

pidge

5 Myths on Last-Mile Logistics

BUSTED



INTRODUCTION

THE ANATOMY OF CONSUMER EXPECTATIONS TODAY

How would you describe consumers' expectations in just 3 words?

A Moving Goalpost!

As a business owner, we know you understand how challenging it is to meet consumer expectations. We think of it as a full circle: consumer expectations shift, paving the way for product developments. These innovations, in turn, reshape the consumer habits. And just when you think the cycle might end, it boomerangs back as consumers expect even more.

Take for example, the men's grooming industry in India, virtually non-existent just a decade ago, or the rise of personalized, chemical-free skincare products. These industries weren't born out of thin air; they were born because consumers dared to expect more.

But this cycle of evolving customer expectations isn't exclusive to just one industry. It reverberates across industries, and in our case, shapes the realm of last-mile logistics. Remember a time when a delivery in 5 days felt like a luxury? Today, consumers expect same-day, exceptional deliveries. Why?



Because what consumers want has changed. As they are gaining access to a multitude of platforms for ordering similar products, their expectations are also evolving, with increasing demands for faster, punctual deliveries, real-time order tracking, and flexible fulfillment choices. Many shoppers are, in fact, happy to pay extra for faster deliveries, forcing businesses to re-evaluate their last-mile strategies.

Unfortunately, not every business has grasped this pivotal reality. Many brand owners continue to perceive the state of last mile logistics as it was 4-5 years ago. They fail to recognize the sweeping changes that have helped other businesses grow by 20-30x within a couple of years. This outdated perception impacts their growth and efficiency.



INTRODUCTION

REALITIES OF LAST MILE LOGISTICS IN INDIA

Despite the potential for businesses to delight their customers with every delivery, there exists a big gap between what end-customers demand, and what businesses provide, which throws open the stark realities of last mile logistics in India.

In India, **over 65%* of businesses** are uncertain about delivering real-world growth and memorable customer experiences with their last-mile deliveries.

Businesses struggle to find reliable 3PLs, leading to a rise in captive rider use from **48% in 2017-18 to 67% in 2023****.

Businesses face a minimum of **18% unfulfilled demand** and **over 35% idle time** with their in-house riders.

**WHAT'S
HAPPENING
ON GROUND?**

However, **more than 58% of businesses** are unable to keep the cost of delivery under control.

1 in 4 orders goes unfulfilled from 3PL partners.

As per an Indian Express study, last-mile delivery, accounting for **40%**, is the largest cost factor in the entire logistics process.

Sources:
*McKinsey & Company, **Redseer Consultants

These realities reveal the myths that lurk under them. Amidst this chaotic landscape of disrupted unit economics, incomplete solutions, and unmet demand, we've decided to take a hammer and bust some of the biggest myths that plague India's last-mile logistics ecosystem, so that business can start rethinking and rewiring their delivery operations.

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Last mile deliveries are a cost-centre, they can't be a competitive advantage

In India, conventional wisdom dictates a cost-driven mindset towards logistics. The focus is often on minimizing expenses, which therefore neglects the potential for customer-centric improvements.

But the truth is, your product and customer service is only as good as your delivery. No matter how exceptional your product may be, if the delivery experience flops, so does your chance of earning repeat business. Those few minutes of interaction between the rider and the customer are where your brand's promise comes to life. And THAT becomes your competitive advantage. Like it did for one of our customers.



A fast-fashion apparel brand specializes in making 'TikTok-style apparel' - clothes that are inspired by what famous celebrities and influencers like Kylie Jenner wear. Home deliveries were a huge part of their operational cost. Till they met us.

With Pidge, they are able to do something that they never thought they would ever be able to do in the apparel business - Same-day Delivery! We are giving them an extremely superior experience in an industry that has not seen this capability offered before. What was unthinkable has actually become a game changer for them and business has grown multi-fold!

With the right technology, you can transform the way you communicate with your customers. **Pidge's Multi-channel, White-labelled Customer Communication** helps you delight your consumers every day!

01

Reduce Customer Inquiries

with automated notifications via SMS, WhatsApp and in-App messages

02

Customer-Rider Connect

so customers can call delivery personnel directly for last-minute modifications or concerns.

03

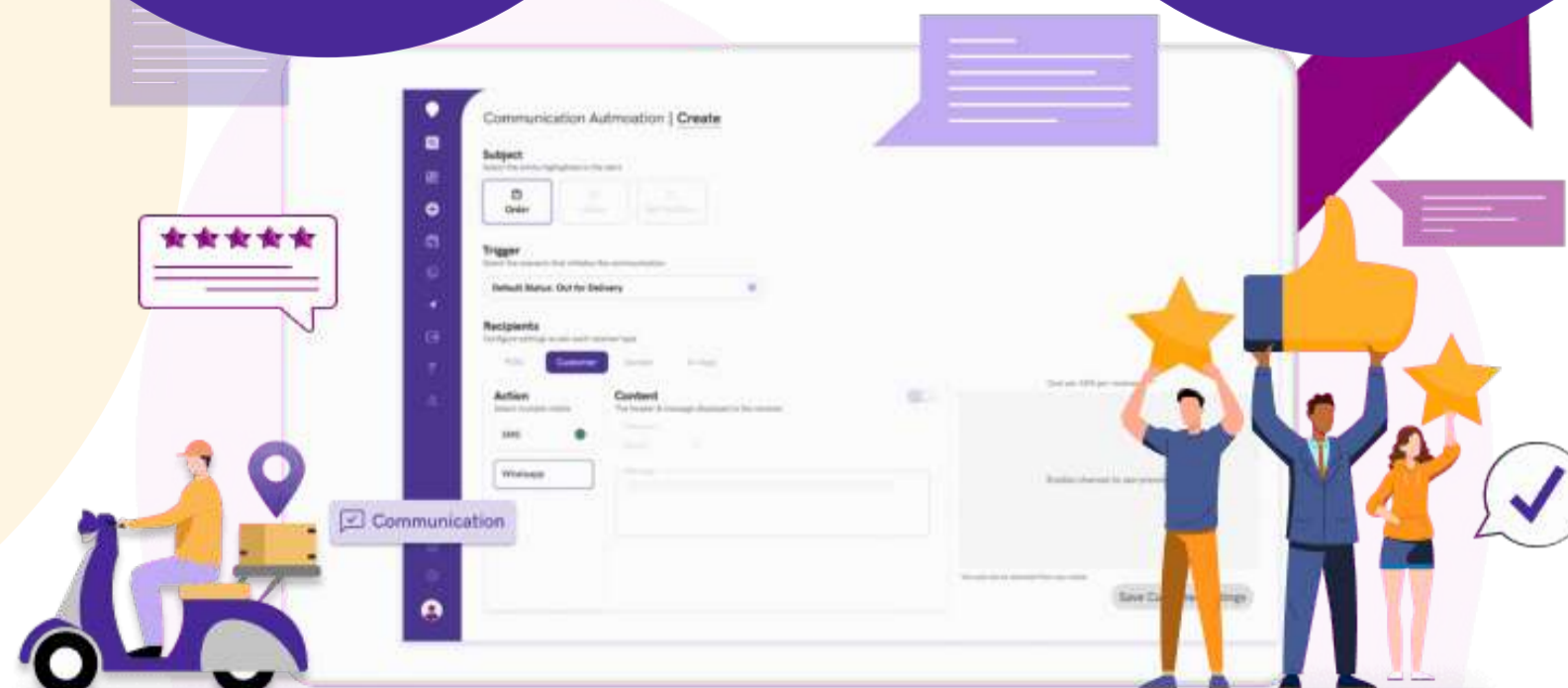
Two-way Communication

for customers to send their feedback on delivery experience

04

White-labelling

to proudly display business logo and colours on all notifications for a consistent brand experience.





Optimizing Last Mile Logistics is tedious and time-taking

Despite how vocal their consumers are about delivery expectations, many businesses are resistant to change and hesitant to explore innovative last-mile solutions. Quite a few still feel that traditional methods are sufficient. In cases where supply chains involve multiple stakeholders and lack integration, some businesses find it quite challenging to change their routes or find better ways to allocate orders. This fragmentation can lead them to believe that they will always have limited control over optimizing their last mile deliveries.

What they don't realize is that physically charting out routes can waste hours, and manually allocating routes based on available riders is an unnecessary daily hassle.

Which is what happened with a fast-growing D2C brand for cocktail mixers. For a business like theirs where monthly orders increased by 270% within 8 months, entering data and allocating orders manually was complex, time-consuming, and usually not 100% accurate. On top of that, inefficient routes inflated fuel costs which bled their operational budget and shaved off their profits.

Today, technology can optimize last mile deliveries for any business, whether they have 10 daily orders or a 1000. Pidge offers AI-powered Route Optimization keeping various parameters like riders, destinations, traffic conditions etc in mind. If there is high traffic any parameters change, your riders receive Real-Time reprioritization on their Rider App.

Route Optimization helps allows business to :

Deploy AI-powered Routes

To increase efficiency by optimizing delivery routes and accommodating multi-stop routes.

Minimize Fuel Costs

As efficient routes mean lesser distance travelled, and a higher operational ROI.

Optimize Own Riders

By delivering more orders in lesser time, significantly improving productivity

The **Smart Allocation** feature from Pidge uses sophisticated algorithms to seamlessly match orders with the most suitable delivery partners, considering critical factors like price, availability, distance, and time.

01 Configure & Customize Allocation rules

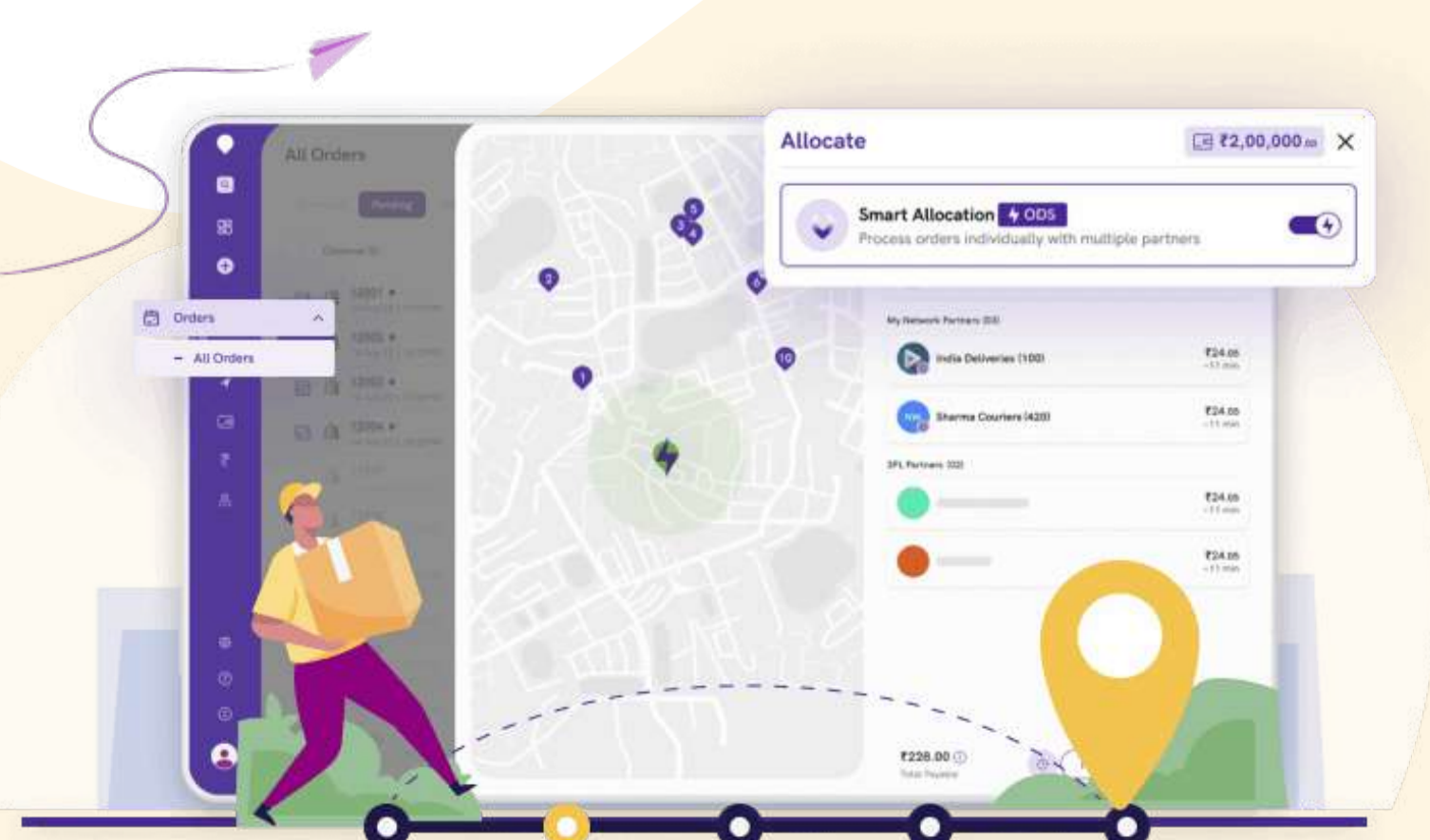
Based on designated delivery zones, delivery-time windows, and partner preferences to ensure the most suitable partner for every delivery.

02 Achieve Data -Driven Insights

To take strategic decisions on resource allocation and cost optimization.

03 Enable Scalability

By managing a higher order volume with the choicest of delivery partners.





Measuring productivity of fleet operations is painful

Like you, thousands of business owners struggle with managing their own riders. Are the riders following the right route? Are they idling for more than an hour a day, or have they inflated their travel numbers? Are they delivering sufficient orders every day? We have seen a lot of our customers get overwhelmed because they don't know how their team is performing on the ground. And it takes them hours to collate the data everyday and make sense of it.

An emerging D2C health and wellness brand from Gurgaon struggled with the same challenge. It was extremely frustrating for its operations team to quantify and analyse their riders' real-time productivity. They also feared that riders would leave if they felt they were being tracked every second, resulting in even bigger delivery challenges than before.

But logistics technology can hit every one of those worries out of the park.

With the **Pidge Rider Management solution**, you can simplify onboarding, attendance tracking, leave management, and performance analytics.



Complete Visibility on Rider

Performance via individual roster, orders and routes assigned.



High Rider Accountability

As riders see self-performance indicators on the Rider app, thus reducing order delays and improving delivery quality.



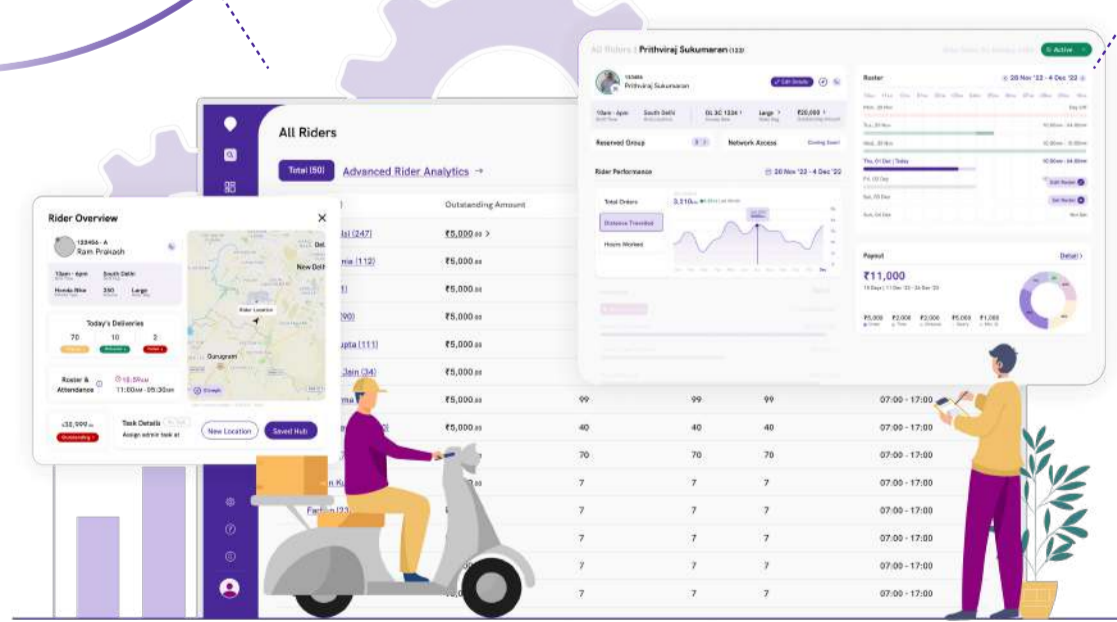
Measurement of Rider Performance

On the basis of delivery timelines, costs and every rider's absolute performance vs expectations.



Greater Fleet Efficiency

As insights from the app help recognize top-performing riders, offer targeted training, and drive higher delivery success rates.





Higher Order Volume will make Deliveries suffer

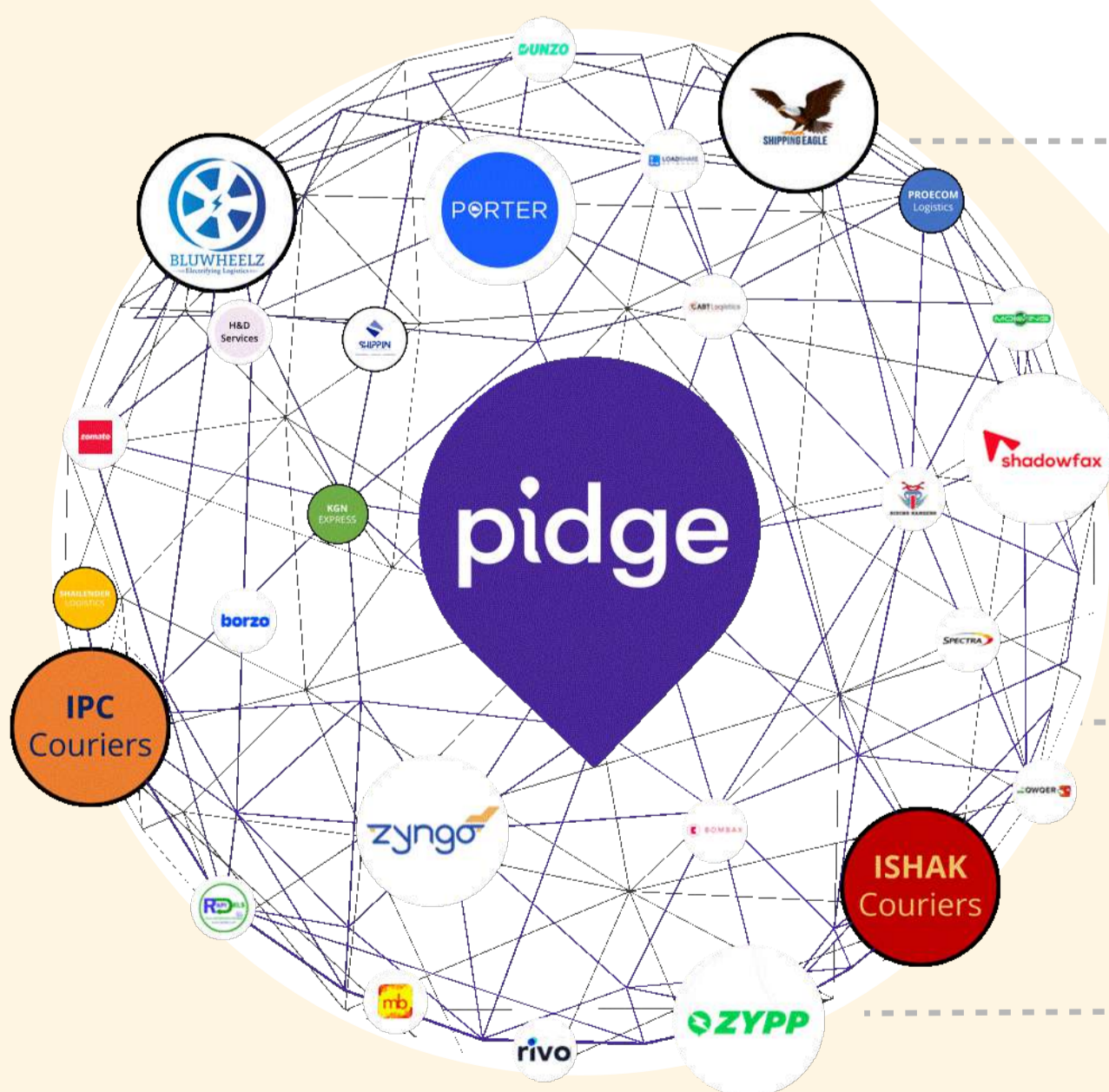
This misconception in the Indian last-mile delivery space has persisted because businesses often have concerns about scaling up operations and maintaining service quality. However, this belief can impede a company's growth in several ways:

- **Missed Business Opportunities:** The fear that increased order volume will strain delivery services pulls back many companies from expanding their customer base or engaging in promotions and sales.
- **Competitive Disadvantage:** In a competitive market, companies that don't adapt and scale to meet higher demand will lose ground to more agile and growth-oriented competitors.
- **Customer Dissatisfaction:** Companies shying away from handling higher order volumes may struggle to meet customer expectations, leading to customer dissatisfaction and potentially losing loyal clientele.



Pidge allows businesses the freedom to choose from hundreds of available, verified and reliable local and 3PL partners and ensure that the brand quality seamlessly translates into equally strong delivery quality.

With the **Pidge Power Network**, you can fire up your fulfilment capacity by accessing limitless options for fulfilling every order.



Resource Optimization

Strategically allocate resources based on demand fluctuations, ensuring efficient delivery operations during peak and off-peak times.

Live Tracking

With a live map, monitor all deliveries in real time, whether done by your rider or 3PL partners.

Cost Efficiency

Optimize the allocation of resources, reduce idle time, and leverage Pidge's network as and when required to achieve cost efficiency.

Business Scalability

Tap into Pidge's extensive partner network to extend your delivery reach, ensuring efficient service even in new or remote areas.



Cash Management a challenge with 3PL partners

Despite the proliferation of UPI apps, and other digital payment options, 'Cash on delivery' orders still comprise more than 65% of total online orders. Typically, MSMEs prefer deploying their own riders to deliver and collect payment for COD orders as they worry about mishandling or theft and probably feel that 3PL providers may not have adequate controls in place to prevent these issues. The other reason is that brands want to maintain a high level of trust with their customers. If a 3PL mishandles the cash collection process, it could lead to customer complaints or mistrust, potentially damaging the business's reputation.



But relying on manual processes and only a few individuals to manage collections does not come without risks. Not everyone can do the collection and the reconciliation process on the same day. This means that a significant amount of cash remains floating with the riders till the reconciliation happens on the company's end. This gap is enough to blur the records if records are kept manually. Without a proper system and accountability to manage cash collections, businesses can lose lakhs without realizing it.

Pidge's Cash Management Module simplifies and secures cash collection for businesses, whether using 3PL partners or our network.

Multiple payment options

Whether it is Digital payments or QR codes, Pidge has enabled integrations with all major digital platforms. It has also established token integrations with selected 3PL partners.

Transparency and Traceability

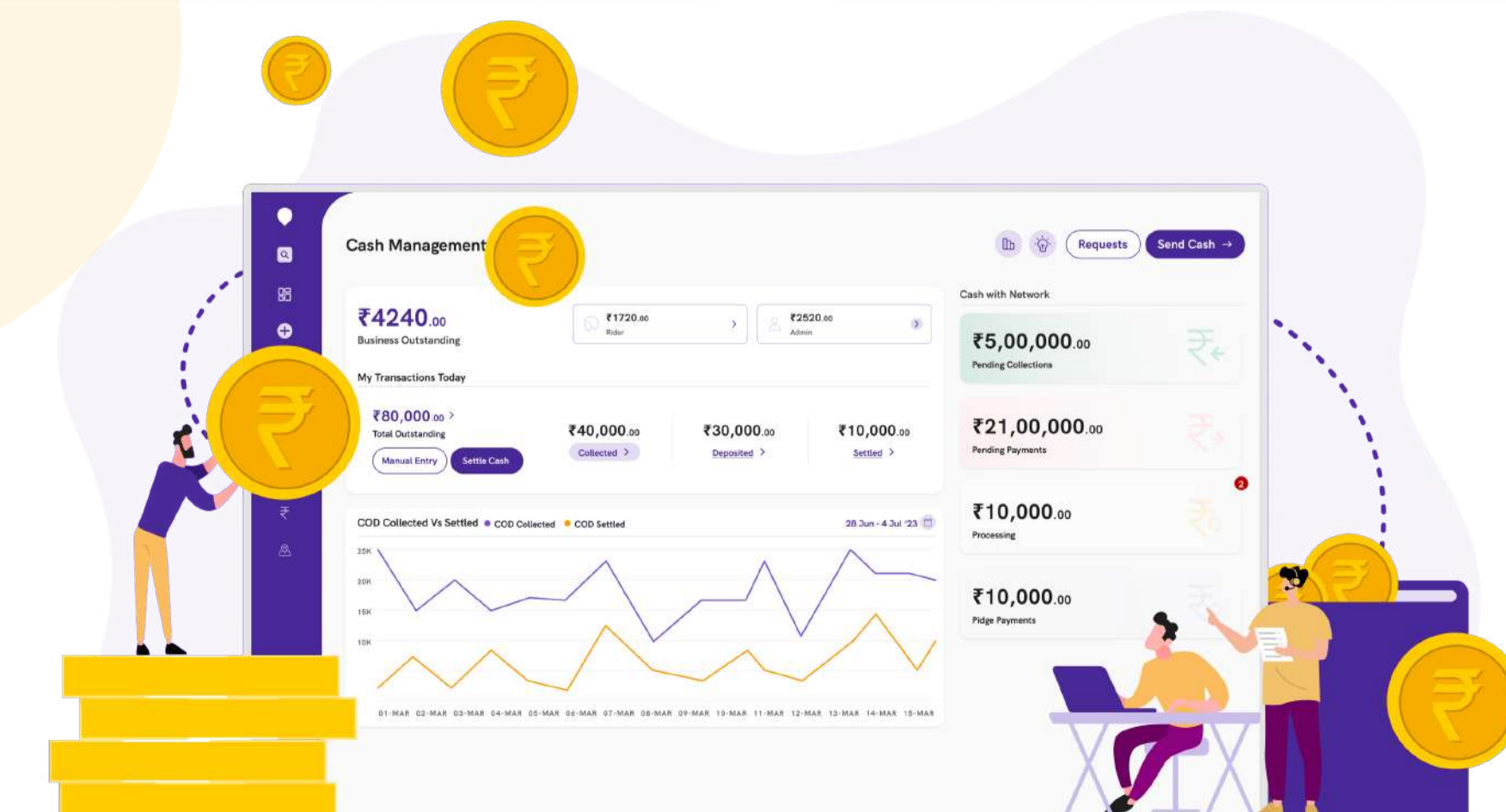
Pidge acts as the conduit for cash collection to reinforce accountability, reducing the risk in discrepancies.

Enhanced Security

Easily safeguard sensitive customer related and financial information with best in class security and encryption measures.

Streamlined Cash Collection

With OTP based Cash collections now you can get all notifications in real time



The Myth-Buster of Last Mile Logistics

As we've explored throughout this eBook, technology is not only evolving logistics operations for businesses of all sizes, it is giving them a new horizon full of possibilities.

We have been working with brands across industries; businesses that have just started their journey, to businesses that have experienced nationwide success. Every brand is unique, and therefore the challenges and myths are different for different companies.

We would love to walk with you through the discovery process and take a hammer to the myths that have been shackling your business from growing unfettered.

Let's connect to find out how we can take your business and build it 20x...30x from where you are today.

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