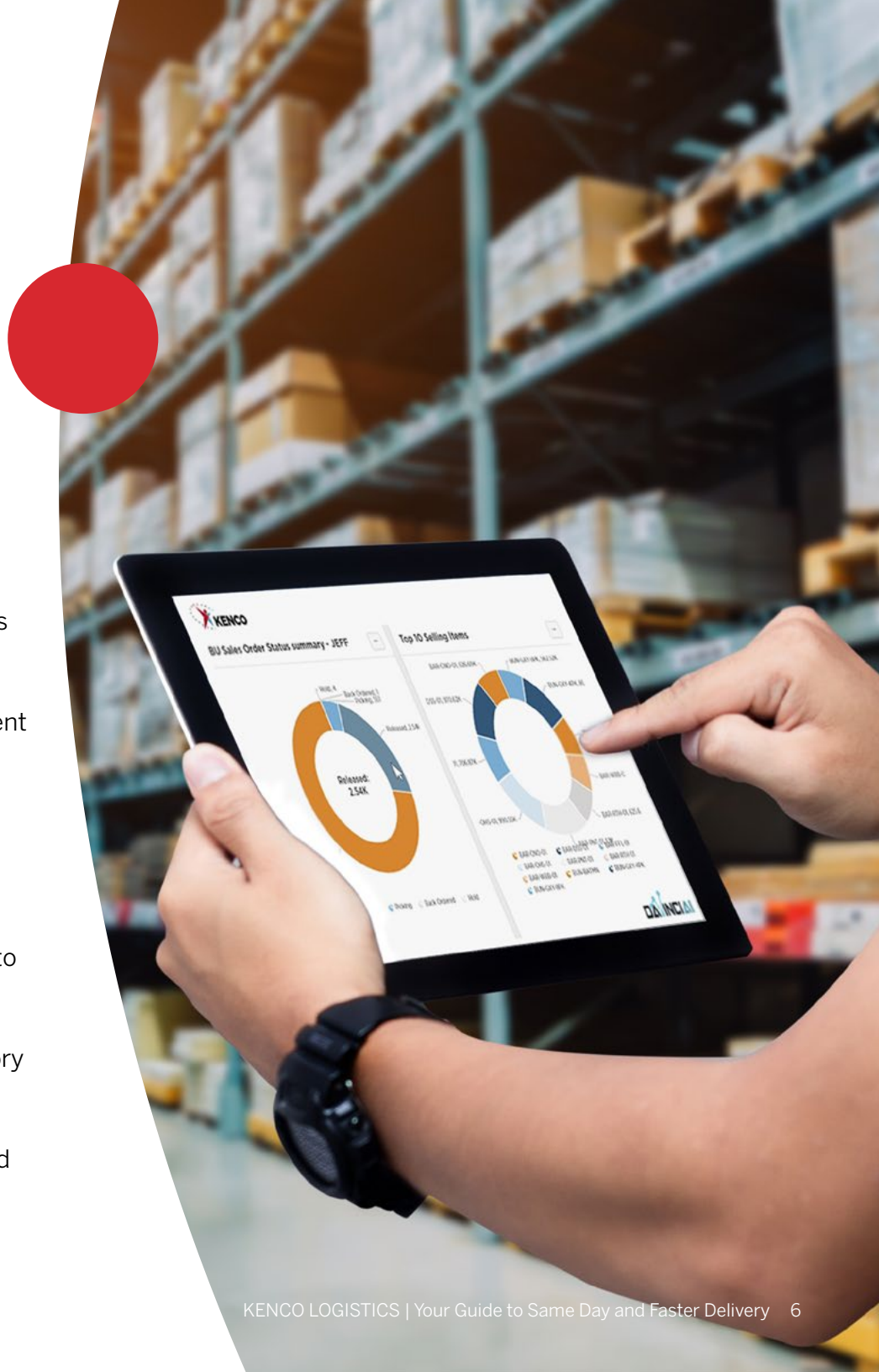
1. Solidify Your Inventory Management Practice

First and most importantly, you need to make sure your inventory is in order. That's because no matter how strong your fulfillment operations, you can't ship items the same day customers place an order if those items aren't in stock. In turn, this creates back ups that can have a domino effect and degrade the customer experience.

As a result, having technology in place to support inventory management is critical. Your 3PL will provide a warehouse management system (WMS) that gives visibility into what's in stock, but you also need a solution that can help forecast demand so that you maintain the right stock. Of course properly forecasting demand is easier said than done, especially in today's volatile market, where unpredictable ebbs and flows in demand mean basing forecasts on last year's performance won't cut it. Further, the long supply chain wait times plaguing the procurement process require more advanced planning than ever.

The best solutions will use artificial intelligence (AI) to factor in a variety of market conditions to better predict what inventory you need. For one healthcare consumer product company, working with Kenco's DaVinci AI algorithm improved their forecasting accuracy by 21%, resulting in \$260k in savings. It was even able to predict volume accurately during COVID-19 spikes in 2020.

Ultimately, this means you need a WMS integrated with an inventory management system that offers AI-based demand planning. This combination of technology will allow you to easily see what's in stock and how the stock is shifting to plan better for what's needed going forward so you can avoid delays due to out of stock items.



2. Optimize Warehouse Operations

Next, you need to make sure you have optimized warehouse operations. This speaks to how the warehouse is run and the culture within it, as well as the technology used and eye toward innovation on the warehouse floor.

Specifically, the best warehouse operations will offer several interrelated benefits:

Scalability and Flexibility

Whether you go viral on TikTok and need to scale up quickly or have to slow down operations to a near halt, you need to make sure your warehouse operations can scale to whatever your needs are.

And you need the flexibility to make those adjustments quickly, because not having the scale to meet demand could lead to a poor customer experience and lost money on unfulfilled orders. Meanwhile, not being able to scale down can mean you are losing money on unproductive hours. This situation makes having a 3PL warehouse management partner that can scale and be flexible with the needs of your business non-negotiable.



Automation

Introducing automated tools on the warehouse floor is one way a 3PL can achieve the necessary scalability. This includes tools like **Locus Robotics**, which automates the picking process to eliminate time previously spent by warehouse staff on zero-margin activities, and **Box on Demand**, which determines the optimal box size for each order and then creates the box to the exact size needed to save space and costs.

Of course these are just some examples of many automated solutions that can save time and improve accuracy on the warehouse floor. They also make it so warehouse operations rely less on people, which allows for more scalability (versus constant increases and reductions in staff size) and faster operations. And for the areas where people remain important, automation can help reduce training time for new employees – something that's extremely helpful when scaling up quickly, like during peak season.

Automation-as-a-Service, in which those tools get paid for based on usage rather than owned outright, is becoming an increasingly popular way to even further improve scalability and flexibility since warehouses can then access these tools on demand.



Labor Retention

Today's labor market is volatile. It's hard to find workers and even harder to predict exact needs.

As a result, bringing automation tools to the warehouse floor also helps manage labor by making things easier on workers. With these tools, staff can focus on getting work done and doing more meaningful tasks, instead of wasting time walking around the warehouse or scrambling to do the jobs of multiple people. Working with automation tools can also help warehouse staff feel like they are in more of a managerial position, since they are overseeing the robots in many cases. Together, these benefits can help improve retention among warehouse workers.

Automation alone can not solve retention problems though. It's also important to make sure warehouse staff gets paid a fair wage, receives good benefits, and does not feel overworked.



The right 3PL partner can bring all of these elements together and then some. For example, a 3PL can not only prioritize scalability and flexibility, introduce automation tools on the warehouse floor, and monitor labor retention, but they can also take an approach that brings innovation to every step of the way. This might include bringing AI into the mix to find better routes to walk around the warehouse or optimize how orders get fulfilled, constantly researching and pressure testing new technology, or even requiring operations staff to be certified in Lean Six Sigma, an approach to increasing productivity by weeding out inefficiency.

This eye toward innovation is critical: Your 3PL should constantly be looking for new ways to optimize warehouse operations and should listen closely to employees directly on the warehouse floor who can see the existing gaps and opportunities firsthand. This type of partner is best equipped to ride the waves of demand with your business – moving quickly when demand ticks up and strategizing for how to improve when it dips.

3. **Determine Warehouse Locations**

Once you have a strong partner for continued optimization of warehouse operations, it's time to decide exactly where those warehouses should be located. This decision is not one you can take lightly, as strategically placing your warehouses across the country to be in the vicinity of your customers is extremely critical for getting items in their hands faster. After all, if you're investing in inventory management and warehouse operations to power same day fulfillment, then you need to make sure the orders can get to your customers just as quickly.

In most cases, you can have two warehouses in the US and be able to deliver orders to the whole country (with the exception of Alaska and Hawaii) in two days. But that begs the question: Where should those two warehouses be?

The best 3PL partners will dig into the data and analyze it with you, offering several warehouse options throughout the country from which to choose based on what the data tells you, because the answer isn't the same for every company.

For instance, if your customer base is largely on the west coast, then there's no need to have a warehouse on the east coast. In that case, you want to get as close to your customers as possible so you can serve them better and faster.



Or perhaps a well-placed warehouse can mean you only need one instead if you find a location where the highways run well and airports are nearby. However, proximity to your customers still matters significantly.

The last piece to consider is the routes of national shipping carriers like FedEx, UPS, USPS, DHL, and others. Let's say your customers are in Georgia. You might choose a warehouse in Georgia because of that, but if UPS first has to take packages to their fulfillment hub in Tennessee, then that will slow down your shipping and you'd be better off choosing a warehouse in Tennessee to begin with.

Overall, the key is to layer in details like customer location, access to highways and airports, and shipping patterns. It's also important to consider details like workforce availability and cultural alignment (e.g. you can't ship alcohol out of Utah) in different areas. Working with a 3PL will not only give you a variety of options from which to choose for warehouse locations, but should also provide access to the level of data you need to appropriately analyze those options and choose the best location for your needs.



3PL's

will give you a variety of options and data for the best warehouse location for the fastest delivery.

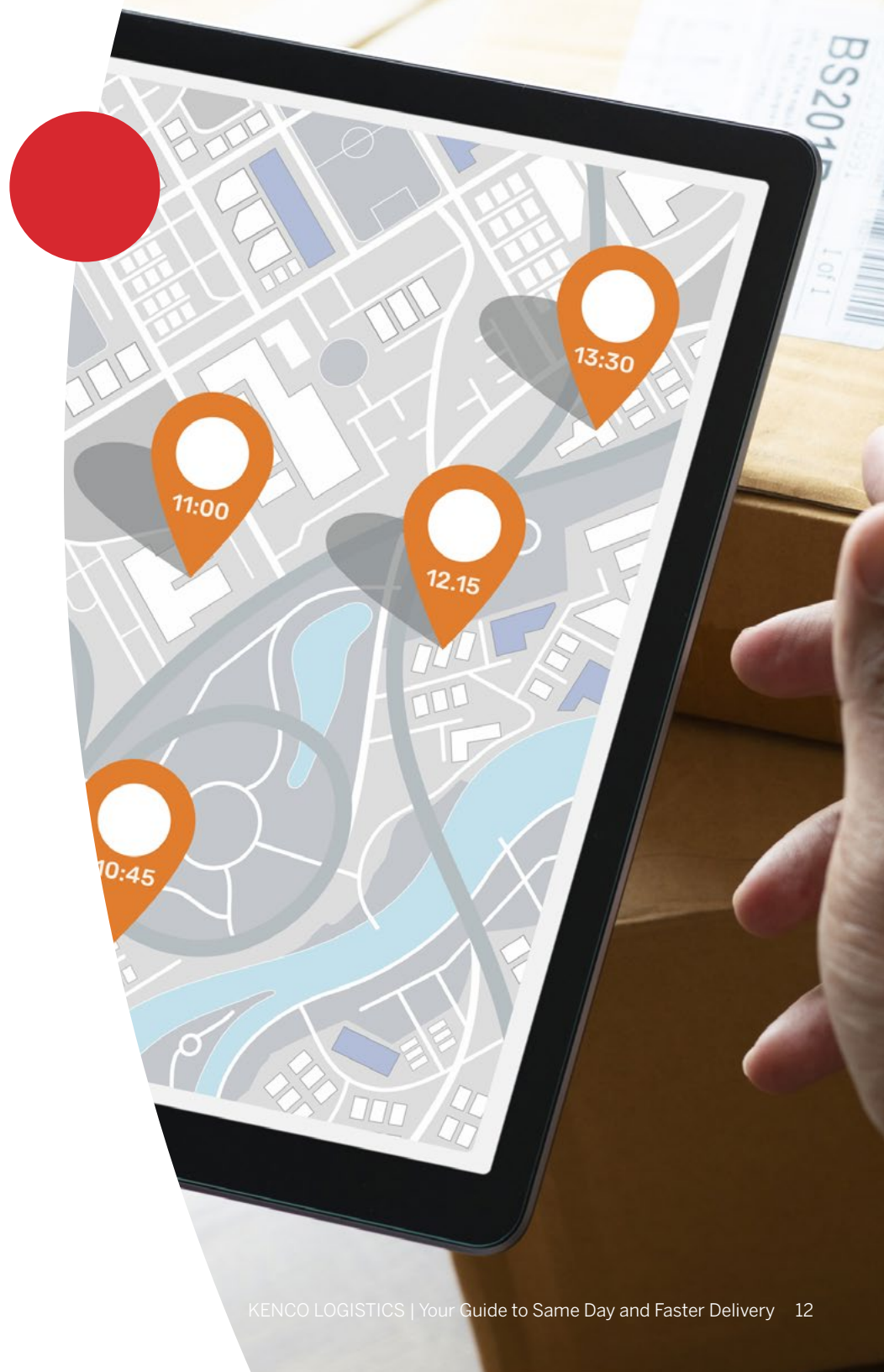
4. **Procure a Library of Shipping Partners**

Finally, when it comes to faster shipping, you want a 3PL partner who has several options for shipping providers.

Diversifying your carriers is always a good idea, but it's especially helpful during peak season, as it allows you to introduce additional services (including tapping regional and local carriers) if your primary carrier reaches capacity.

Additionally, using parcel services through your 3PL can typically get you better rates, better opportunities, and full service maintenance for every package. That full service coverage is important, because it provides support for claims management, insurance, and all the other hiccups that can come with shipping.

The right partner can also audit rates for you to make sure you don't get hit with fines for issues like not providing address information in the exact format required. This auditing and full service support can end up saving thousands of dollars over the course of a year.



MAKE SAME DAY AND FASTER DELIVERY A REALITY

Working through the four steps listed here – solidifying your inventory management practice, optimizing warehouse operations, determining warehouse locations, and procuring a library of shipping partners – can help make same day fulfillment and faster delivery a reality for any eCommerce company.

Importantly, partnering with a 3PL on those steps can help you achieve that goal without overspending. The right partnership can help reduce time and money spent at every step along the way and drive continued innovation so you can keep improving operations to increase your returns and get your orders out even faster.

And all of that will pay off, because the faster you can get products in your customers' hands, the better experience you'll create. Those customers will be more likely to buy again (often spending more, more frequently) and help spread the word about your business. It's the ultimate win-win for your customers and your business.



We'd like to hear about your ecommerce automation and discuss ways Kenco can help address your business needs.

SPEAK TO AN EXPERT



ABOUT KENCO

Kenco provides integrated logistics solutions that include distribution and fulfillment, comprehensive transportation management, material handling services, and information technology—all engineered for Operational Excellence. Building lasting customer relationships for over 70 years, our focus is on common sense solutions that drive uncommon value. Visit Kenco at [KencoGroup.com](https://www.KencoGroup.com)

