

# THE STATE OF BIG & BULKY LAST-MILE DELIVERY

Optimizing The Last-mile Delivery Experience  
to Drive Customer Retention



**Working with changing consumer needs**  
How the last-mile sector can leverage technology to serve  
post-pandemic consumer demands.

# Contents

<b>Acknowledgements</b>	3
<b>Introduction</b>	4
<b>Chapter 1: The State of the Market</b>	5
The challenges for last-mile delivery	5
Changing consumer expectations	6
The transparency challenge	7
The cost challenge	7
What's next for the Big and Bulky last-mile sector?	7
An alternative option	8
<b>Chapter 2: The Use of Crowdsourcing and Gig Economy Models</b>	9
Is crowdsourcing a viable option for Big and Bulky?	9
Managing reach and cost	10
Managing consumer expectations	10
Where technology can intervene	11
How crowdsourcing could work in the future	12
A variable model	12
<b>Chapter 3: Two Types of Fulfillment Options: Drop Ship and Omnichannel</b>	13
The benefits of micro-fulfillment	13
What's next for brick and mortar stores?	14
The case for technology	15
Technology and branding for home delivery	15
Where data can enhance the consumer experience	15
<b>Chapter 4: Leveraging Returns to Drive Brand Loyalty</b>	17
Prevention is better than cure	17
Saving the sale	18
Trial periods	18
Discounts for cosmetic damage	18
Fixing broken products	18
Offering incentives	19
Philanthropic alternatives	19
Outstanding customer service	19
When saving the sale isn't an option	19
Where data and customer service collide	20
Empowering consumers to make decisions	20
Routing returns with sustainability in mind	21
Optimizing home deliveries	21
Spotting returns abuse	21
<b>Conclusion (Attributed to Jorge Lopera)</b>	22
<b>About FarEye</b>	23

# Acknowledgements

We would like to extend our enormous thanks to the following participants who gave their time and expertise to this project:

**Bill McCoy** | Director of Last-Mile Logistics | **Electrolux**

**Jorge A. Lopera** | Vice President & Global Head of Strategy | **FarEye**

**Gina Anderson** | Vice President of Solutions & Growth | **GEODIS**

**Jeff Abeson** | Vice President of Business Development | **Ryder System, Inc.**

**James Nissenberg** | Vice President of Logistics | **Santa Monica Seafood**

**Philippe Lambotte** | Vice President of Logistics & Field Operations | **Tonal Systems Inc.**

**Sanjeev Sahni** | VP Operations | **Wayfair**

# Introduction

When we try to predict changes in consumer behavior, we are best advised to follow the old adage: there is only one thing certain, and that is that nothing is certain. For all the turbulence of the last two years, today's consumers are feeling remarkably self-assured.

What would traditionally have been an emotionally charged, drawn-out decision can now be made in a few clicks. Even permanent fixtures, like large home furnishings or kitchen appliances, are finding their way into our homes through non-traditional routes.

While this new, digitally inspired consumer confidence is great news for retail, it's a challenge for logistics teams. In this whitepaper, we speak to six key professionals in Big and Bulky logistics – to discuss the challenges and opportunities that they see in this sector.

We start by exploring these challenges, namely the ever-growing demands of consumers in an "Amazon age," as well as rising costs. We discuss the need for transparency, and what this means for last-mile consumer communications.

We also delve into the new and ever-changing models for Big and Bulky logistics. Crowdsourcing and the "gig economy" have taken off in the last decade, not just in the US but in other large markets such as China. Inspired by the sharing economy models utilized in other industries like travel, these local networks look promising – but can they truly deliver?

This leads us naturally into a discussion of modern-day fulfillment options. We see the brick and mortar store stepping up to take a new role, not just as a place to browse, but as a fulfillment center. We tackle the modern-day concerns consumers face, from product returns to more precise delivery times.

In tandem, we look at the role of the drivers themselves, following the examples of brands like Wayfair and Tonal. No longer are drivers "dropping off" – they're entering consumers' homes to install products, and rounding off that all-important consumer experience.

And is any consumer experience truly complete without assessing the returns process? In this whitepaper, we pose the idea that returns are an essential part of consumer retention. With the right incentives, cost-cutting initiatives, and communications, we can keep consumers on our side.

Doubtless, there are further challenges and opportunities ahead for the Big and Bulky sector which we'll explore more here.



"Is any consumer experience truly complete without assessing the returns process?"

# Chapter 1

## The State of the Market

They say in the midst of every crisis, lies great opportunity, and the global Big and Bulky market is no exception. Growth industries during the pandemic, among online streaming services and education providers, were e-commerce retailers. The pandemic was a catalyst to transition Big and Bulky as a sector of retail into its own market with unique challenges and needs.

Changes in consumer habits were just one of many factors in these upward trends. Jeff Abeson, Vice President of Business Development for Ryder System, Inc., believes consumer confidence has been the driving force.

"A really exciting development has been the significant growth in Big and Bulky since COVID," says Abeson. "It continues to grow because of people's comfort level with buying big products online."

Consumer comfort comes from the new resources available to tailor the online experience. This technology was beginning to take off pre-pandemic: in 2019, a Nielsen global survey revealed that 51% of consumers were "considering" using augmented reality (AR) to assess their purchases. Fast forward to 2022, and we're seeing household names such as IKEA and Home Depot offering these "try before you buy" experiences.

Jorge A. Lopera, Vice President and Global Head of Strategy at FarEye, says: "The pandemic forced retailers to pivot the way they reach consumers with tactics such as 'virtual room design,' leading to stronger adoption of online shopping." Developments such as AR are helping consumers to make key decisions without even having to venture to a store.

This was integral throughout lockdown, but its effects will transcend the pandemic. Sanjeev Sahni, VP Operations at Wayfair, shared these sentiments. Speaking at *Reuters' Supply Chain Execution USA* in October 2021, Sahni commented on the changes in the modern consumer journey.

"When we make small purchases online, like AA batteries, we have very few decisions to make. With Big and Bulky, items are typically more expensive, so the stakes are higher. We have to consider so many things. Is it the right color and size, will it fit in my living space? We have 3D and in-room tools to help consumers make the right choices."

Similarly, social media and user-generated content are playing an integral role in consumers' buying decisions. Philippe Lambotte, Vice President of Logistics and Field Operations at Tonal, notes the importance of these tools in e-commerce. "We saw the biggest leap in home exercise equipment between 2019 and 2020, but it continued into 2021. This was partly down to social media – people could see other consumers' testimonials and decide what would work best for them."

### The challenges for last-mile delivery

Now that consumers have more tools to aid their buying decisions, their expectations are higher. Tools such as the above mentioned 'virtual room design' in AR have led to more consumers buying online. This presents capacity challenges for the Big and Bulky



"A really exciting development has been the significant growth in Big and Bulky since COVID."

**Jeff Abeson, Vice President of Business Development for Ryder System, Inc.**

sector – customers want better value, and their orders are going up. Lopera notes the large increase in the last-mile sector since COVID. In 2020, the furniture and appliance e-commerce market volume in North America had grown to \$97.2 billion. In particular, this growth has led to many retailers looking to own or control the entire supply chain ecosystem, allowing them to provide intrinsic value to the end consumer.

Lopera says: “The growth of e-commerce in the last two years has presented a number of capacity challenges forcing retailers to augment their supply chains to meet consumer demand. This has been especially felt in Big and Bulky items, as the growth in e-commerce in this category has outpaced all other categories. As such, the need to implement elastic fleet strategies has become top of mind for retailers.”

### Changing consumer expectations

Bill McCoy, Director of Last-Mile Logistics at Electrolux, warns that Amazon “shaped expectations” throughout the pandemic. Twenty-four-hour and even same-day delivery are commonplace for smaller items, but these key players are setting the tone for smaller retailers – and larger items.

“When consumers couldn’t get to stores, they went online,” says McCoy. “Prior to COVID, we were working with a three to five-year roadmap to upgrade our technology. That changed all of a sudden to needing it right away.” Some players have taken on the challenge with both hands – such as Wayfair, whose e-commerce-only model is shaping consumer behavior, adds Lopera.



“The growth of e-commerce in the last two years has presented a number of capacity challenges forcing retailers to augment their supply chains to meet consumer demand.”

**Jorge A. Lopera,**  
Vice President and Global Head  
of Strategy at FarEye



"Last-mile is an integral part of the consumer journey," says Lopera. "Seven out of ten consumers won't buy from a brand again if they have a negative last-mile experience. This reinforces the need for a positive consumer experience throughout. While the last-mile is essential, the real consumer experience starts at the point of sale. They should be given a choice from the onset: various delivery options, additional services such as installation, and proactive communication throughout the whole delivery process."

### The transparency challenge

As consumers become more empowered, they demand more transparency – for example, notifications with accurate ETAs. This adds extra pressure to smaller logistics teams, who are already battling more orders, home installation, and tighter delivery times. "Transparency and predictability are two key issues for last-mile," says Lopera.

According to Fidelitone, almost half (46%) of furniture retailers feel their delivery technology needs improvement – including delivery alerts. Retailers are understandably concerned about keeping their customers informed, which may explain why they're reluctant to hand over their customer service to delivery partners. Further data from Fidelitone says that eight in 10 retailers are "uncomfortable" putting their customer service elements in third parties' hands.

Offering consumers a delivery slot is no longer enough. Rather than accepting an eight-hour window, online shoppers demand smaller delivery time frames to fit around their increasingly complex schedules.

### The cost challenge

Supply chain has become one of retailers biggest global concerns throughout the pandemic. These problems have not eluded consumers – they are waiting longer than ever for goods, and appreciate the need for more efficient supply chains. Often, this results in last-mile logistics teams footing the bill. FarEye's Lopera says: "More than half (53%) of all shipping costs are attributed to the last-mile. Much of this comes down to lack of intelligent routing technology, visibility, and oversight of last-mile fleets. In order to meet rising expectations, retailers are looking to technology to be faster, more reliable and cost effective."

These technologies have given rise to new channels that can shorten the last-mile. Retailers have begun to turn to options such as in-store pickup, dark stores, pop-up stores, and micro-fulfillment centers. It's an ongoing challenge that we've still not perfected – as noted in Reuters Events' *Reducing Costs and Increasing Sustainability in Last-Mile Operations* webinar.

Speaking at the webinar, James Nissenberg, Vice President of Logistics at Santa Monica Seafood, said: "I think one of the biggest challenges for last-mile delivery is on the cost side and determining how to serve consumers efficiently and cost-effectively." Added to the cocktail of inefficient tech and consumer expectations, we also have economic factors, such as rising fuel prices.

### What's next for the Big and Bulky last-mile sector?

Despite these challenges, we need to be aware of the new opportunities on the horizon for Big and Bulky last-mile logistics. Speaking on behalf of Ryder, Abeson noted the changing shifts in consumer behavior.



"Transparency and predictability are two key issues for last-mile."

**Jorge A. Lopera, Vice President & Global Head of Strategy, FarEye**

## The State of Big & Bulky Last Mile Delivery

"It's important to see where populations are moving and to look at additional markets that we want to have a presence in. We need to get closer to the demand. The pandemic placed a huge focus on flexibility – people are moving away from the West Coast, for example. We need to look at these trends and decide where it makes sense to put up traditional warehouses."

We should also consider the implications of the delivery and installation model. For Lambotte at Tonal, the secondary step of installing the product in the home is absolutely essential. As a young company with 50 retail stores and 90% of its business online, the exercise equipment manufacturer has incorporated installation into its service offering. Lambotte says: "In the past, you wouldn't have had a technician come to your home. Now, we are sending people out and helping consumers get set up on the equipment with their user profiles."

### An alternative option

Between exponential market growth, higher consumer expectations, and capacity limits, the Big and Bulky last-mile sector faces a strain like never before.

Taking the optimistic view, McCoy at Electrolux agrees that the sudden acceleration in tech adoption is just what the sector needed. From a more cautious standpoint, we have to consider the additional costs that these changing trends present.

Should retailers be training their teams, not just in executing flawless delivery, but in installing products in consumers' homes? Can we afford the technological interventions that enhanced consumer transparency demands?



"It's important to see where populations are moving and to look at additional markets that we want to have a presence in. We need to get closer to the demand. The pandemic placed a huge focus on flexibility – people are moving away from the West Coast, for example."

**Jeff Abeson, Vice President of Business Development for Ryder System, Inc.**



## Chapter 2

# The Use of Crowdsourcing and Gig Economy Models

### Is crowdsourcing a viable option for Big and Bulky?

The crowd logistics model – which outsources last-mile delivery to a group of local individuals – has been growing steadily in recent years. In a 2020 report, *Crowdsourcing for Sustainable Urban Logistics*, the Multidisciplinary Digital Publishing Institute named several key players around the world. Companies such as Sweden’s MyWays, the United States’ Flexe and TaskRabbit, and China’s Renren Express, are all benefiting from this collaborative model. In particular, Renren Express now covers 92 cities, serving two million merchants and 10 million consumers in China.

“Crowdsourcing is very green,” says McCoy at Electrolux. With this in mind, the model may not yet be ready for the wider challenges that Big and Bulky products command – from entering the home to installing the product itself.

“Big and Bulky is limited in fulfillment options, because we’re not just dropping it off at the garage,” adds McCoy. “If a consumer is ordering an appliance, they need somebody who’s not just a driver, but is trained to go into the home and install the device. Before, we might have called upon an electrician or a plumber, but it’s all part of the service now.”

On the other hand, given the ongoing capacity challenges in last-mile delivery in general, there are merits to utilizing a crowd sourced model. In one study by the University of Buffalo, crowdsourced logistics were shown to be more environmentally friendly. The study examined diesel delivery trucks using TRANSIMS Simulation Methodology to



“If a consumer is ordering an appliance, they need somebody who’s not just a driver, but is trained to go into the home and install the device. Before, we might have called upon an electrician or a plumber, but it’s all part of the service now.”

**Bill McCoy, Director of Last-Mile Logistics, Electrolux**



replicate 26,623 daily trips across Alexandria, VA. They found a 55% reduction in carbon emissions using this method. From shorter journeys to excess capacity being used in the same journey, this model offers strong environmental benefits.

In addition, FarEye's Lopera highlights the merits of the model while recognizing the challenges that McCoy at Electrolux addressed. Lopera explains: "Traditional carriers have challenges. A crowdsourcing model augments delivery and supplements demand. This works well for profit and loss, helping to manage peaks and troughs, and expand service coverage. Likewise, by shortening journeys, it can drive sustainability, as well as meet customer expectations. However, it's worth noting that crowdsourcing is not a one-size-fits-all solution. Crowdsourcing for specialized services may become more difficult and delivery may be best managed by the brands themselves."

On the surface, a crowdsourcing model appears to be instrumental in driving down costs. In a 2017 thesis, *How Crowdsourcing Is Transforming The Face of Last-Mile Delivery*, Brian Odongo notes the asset-light infrastructure and operational flexibilities of crowdsourcing. "The excess capacity is people's time and mobility. Crowd logistics enables individuals and businesses to tap into the already existing mobility to get items delivered."

However, this is a pre-pandemic observation. With the additional demands for skilled labor, costs soon add up. Gina Anderson, Vice President of Solutions and Growth at GEODIS, says: "These days, quality labor comes at a premium – not just with the delivery, but with interpersonal skills. Brands that use crowdsourcing and the gig economy are subject to the unpredictable and inconsistent nature of this labor force."

### Managing reach and cost

Crowdsourcing models can only work when they have a strong network, warns McCoy at Electrolux. Without this, we risk poor customer service, which in turn, limits our capacity to grow. Abeson at Ryder says: "There are certainly pros and cons to crowdsourcing. There are opportunities to drive down costs, but there are many things that are out of your control. In the long term, if your intent is to grow, then crowdsourcing might not help."

### Managing consumer expectations

Perhaps the biggest challenge with crowdsourcing, despite its sustainability and potential cost savings, is customer service.

"It's a case of how you manage transparency and consumer choice," says Lopera. "Real-time visibility combined with machine learning, keeps end-consumers informed of the status of their delivery and proactively informed of delays against their promised ETA. This in turn allows consumers to make real-time decisions to ensure delivery is made when it's most convenient to them."

"Our intelligent delivery management platform allows our retail clients to work across internal and third-party provider bases, to ensure end-consumers have a consistent delivery experience, regardless of whether it is a company or third-party delivery. Additionally, feedback functionality enables organizations to quickly react to poor end-consumer engagement."

To allay any customer service concerns with crowdsourcing, these technologies offer greater transparency. For example, brands can use live interaction tools to communicate with drivers, and pass messages back to the end-consumer at the touch of a button.



"Our intelligent delivery management platform allows our retail clients to work across internal and third-party provider bases, to ensure end-consumers have a consistent delivery experience, regardless of whether it is a company or third-party delivery."

**Jorge A. Lopera, Vice President & Global Head of Strategy, FarEye**

### Where technology can intervene

As with many challenges in the post-pandemic world, technology provides a solution. Anderson at GEODIS lists the key considerations for Big and Bulky retailers looking to use the crowdsourcing model, including:

- Incentives for drivers
- Appropriate vetting
- Exceptional quality control
- Ongoing training
- Comfortable working environments
- Strong problem-resolution controls
- Solid communication to manage consumer expectations.

So, where does technology intervene? One company that has harnessed consumer experience technology from the outset is Wayfair. Head of Customer Experience and Operations Sahni says: “We are linking our logistics platforms with consumer needs and choices, understanding what consumers want to know as their goods travel globally.

“We gather data to understand how the consumer interacts – do they prefer to use live chat or speak on the phone? This helps to make future predictions for what they want, and we can share this data with everyone in the supply chain.”

McCoy at Electrolux agrees, and says the brand has invested heavily in strong technology. He cites companies such as Uber and even Domino’s, whose tracking tools give consumers additional peace of mind. “The best way to leverage crowdsourcing is through really good technology. You can agree on communication touchpoints and put this together in procedural documents. If you don’t have a digital platform, you can’t continually reinforce those requirements.”



“We are linking our logistics platforms with consumer needs and choices, understanding what consumers want to know as their goods travel globally.”

**Sanjeev Sahni, VP Operations, Wayfair**



### How crowdsourcing could work in the future

For the Big and Bulky sector, crowdsourcing faces both macro and micro challenges. McCoy at Electrolux warns of the legal considerations. “There are hurdles with legislation – for example, there are limits to how much you can dictate to an independent contractor.”

Again, digital comes into its own here, not just from a consumer perspective, but from a staff perspective.

Lopera states that mobile technology will be the difference between success and failure for this model. “Technology allows retailers to create a holistic brand experience through consistent touch points, end-to-end visibility, and consumer influence, via real-time delivery instructions. A carrier toolkit allows third-party fleets to integrate into a retailer’s ecosystem.”

This may empower consumers, who can not only track their orders, but delight in a more personalized experience. Even something as simple as a push notification telling them their driver’s name provides added assurance. From a compliance perspective, retailers may leverage this tracking technology to ensure their drivers are not working more than their contracted hours.

### A variable model

To maximize profits, Lopera advises using a variable model – supplementing fleet categories based on delivery and assembly requirements or skills. The consumer experience involves every part of the supply chain – a sentiment echoed by both Lambotte at Tonal and Sahni at Wayfair.

“A lot of companies look at the last-mile as an extension of mid-mile,” says Lambotte. “They think, ‘we need to go into this market,’ but they don’t consider that they need to set up their supply chain from a consumer-centric point of view. We still need to vet people. We’ve seen lots of companies and acquisitions failing to recognize this.”

Sahni adds: “We spent years building a flexible supply chain from manufacture to consumer houses, which is why we were able to adapt to the pandemic so fast.”



“Technology allows retailers to create a holistic brand experience through consistent touch points, end-to-end visibility, and consumer influence, via real-time delivery instructions.”

**Jorge A. Lopera, Vice President & Global Head of Strategy, FarEye**

## Chapter 3:

# Two Types of Fulfillment Options: Drop Ship and Omnichannel

If good customer service is the end goal, then last-mile logistics needs to tailor its options around this. For example, we may consider the fulfillment options themselves, or extras such as product installation. For Abeson at Ryder, these decisions come down to the retailer.

“We’re essentially looking for that balance. Every decision we make is based on what we can deliver in that two-hour window. Are we offering front door or white-glove delivery? If they’re ordering something like gym equipment, have we factored time to go into the home and manage the technology setup?”

Modern-day Big and Bulky logistics, guided by post-pandemic changes in consumer behavior, offers retailers a range of strategies. Lopera at FarEye adds: “To reach end-consumers faster while minimizing last-mile costs, retailers have implemented omnichannel strategies. They’re fulfilling orders from retail stores, local and regional distribution centers, or from the manufacturer direct to the end-consumer (drop ship). To execute this, inventory visibility and order orchestration capabilities are essential. We’re increasingly seeing these becoming adopted as more retailers respond to the new normal.”

### The benefits of micro-fulfillment

In Accenture’s *The Sustainable Last-Mile report*, it was revealed that micro-fulfillment centers could lower emissions by between 17 and 26% by the year 2025. While the Amazon effect drove the need for micro-fulfillment centers to meet consumer demand, the sustainable benefits were quickly realized by Big and Bulky goods enterprises across the globe.

In 2020, the micro-fulfillment market hit the billion-dollar mark. This is expected to reach \$10 billion over the next four years, as same-day orders from urban areas reach their peak. Forward trends suggest that 89% of the U.S. population will live in urbanized areas by 2025.

The benefits for Big and Bulky goods retailers are therefore threefold. Not only can they cut costs with a reduction in fuel expenses and mileage; they can also reach wider markets and reduce carbon emissions globally.

Anderson at GEODIS says: “I’m a big fan of micro-fulfillment and layering in the middle mile. Right now, the biggest challenges brands face are sorting and segmenting, and assuring quality of service through third-party logistics.

“Brands can own their own hyper-local delivery network with the right providers, who know how to leverage their assets, technology, and ingenuity to create something truly diversified.”



“Brands can own their own hyper-local delivery network with the right providers, who know how to leverage their assets, technology, and ingenuity to create something truly diversified.”

**Gina Anderson, Vice President of Solutions & Growth, GEODIS**

One brand leveraging this option is Tonal, which describes its micro-fulfillment centers as “hubs.” Lambotte says: “We have hundreds of hubs across the country. This is where we store our products for a couple of days before they reach the consumer.”

“In larger locations, such as Los Angeles or New York City, we might have hubs ranging from 50,000 to 100,000 sq ft. In areas like Alaska or Hawaii, we use smaller hubs to serve the local markets.”

### What’s next for brick and mortar stores?

In an interview with the National Retail Federation, global design firm managing director Rikki Landini said the changes have been a long time coming. “Even before the pandemic, many large-format retailers and department stores were already questioning their physical footprint. Much of it is no longer relevant to visit. Some are just using space differently.”

“Using space differently,” says Landini, essentially means giving larger retail stores two roles: physical stores and fulfillment centers. Opinions between logistics professionals, meanwhile, differ on this subject. McCoy at Electrolux says: “The retail store as we know it is out of the game. It has to be the showroom – consumers still want to touch the products – but it also needs to be connected with suppliers to move orders along digitally and take care of the last-mile.”

Abeson at Ryder says: “Physical stores aren’t going to go away. We’re just seeing a shift between brick and mortar and e-commerce.”

“The challenge is managing the inventory. Physical stores offer untapped potential for faster delivery by having their products closer to consumers. But this needs to be reflected in the shopping experience, for example, with extended aisles.”

Retail stores may also serve additional functions depending on the product, as noted by Lambotte at Tonal. With just 10% of its home exercise equipment sold in stores, Tonal needs to get the best value from its physical presence. Lambotte says: “We are following the Nike model – we can use the physical stores as a back-up, a storage unit for spare parts, accessories, and replacements for broken machines.”



“In larger locations, such as Los Angeles or New York City, we might have hubs ranging from 50,000 to 100,000 sq ft. In areas like Alaska or Hawaii, we use smaller hubs to serve the local markets.”

**Philippe Lambotte, Vice President of Logistics & Field Operations, Tonal Systems Inc.**



### The case for technology

Once again, the common thread between modern fulfillment options and good customer service is technology. In particular, technology facilitates omnichannel fulfillment and delivery execution, from queueing items in retail stores to planning exact curbside pickup times.

McCoy at Electrolux also notes the role that technology has to play in omnichannel branding. By creating one consistent brand across all digital channels, such as email communications or push notifications, retailers offer a more consistent experience for their consumers. He says: “The person doing the delivery might not work for Electrolux, but there’s no reason why we can’t use digital to push the Electrolux branding.”

### Technology and branding for home delivery

The importance of a strong brand experience cannot be underestimated, particularly with Big and Bulky goods, where multiple carriers may be involved. Abeson says: “Consumers don’t understand that the Big and Bulky supply chain looks very different from something like a mobile phone case. There is a lot more coordination involved between the retailers, carriers, and consumers who generally need to be available for delivery. Yet, consumers have been conditioned to order their products today and receive them tomorrow. So, managing expectations is key.

“Logistics teams need to work with retailers in a collaborative fashion. We need to work on proper messaging, giving consumers visibility throughout the journey, keeping branding consistent. This reduces buyer’s remorse and helps to keep returns to a minimum.”

These are two key priorities for the team at Wayfair, which, as an e-commerce-only company, uses a two-sided marketplace for consumers and suppliers. Sahni says: “We have supporting tech infrastructure to drive speed, reliability, and access to goods.”

The company has 17 warehouses, occupying 18 million sq ft. across North America and Europe, with 17% of all orders carried out through their own warehouses. But the real magic comes from the point of order.

“We help consumers to answer questions such as color and size, as well as delivery options, from dropping it off at the front door to assembling it. This helps Wayfair to give consumers a clearer picture of availability, then we can keep them informed through to the point of delivery. When things go wrong, we use the human touch to make it a seamless experience – but we cannot do this without the technology backbone.”

### Where data can enhance the consumer experience

Home installation continues to become more mainstream as key logistics players begin to offer this service. In April 2021, it was reported that Amazon would soon trial a home furniture and device setup service as a bolt-on to delivery. Their aim, according to Bloomberg, was to compete with other large online retailers, including Wayfair, Home Depot and Lowe’s.

Prior to this, the e-commerce giant offered *Amazon Home Services*, which allowed consumers to hire a contractor through an online portal. When competition from other retailers became too strong, Amazon knew it would have to take on this burden – and with it, a new stream of costs.

McCoy at Electrolux notes the importance of factoring in cost data when planning



“Logistics teams need to work with retailers in a collaborative fashion. We need to work on proper messaging, giving consumers visibility throughout the journey, keeping branding consistent. This reduces buyer’s remorse and helps to keep returns to a minimum.”

**Jeff Abeson, Vice President of Business Development, Ryder System, Inc.**

## The State of Big & Bulky Last Mile Delivery

---

deliveries. While this is especially important for smaller retailers using crowdsourced models, it also applies at scale. By factoring in consumer expectations, Big and Bulky goods retailers can be transparent about costs and improve the overall shopping experience. Retailers can also use tech such as FarEye to store delivery and item data and guide future deliveries at scale. The technology also stores feedback to improve the end-consumer experience for future deliveries.

Once again, Wayfair leverages consumer data to encourage retention. Sahni says: "We remember things like life events, or essential details such as narrow driveways. This helps to make future deliveries easier. While a personalized experience may help retention, it's not the only trick up Big and Bulky goods retailers' sleeves. We can also encourage repeat business with a fluid and transparent returns process."



"We remember things like life events, or essential details such as narrow driveways. This helps to make future deliveries easier."

**Sanjeev Sahni, VP Operations,  
Wayfair**

## Chapter 4: Leveraging Returns to Drive Brand Loyalty

On the surface, returns and consumer loyalty seem a strange juxtaposition. But a good consumer relationship doesn't need to end if a product is sent back. Rather, it's an opportunity for retailers – including those selling Big and Bulky goods to meet their consumers' needs.

According to Invesp, 92% of consumers will buy again if they have an easy returns experience. Likewise, research from Centiro states that 81% of shoppers will switch to a competitor if they have a bad returns experience.

Large-scale consumer returns are nothing new. In 2019, e-commerce returns saw a 95% increase, causing many brands to tighten up their returns policies. While the return of a t-shirt may seem innocuous enough, it's a different ball game for Big and Bulky.

So costly is the arrangement of an item pickup, repackaging and resell that retailers are seeking alternatives. In January 2021, Amazon took to refunding consumers and telling them to keep their items.

### Prevention is better than the cure

How exactly can telling consumers to keep their products, often without charging a return fee, be sustainable? As highlighted in Chapter three, it all comes down to the data. FarEye leverages data to route returns based on consumer location, item, and return type.

Lopera says: "Return abuse is top of mind for retailers as the share of e-commerce revenue grows, given the higher propensity of returns for online sales versus in-store



"Return abuse is top of mind for retailers as the share of e-commerce revenue grows, given the higher propensity of returns for online sales versus in-store purchases. With machine learning, we can analyze the behaviors of repeat offenders."

**Jorge A. Lopera, Vice President & Global Head of Strategy, FarEye**



purchases. With machine learning, we can analyze the behaviors of repeat offenders. When spotting consumer abuse, you can create a different returns experience for a low offender versus a high offender. Likewise, you can tailor the experience for those you consider VIPs."

Retailers are looking to minimize the costs and touchpoints of return to make the process more cost-effective. As such, routing becomes a major factor in ensuring the product is returned to the correct location, such as a warehouse, or even a retail store if stocks are low. In some cases, immediate disposition, such as recycling or donation, may be the better option. Machine learning helps to aid these decisions.

With so many factors to consider, preventing returns is always the first port of call. Often, the reason for returns is fixable before it becomes costly. Sahni at Wayfair suggests that this starts at the product description stage – consumers may want to return an item simply because they have ordered the wrong color, for example. Likewise, Abeson at Ryder says: "First we need to get the data. Did we not meet the consumer's expectations on-site? Or is it something that happened further upstream in the supply chain that created the damage?"

### **Saving the sale**

Naturally, there are myriad variables that could warrant a consumer return – from a simple change of heart to damage, poor installation, or failure to understand the product. As such, brands need to arm themselves with a range of "save the sale" tactics to prevent financial loss.

### **Trial periods**

In some cases, saving the sale comes down to the product itself. For example, at Tonal, consumers are offered a trial period on their new exercise equipment. Lambotte says: "Our sales cycle is quite long. Consumers spend thousands of dollars on this product, so they need the assurance that what they're getting is right.

"We offer them a trial period for a month. Our delivery teams help to get them set up on the system to prevent onboarding issues. We can also process user data and monitor how often they're using the machine. If it's not in use, we can assume there's a problem and anticipate a return. Thanks to this method, our return rate is extremely low."

### **Discounts for cosmetic damage**

No matter how carefully packed, every big or bulky item runs the risk of becoming damaged in transit. Abeson says: "It's a value equation. Let's say a consumer has ordered something like a desk and it arrived scratched, but the scratch is going to be up against a wall. We might offer them a partial refund to convince them to keep the product."

### **Fixing broken products**

If items are damaged, or a consumer has chosen a self-setup option and feels unable to do so, it may be cost-effective to send out a professional. At Wayfair, furniture "medics" are on-hand to visit consumer homes and fix minor damage, or help with assembly. Sahni says: "It might be a case of missing assembly tools. We can send out a medic and reimburse the consumer for the cost of the damage."

Medics offer myriad opportunities for retailers. While they can improve efficiencies



"Our sales cycle is quite long. Consumers spend thousands of dollars on this product, so they need the assurance that what they're getting is right."

**Philippe Lambotte, Vice President of Logistics & Field Operations, Tonal Systems Inc.**

by reducing returns, they also promote loyalty through good customer service. In tandem, retailers can optimize their workforce based on the type of repair, such as deep or cosmetic damage. Ultimately, this also fosters consumer visibility. Consumers can confidently schedule repairs, and know exactly when repair personnel are going to arrive.

### Offering incentives

Anderson at GEODIS suggests implementing incentives to prevent returns. She says: “We need to be proactive, not reactive. It takes a specialized consumer training professional to deal with returns, and incentives such as loyalty programs may encourage consumers to keep the product.”

### Philanthropic alternatives

Lopera at FarEye notes the sustainability incentives for keeping a product. Every return has a carbon footprint, so he suggests that it may be more viable to donate the product to a charitable cause. “Some items are simply not cost-effective to return, such as a scratched dining table. We can use our technology to route items to donation or recycling facilities, rather than sending everything back to the retailer. This reduces return touchpoints, as well as the cost and environmental impact.”

While not strictly “saving the sale,” this approach could offer long-term benefits for a brand’s reputation. Abeson adds: “We have a lot of consumers starting to look at philanthropic opportunities. If a retailer is inclined to destroy it, then we ask consumers to donate the product.

“When you give your consumer that choice, it may seem nominal, but it shows you’re trying to take care of them. I’m excited when a company is willing to do the right thing. It builds retention.”

### Outstanding customer service

Last but by no means least, a strong customer service team can be the difference between a win and loss. McCoy at Electrolux says: “It’s important to have a specialist customer service team that knows how to handle a consumer’s complaint. We need to have well-defined guidelines that empower the consumer. A decision tree can give the agents what they need to engage – rather than calling their supervisor.”

This may result in a partial refund, an answered question, or even an exchange. Lopera adds: “Customer service teams may be able to offer alternative products to mitigate loss. Or, if it’s a simple lack of product knowledge, they may be able to reroute them to an FAQs page.”

Similarly, we can improve efficiencies by automating the process from the initial point of return. We can minimize calls by providing status updates, saving both customers’ and retailers’ time.

### When saving the sale isn’t an option

Unfortunately, returns are a fact of life. When a consumer is steadfast in their decision, brands can only uphold their customer service values. Lopera suggests offering as much choice as possible when it comes to returns. According to Centiro, 86% of shoppers look for an easy returns process – so we need to highlight this from the start, such as a clear on-site returns policy. This should include details around returns methods and



“It’s important to have a specialist customer service team that knows how to handle a consumer’s complaint. We need to have well-defined guidelines that empower the consumer. A decision tree can give the agents what they need to engage – rather than calling their supervisor.”

**Bill McCoy, Director of Last-Mile Logistics, Electrolux**

scheduling, which will incentivize consumers to buy.

Sahni at Wayfair says: “If a consumer decides they want to, then we must facilitate the return. We need to offer them options – for example, would they like a return label? Would they like to drop it off, or would they like us to arrange a pickup? Returns are part of the end-to-end supply chain, and we need to provide data and tools to make the right choice.”

Of course, this may be more challenging for smaller brands – particularly those who rely on crowdsourcing. This is why, as McCoy at Electrolux points out, it’s essential to have a network. “With a partner structure, I know that if I send an order out, I can bring it back. The only practical option is to have your own network of providers.

“Once you have a well-established network, you allow the consumer to go online. You empower them to go through self-service. Apply policies upfront when they buy it, and let them know their options. It really gives them peace of mind.”

### Where data and customer service collide

Retailers should leverage their existing consumer data to make key decisions. From better customer service to more sustainable deliveries, this data will drive commercial growth in the long term.

### Empowering consumers to make decisions

Allowing consumers to curate a unique delivery experience enhances the buying experience and brand loyalty. Real-time notifications, the ability to interact with their driver to provide delivery instructions, and the option to reschedule deliveries gives consumers the control they expect at the push of a button.

Retailers can create consumer profiles to determine their buying patterns – for example, identifying whether they prefer to communicate via phone or email. Essentially,



“Once you have a well-established network, you allow the consumer to go online. You empower them to go through self-service. Apply policies upfront when they buy it, and let them know their options. It really gives them peace of mind.”

**Bill McCoy, Director of Last-Mile Logistics, Electrolux**



allowing consumers to curate their own experience, giving them real-time delivery notes, push notifications, and rescheduling instructions. By tailoring this buying and returns experience, retailers can build confidence in their brand, increasing the chances of inspiring loyalty.

### **Routing returns with sustainability in mind**

According to McKinsey, one in four consumers choose a brand based on ethics and sustainability. Intelligent routing allows retailers to dynamically move damaged or unsellable goods to donation and recycling centers. Brands like FarEye are offering consumers more options such as green fleet selection, rerouting, and dashboards to give them full visibility and enhance the overall returns experience.

### **Optimizing home deliveries**

Machine learning allows retailers to better predict how long it will take to perform a delivery based on item type, installation requirements, time of day, day of week and residence type. This allows retailers to establish more accurate delivery and pick-up times for consumers.

### **Spotting returns abuse**

Data around high frequency returns abuse allows retailers to modify their returns policy at checkout.

As ever, these developments present an even stronger case for technology. Just as consumers are harnessing tools such as AR at the decision stage, retailers should be using forward-thinking tech to sell. The retail of Big and Bulky products presents multiple challenges, but advances in supply chain management, logistics planning, and consumer communications are pushing the sector forward.



"One in four consumers choose a brand based on ethics and sustainability. Intelligent routing allows retailers to dynamically move damaged or unsellable goods to donation and recycling centers."

**McKinsey**

# Conclusion

In a post-pandemic world, the Big and Bulky retail sector has had to adapt to new challenges, especially when it comes to the critical and notoriously problematic last-mile. As customer demands have increased, the sector has evolved to meet these as much as possible. Rising expectations have blurred the lines across all e-commerce experiences, despite each sector facing very different challenges.

Going forward, we should expect more stringent driver vetting, as well as diversification of skills as more brands adopt the delivery and installation model. Training drivers in customer service and installation will be essential, but it will also come with costs.

For retailers lacking the funds to offer this model, crowdsourcing may be a cost-effective alternative. Equally, it can cut their carbon footprint, but it's important not to compromise quality or customer service in the process. An intelligent delivery platform can help to mitigate both – keeping consumers in the loop while shortening journey times.

We should expect big developments in micro-fulfillment, as the market nears a value of \$10 billion. Hyper-local delivery networks are valuable assets, particularly in urbanized areas. Similarly, these “hubs” can serve other functions, such as coordinating returns or fixing faulty products.

However, if we are going to leverage these new fulfillment options, we cannot do so without a strong digital presence. We should work hard to maintain consistency across every step of the supply chain – from our partnerships with suppliers, to branding our on our e-commerce sites, and communications with local logistics teams. Consumers need the assurance that they are dealing with one strong, dependable brand – there is no need to confuse them with disparate branding from separate delivery teams.

Digital touchpoints are also putting more emphasis on data gathering and manipulation. We can use machine learning to predict what consumers want, segment “return abusers,” and offer more accurate delivery times. Machine learning has its place in a range of fulfillment options, helping us to understand how long deliveries will take based on a range of variables.

We've also seen how data manipulation can build consumer retention. By customizing our service based on their preferences – such as key dates or preferred communication channels – we can keep them coming back.

In a similar vein, the returns process is also a key driver in consumer retention. Our first port of call is to “save the sale” by offering viable alternatives, but we can also delight consumers with discounts, cosmetic fixes, and sustainable returns. In the long term, we can cut down on wasted returns costs and create a better, more ethical, brand image.

The modern-day, post-pandemic consumer is more confident than ever. While customer service will never go out of style, we can only cater to these demands with the right technology. Digital advancements help us to focus on transparency, while smaller carbon footprints and lower costs address critical consumer pain points.



We should expect big developments in micro-fulfillment, as the market nears a value of \$10 billion. Hyper-local delivery networks are valuable assets, particularly in urbanized areas.

**Jorge A. Lopera, Vice President  
& Global Head of Strategy,  
FarEye**



## About FarEye

FarEye's Intelligent Delivery Management Platform is making the delivery experience better for everyone. FarEye enables enterprises to deliver at reduced cost with a superior consumer experience. The low-code approach provides an environment to develop applications with a quick turn-around time and minimal code to shorten the "concept to ship" cycle. The platform leverages millions of data points to predict the shipment journey and improve the delivery experience.