# Delivering the
# WOW!
# FACTOR

### eBOOK

## Scaling eCommerce Operations to Increase Customer Satisfaction

## DELIVERING THE **WOW!** FACTOR

Many eCommerce brands today understand that the delivery experience is a major contributing factor in the overall customer experience. In fact, new research conducted by eCommerce last-mile delivery platform, FarEye, found that 85% of U.S. consumers will not shop with a company again after having had a poor delivery experience. This realization has caused brands to focus their attention on offering a top-tier delivery experience. But as eCommerce businesses grow, scaling delivery operations without compromising the customer experience can be a challenge.

In this eBook, we dive into what makes a great eCommerce delivery experience and what brands can do to uphold high standards even as they scale.

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## What Makes a Great eCommerce Delivery Experience?

A great delivery experience encapsulates key moments for the consumer both pre- and post-purchase. Most savvy brands today recognize that the delivery experience isn't limited to the singular moment a package lands on a customer's doorstep—it starts long before that and continues even beyond the initial unboxing.

# A. Pre-Purchase

Many brands would agree that the delivery experience actually starts when the consumer begins their shopping journey on the website. Research has even shown that the delivery experience is a critical factor in purchase intention. A survey from FarEye found that almost nine in 10 (88%) respondents will abandon their online shopping cart if delivery terms aren't up to their standards, such as slow delivery or high costs.

It's clear that today's consumers want fast and free shipping, and they're willing to go elsewhere if they visit an eCommerce business that doesn't meet their delivery expectations. Recent research from X Delivery and the Retail Management Institute of Santa Clara University sheds light on specifically what consumers want: **62% of shoppers now expect their orders to arrive in less than 3 business days when choosing free shipping.**

### Kenco's Investment in eCommerce

Kenco has developed over 200 pre-built integrations with eCommerce industry leaders like Shopify, BigCommerce, WooCommerce, SPS Commerce, ProShip, Amazon FBA, Walmart, eBay, and many more. Additionally, the platform includes open APIs that can connect to virtually any eCommerce system, making it entirely agnostic and ready to integrate with any brand's suite of technology. These integrations are one of reasons Kenco is the go-to warehousing and distribution partner for leading brands.

Read more about our eCommerce technology and visibility **here**.

# B. Post-purchase

There are many components in the post-purchase delivery experience, but we've identified several areas that can help brands stand out if executed well:

• **Order Status Updates**
• **Packaging**
• **Returns Management**

## ORDER STATUS UPDATES

These days, proactive customer communication is table stakes in the eCommerce industry. When a customer places an order on a website, they expect to receive regular communication on key milestones such as order confirmed, shipped, and delivered (as well as potential delays). As a bonus, some brands now offer text or WhatsApp messages in addition to email notifications so customers can receive updates on-the-go.

These types of transactional messages build trust, giving customers the reassurance and peace of mind that their orders will be successfully fulfilled. Proactive communication can also prevent customers from submitting inbound support tickets asking about the status of their orders, which saves your support team from answering high volumes of repetitive questions.

*Proactive communication is table stakes in eCommerce.*

## PACKAGING

A thoughtful unboxing experience has the potential to boost customer satisfaction and long-term brand loyalty. For premium brands, packaging is not just an afterthought—it can be as important as the product itself. Apple, one of the most renowned brands of our time, has nailed the unboxing experience down to a tee, dedicating entire teams to packaging design alone. Attractive, functional, and durable, Apple's packaging gives customers an exciting sensory experience before they even get their hands on the actual product.

Well-designed, personalized inserts with the customer's name or recommended products can also add to the 'wow' factor of unboxing an order, making customers feel special and creating a memorable experience.

As an added bonus, premium packaging can also play a role in your company's marketing strategy, with social media platforms, like Instagram and TikTok, as well as YouTube, hosting millions of unboxing videos. These videos show consumers simply opening their packages for items like apparel, toys, luxury goods, and more, as they discuss their experience on camera. The trend has become immensely popular over the years—on TikTok, the hashtag #unboxing





### Stand Out with Packaging Solutions by Kenco

In a fiercely competitive eCommerce market, Kenco provides the fulfillment and logistics support savvy merchants need to get noticed and be remembered by customers. Easily add customized inserts to each shipment, giving your customers an experience that's unforgettable.

# RETURNS MANAGEMENT

The average rate of returns for online purchases was 20.8% in 2021, up from 18.1% the year prior, according to research from National Retail Federation and Appriss Retail. Returns are an inevitable reality for brands—especially online merchants because customers aren't able to see, touch, or try on an item in person. The reasons for submitting a return can vary, including customers receiving a damaged or incorrect product, fit and sizing issues, receiving an item not as pictured, and more. Similar to their expectations around free and fast shipping, consumers expect brands to have generous and convenient returns policies and procedures.

## Forecasting Returns with Predictive Analytics at Kenco

Forecasting returns is more difficult than forecasting sales, which can make it almost impossible to factor into planning. However, with solutions like predictive analytics, you can get better insight into consumer returns behavior, identifying patterns on the items that are more likely to be returned from multiple orders.

Learn more about Kenco's predictive analytics for returns forecasting **here**.

# 4 Ways to Scale eCommerce Delivery Operations

As your business grows, certain aspects of your delivery operations will need to evolve to keep pace with increasing demand. For example, while you might have sent handwritten notes out to your first 100 customers, this activity will be harder to maintain when you hit 5,000 customers and beyond. With growth comes necessary trade-offs, but it certainly doesn't mean your customer's delivery experience has to suffer.

We've identified the following 4 improvement areas to uphold delivery standards and keep customers satisfied.

**1. Optimizing Inventory in Your Warehouse**
**2. Implementing Distributed Order Management (DOM)**
**3. Streamlining the Returns Process**
**4. Improving Internal and Third Party Communications**

## 1. OPTIMIZING INVENTORY IN YOUR WAREHOUSE

There is a lot of opportunity to optimize inventory management to set your business up for scalable success.

First, having a real-time understanding of your in-stock inventory can prevent poor customer experience scenarios, such as customers unknowingly ordering out-of-stock items due to incorrect inventory counts.

Second, discontinuing slow-moving SKUs can boost cost-efficiency and improve your ROI. Items that sell every now and then take up valuable space and time to pick, so brands may need to make strategic decisions to clear out these products.

Finally, optimizing the placement and slotting of items within the warehouse can help minimize travel and picking times so that products can get out the door and on their way to customers faster.

The technology used inside a warehouse has come a long way to meet the needs of rapidly growing eCommerce brands. Robotics systems, like Locus bots, and kitting and packaging automation systems, like heat tunnels, help brands scale the picking and packaging processes, respectively, while drone technology can count inventory—automatically and accurately.

## Using Predictive Analytics & Machine Learning for Systematic Slotting at Kenco

Kenco's proprietary software, Slot DC, delivers customized recommendations for pick path optimization and inventory slotting. The software uses historical sales data to determine the most optimal item placement and flow. Product SKUs are categorized by sales velocity and then stored such that high velocity items are placed in locations closest to the door for faster picking and loading. Slot DC also accounts for seasonality, identifying items that sell at a higher rate during certain times of the year to recommend slotting modifications and surface potential costs. Armed with these insights, warehouse managers are able to make intelligent, data-driven decisions. One Kenco customer saved approximately $74,000 with Slot DC.

Learn more about Advanced Analytics at Kenco here.

## 2. IMPLEMENTING DISTRIBUTED ORDER MANAGEMENT (DOM)

Distributed Order Management (DOM) provides order routing logic to ensure products ship from the facility closest to the customer, ensuring fast delivery and the best shipping rates. To reach the next level of scale in your business, you'll need a better way to handle more shipments going out to more customers in more (and varied) locations. DOM is the solution to this logistics puzzle, and can help in split order scenarios where a single order with multiple items is sent out in several shipments for faster delivery. DOM provides advanced routing logic so your company can protect its profit margins and your customers can continue to receive the high level of service they expect from your business.
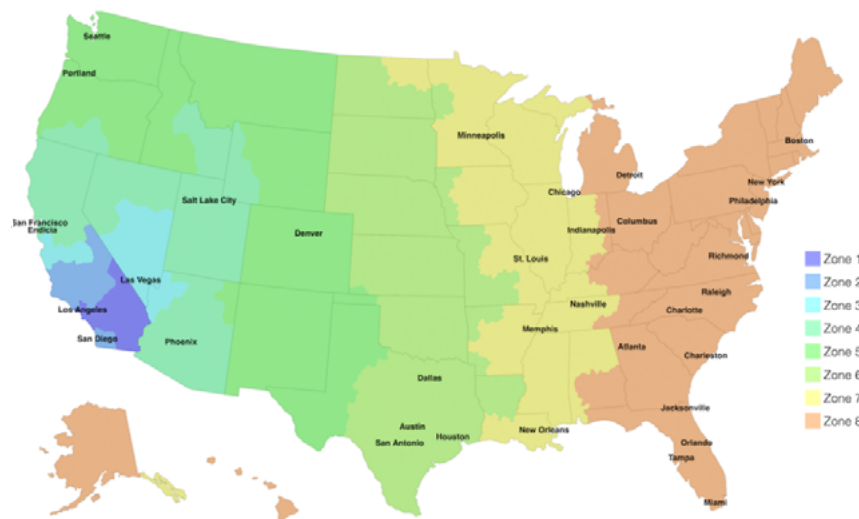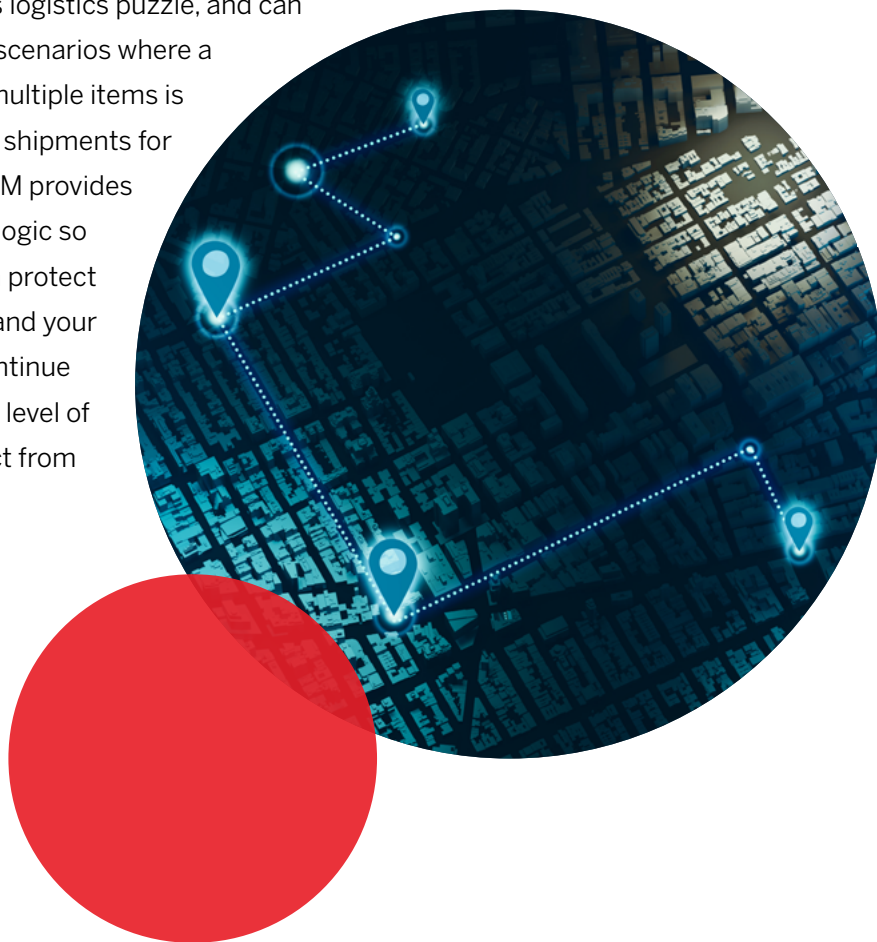


### Save costs by shortening transit times with Kenco

The areas surrounding warehouses, fulfillment, and distribution centers from where packages ship, are divided into zones numbered 1 through 9 – the lower the zone number (zone 1 or 2), the closer the area is to where the package ships from. If your average shipping zone is greater than 5, then there is substantial reason to seek out alternative solutions from a trusted partner who can help place your inventory at other locations closer to customers. Instead of using multiple carriers, requiring time-consuming aggregation of shipping data, a 3PL like Kenco can take a holistic view of your operation to find the best solutions and providers to identify opportunities for cost savings.

Read the full blog: **5 Signs It's Time To Outsource Your Ecommerce Fulfillment**

**3.** **STREAMLINING THE RETURNS PROCESS**

As your orders grow, so will the volume of your returns. eCommerce businesses can get ahead by implementing processes for return merchandise authorization, or RMA. RMAs provide customers with a formal approval to return unwanted items, and can be issued manually or automatically with software. For example, an automated RMA process may automatically approve all returns within a 30-day window or reject returns for ineligible items, like undergarments and swimwear. RMAs can also help brands collect data on the reasons for returned purchases, which can then be shared with manufacturers to improve the product and prevent future returns. Internal operations teams will appreciate a seamless and streamlined returns management process. Customers will too, resulting in higher satisfaction and repeat purchases.

*As your orders grow, so will the volume of your returns.*

## 4. IMPROVING INTERNAL & THIRD-PARTY COMMUNICATIONS

With so many moving parts in the eCommerce industry, it's important to make sure that all parties and stakeholders, internal and external, are aligned as growth takes off and operations shift. Internally, an open line of communication between marketing and operations is essential. Order distribution and fulfillment teams need to have a clear line of sight into upcoming promotions or seasonal campaigns so that they have the capacity to handle the increase in demand.

Delivery providers will also need to be kept in the loop to ensure delivery times are feasible and aligned with what's communicated on the website. It's important to set the right expectations early to prevent a poor customer experience and subsequent backlash—by then it may be too late to course correct.

### Seamless and Reliable Delivery Provider Management with Kenco

Kenco's reputation in the warehousing and logistics industry has led to establishing strong partnerships with some of the world's largest parcel and delivery providers, as well as with growing national and regional carriers. These relationships, paired with our expertise, have allowed us to get the best shipping rates, establish delivery SLAs, and navigate demand fluctuations on behalf of our retail customers.

# ECOMMERCE & FULFILLMENT AT KENCO

Our eCommerce and fulfillment solutions are designed to exceed your customers' expectations and enable your brand's growth.

As an award-winning 3PL with decades of successful client relationships, we deliver sophisticated post-click solutions that will optimize operations and exceed your customers' expectations, online and offline.

Learn more about eCommerce & Fulfillment at Kenco.

## POSTPONEMENT & KITTING

When it's impractical to store items in a usable state, our Postponement team can assemble products just before shipping. If those items require point-of-sale displays, product promotions, sample packs, or other promotional packages, our Kitting team can assemble those as well.

## PACKAGING

Kenco provides customized packaging to make sure your customers have an Instagram-worthy unboxing experience every time. Our white glove packout areas are designed to create a unique box for each customer, with custom boxes, inners, liners, and inserts. With Kenco, give your customers an unforgettable experience with each delivery.

## WAREHOUSING & FULFILLMENT

Kenco is continually innovating to drive efficiency and agility in fulfillment. The unpredictability of the current market requires an agile partner, armed with data and tools to keep your business going in any situation.

## BUSINESS INTELLIGENCE

Kenco has developed a proprietary predictive analytics solution to provide actionable business intelligence that helps our customers grow their business. Using AI, this solution provides insights such as order forecasting within 89% accuracy, warehouse operation optimizations, labor management, and more. Kenco's solutions leverage premier predictive analytics capabilities to optimize your fulfillment.

**KENCO**

## 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**.

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