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2024 BENCHMARK SURVEY

LAST MILE & FULFILLMENT BECOME OMNICHANNEL DIFFERENTIATORS

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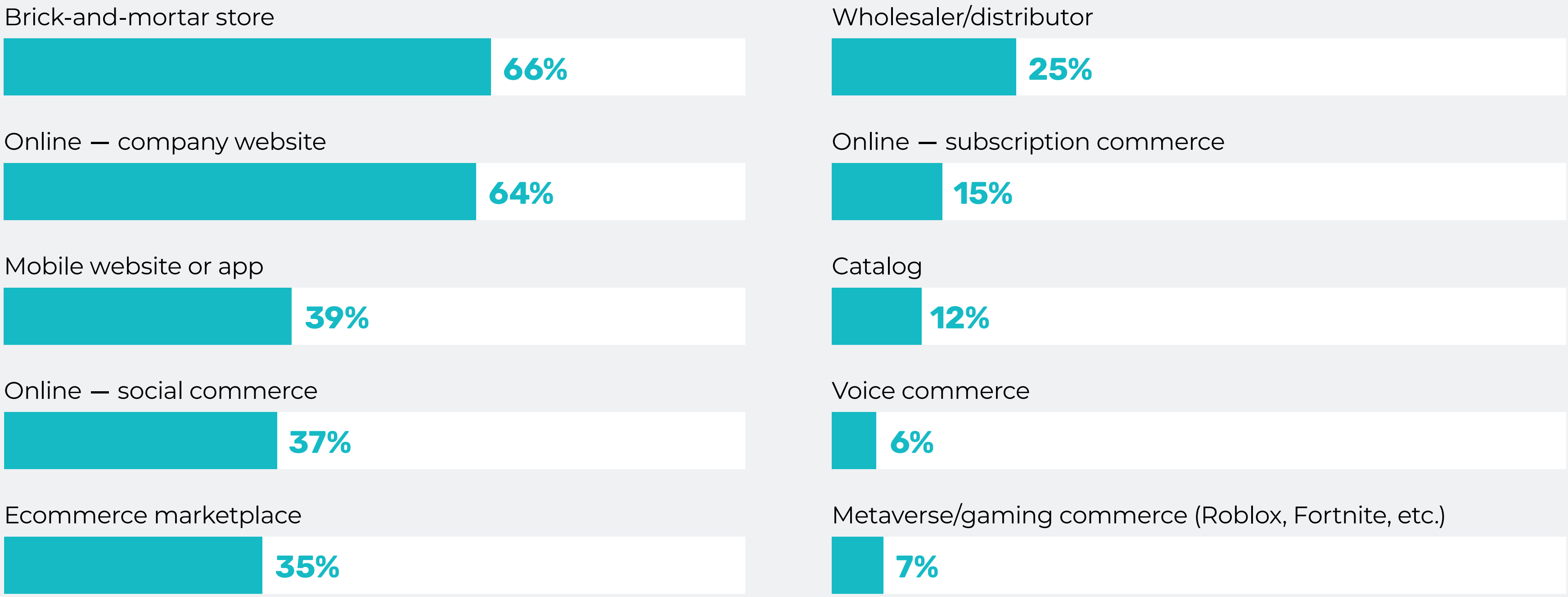
OMNICHANNEL AND OMNIPRESENT

"Omnichannel" started as a marketing buzzword to succinctly describe consumers' increasingly digital shopping behaviors. While "cross-channel" represented how consumers were literally hopping between different commerce channels and touch points, "omnichannel" helped illustrate the fluidity of these behaviors, and perhaps most importantly, the ever-presence of digital in the modern retail experience.

Over the years, these consumer behaviors have become even more innate — and brands have kept pace by ensuring they're always available and engaging across different digital and physical platforms. This year's *Omnichannel & Fulfillment Benchmark Survey* indicates just how innate omnichannel is to the retail industry: our **215** respondents conduct business in an average of **three** different channels. Even smaller brands are diversifying their selling models across branded ecommerce, marketplaces and social commerce.

Which channels do you currently conduct business in?

Respondents selected all that applied.



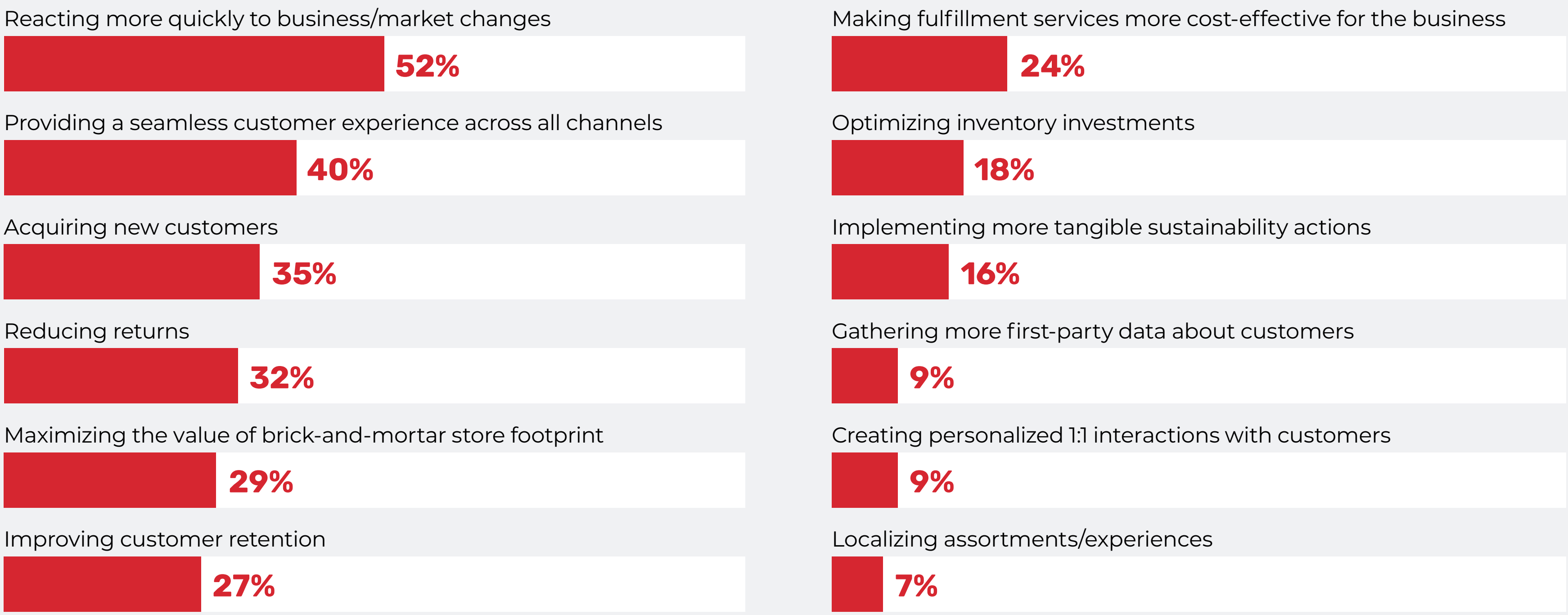
But the omnichannel ecosystem is constantly evolving, with retail media, connected TV and even gaming platforms embedding commerce into marketing, entertainment and other “content moments.” As a result, respondents continue to focus on two major priorities: reacting more quickly to business and market changes (**52%**) and providing seamless customer experiences across all channels (**40%**).

These two objectives work in lockstep. After all, you have to understand consumer sentiment and overall spending habits to best determine how to market and sell to them. You have to understand broader market and category trends to fine-tune merchandising and assortment plans. You have to understand consumers’ expectations around pricing and fulfillment in order to ensure your backend operations, including finance and supply chain, are aligned with customer-facing decisions.

As consumers increasingly focus on value, the threads that connect all the different tactics and touch points of retailers’ omnichannel strategies are becoming clearer. And this year especially, we are seeing how bottom-funnel initiatives — from advertising to order fulfillment — are becoming critical for competitive differentiation.

What are the most important strategic business objectives of your company’s omnichannel strategy?

Respondents selected their top three objectives.

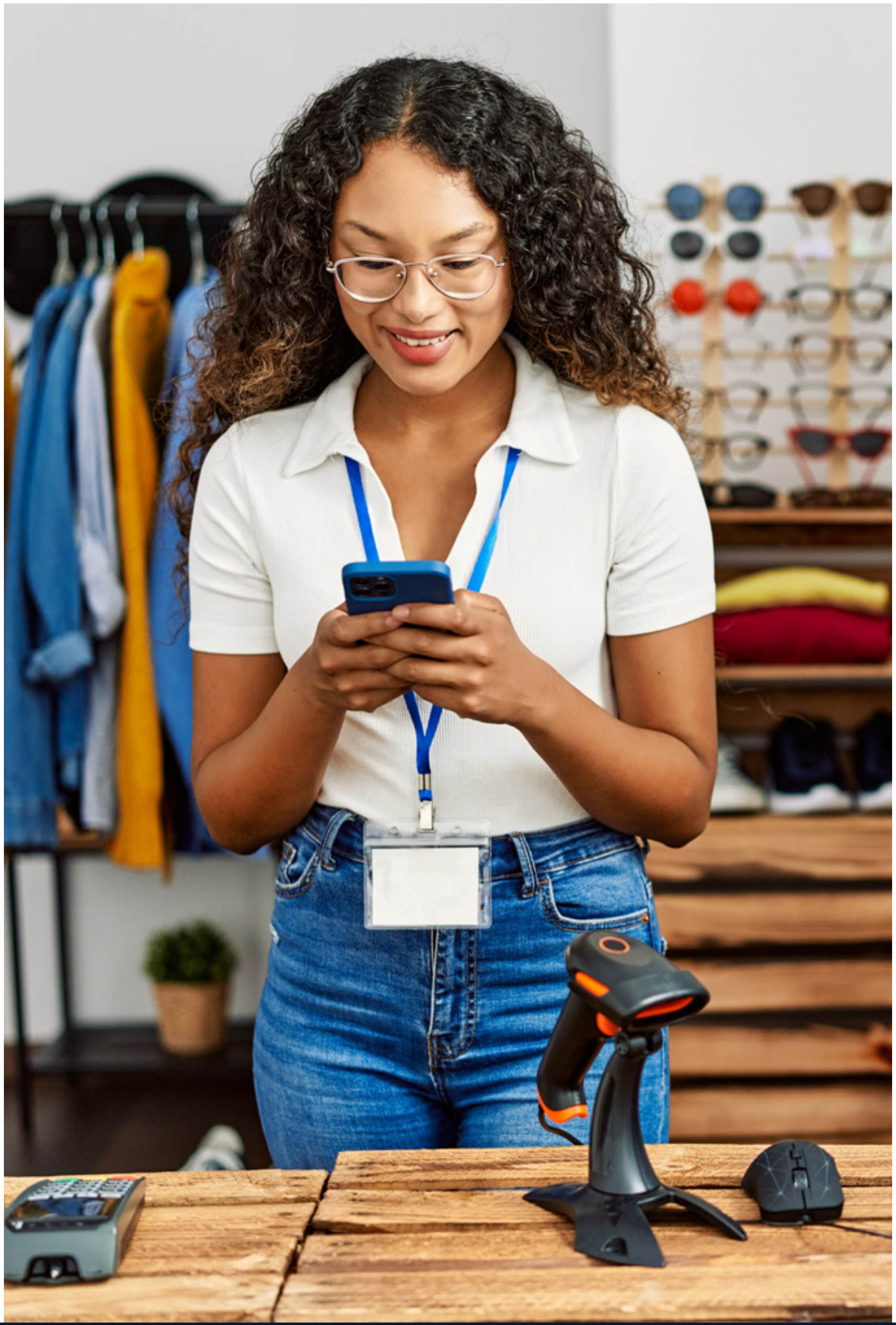


MERCHANTS PRIORITIZE BOTTOM-OF-THE-FUNNEL SERVICES

Merchants are continuing to invest in digital services and experiences that enable them to deliver timely and tailored messages to consumers through highly intimate channels. Although the ranking of the top **three** channels is somewhat different year over year, the top three remain: retail media advertising, phone/text capabilities with store associates and messaging apps.

- Retail media advertising - **54%**
- Phone/text with store associates - **50%**
- Messaging apps - **48%**

These three channels are designed to enable full-funnel strategies and can have a tangible impact on conversions. **Moreover, these three channels in particular can support the post-purchase experience, which is increasingly being considered a competitive lever for marketing, service and support to pull.**

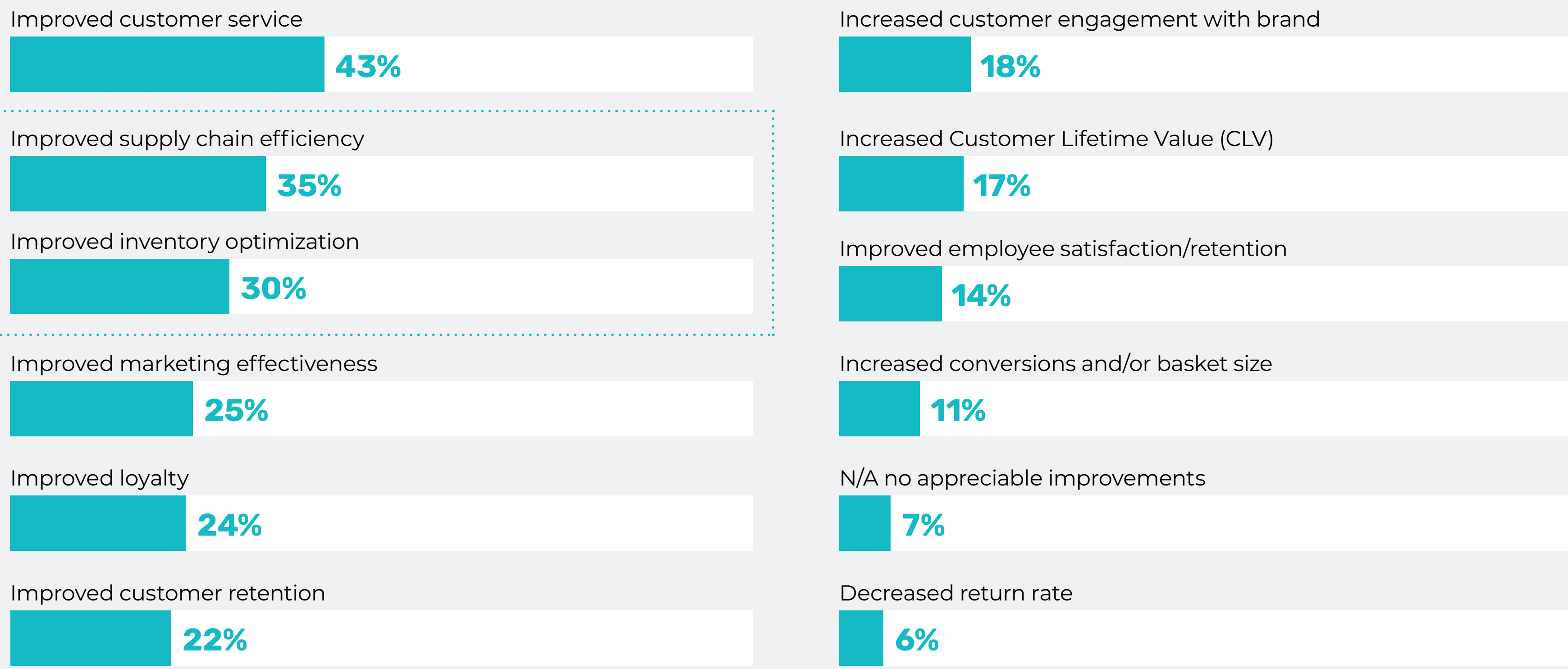


Year-over-year, respondents also are investing more in AI and machine learning-powered chatbots. While only **31%** of respondents adopted this tech in 2023, **40%** did so this year, representing the biggest percentage jump of all types of tech. This increase is arguably driven by merchants seeing more proof points and use cases for the technology, which is encouraging them to test the tech on their own — especially as it relates to employee productivity, reduction in where is my order (WISMO) inquiries and improved customer satisfaction (CSAT) scores.

The focus on the bottom of the funnel and, more specifically, the post-purchase experience, is present throughout the entire benchmark survey's results. In fact, when asked about the benefits they saw with their omnichannel strategy, respondents zeroed in on the supply chain and inventory management perks the strategy provided.

What are the most valuable ways your omnichannel strategies have improved your business?

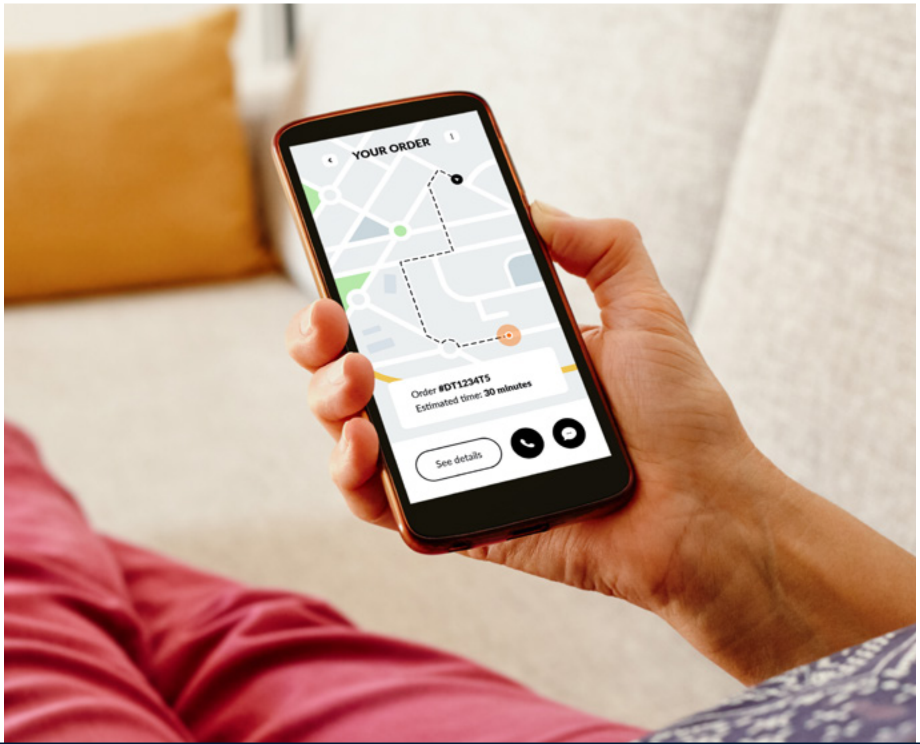
Respondents selected up to three of their most significant outcomes.



PERFECTING LAST MILE AND FULFILLMENT OPERATIONS

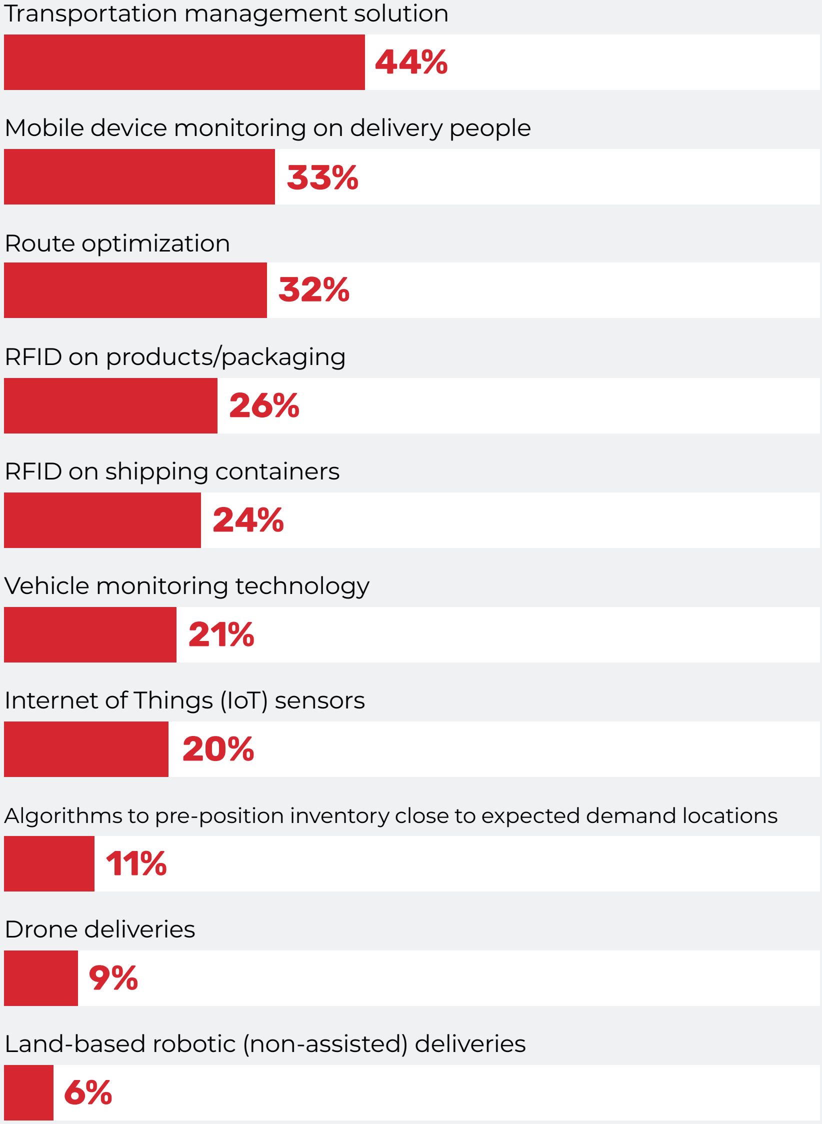
Brands and retailers are continuing to build out their tech ecosystems to ensure their last mile operations are efficient and effective.

Respondents' most widely adopted technologies — transportation management (**44%**), mobile device monitoring on delivery people (**33%**) and route optimization solutions (**32%**) — all empower retailers to get deliveries where they need to go quickly and more cost-effectively. Moreover, they support retailers' efforts to accurately communicate delivery statuses to customers, a key method for decreasing the number of WISMO queries that retailers need to manage. Again, these results reaffirm that merchants are finally investing more time and capital into the post-purchase experience.



Which of the following technologies do you use to manage last mile activities?

Respondents selected all that applied.

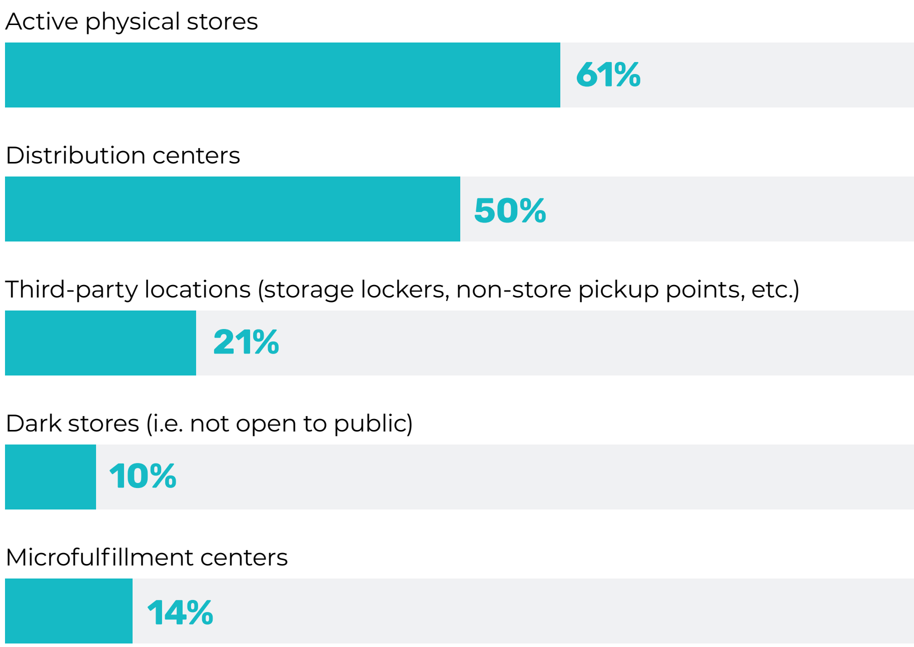


Retailers also are building out their store operations processes to better support new omnichannel fulfillment requirements, largely because a majority are using their physical stores (**61%**) to store inventory before delivering orders to consumers.

In fact, most respondents (**70%**) said they are leveraging their in-store staff to pick, pack and prep online and BOPIS orders (up from **56%** in 2023), while fewer are tapping third parties such as **Instacart** and **DoorDash** to complete in-store product picking and order prep (down to **43%** in 2024 from **53%** in 2023).

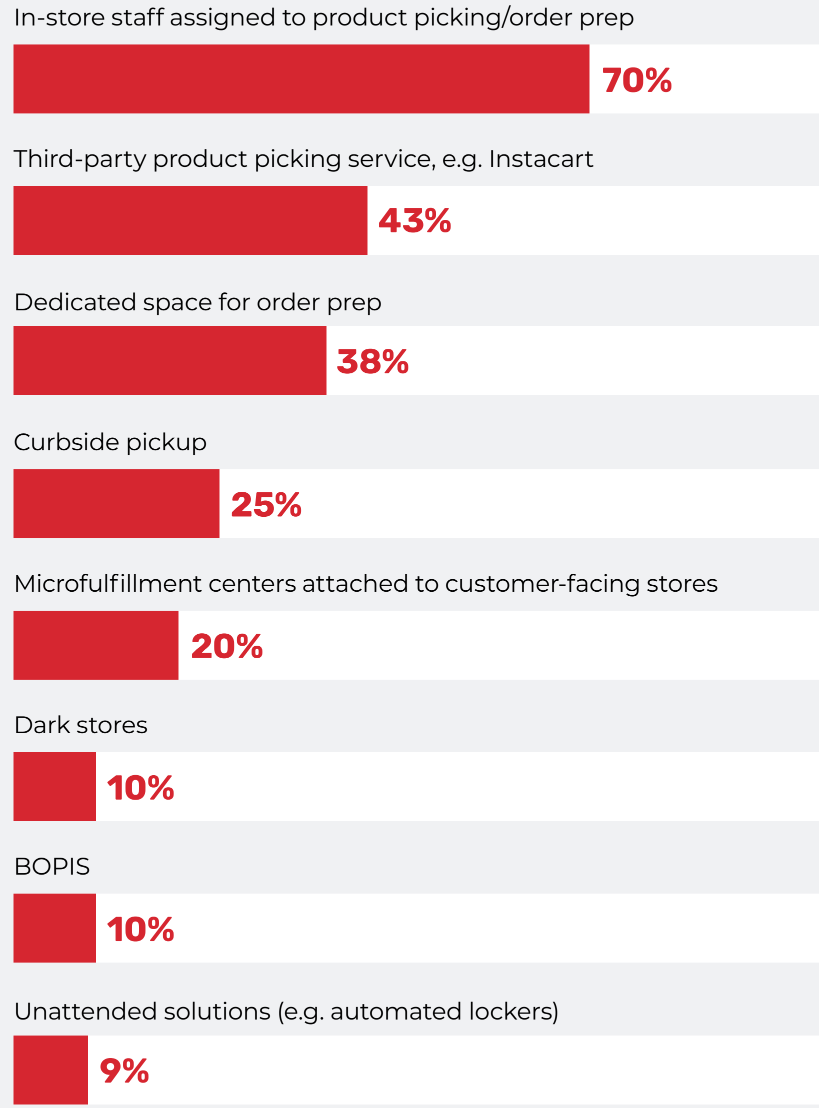
What is the final location/facility where you store inventory before delivering to customers?

Respondents selected all that applied.



Which store-based fulfillment solutions do you use?

Respondents selected all that applied.



Merchants may be managing more of their last mile operations internally, but that doesn't mean they have it all figured out. Many are still struggling to keep pace with rising shipping costs (**56%**), especially as they relate to consumer expectations around delivery speed, sustainability and returns. This ties closely to respondents' second-biggest challenge, which is handling the communication aspects of the last mile and fulfillment experience (**49%**), especially if shoppers have a question or complaint.

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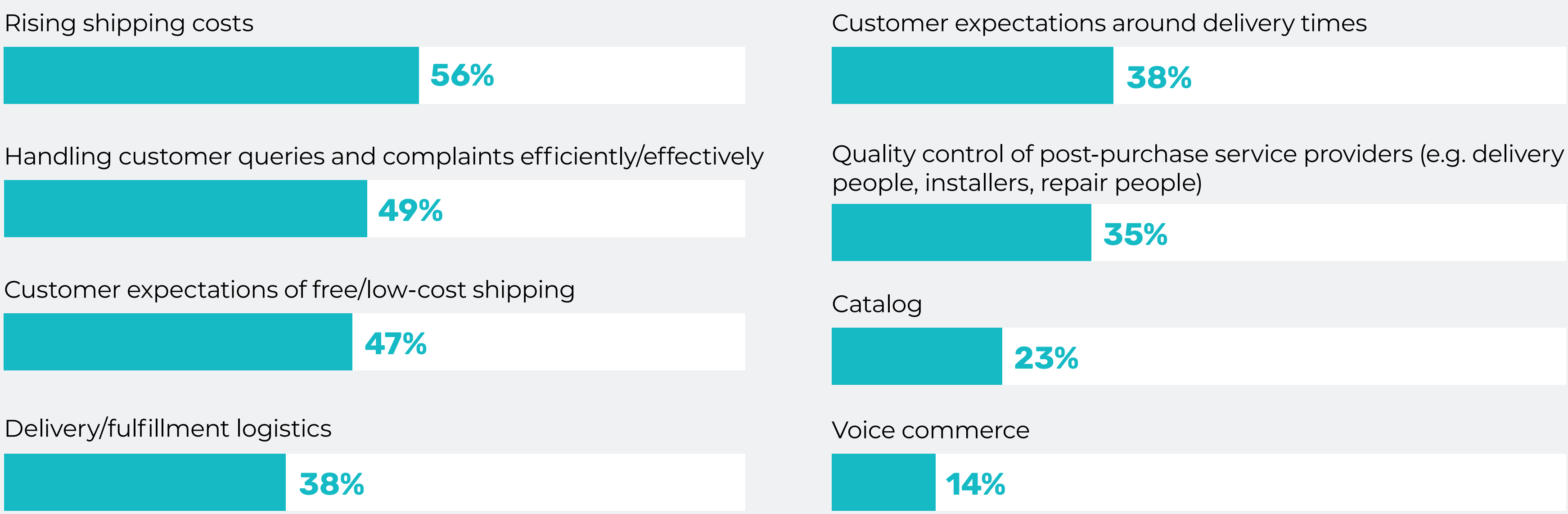
What are your most significant last mile/fulfillment challenges?

Respondents selected top three challenges.

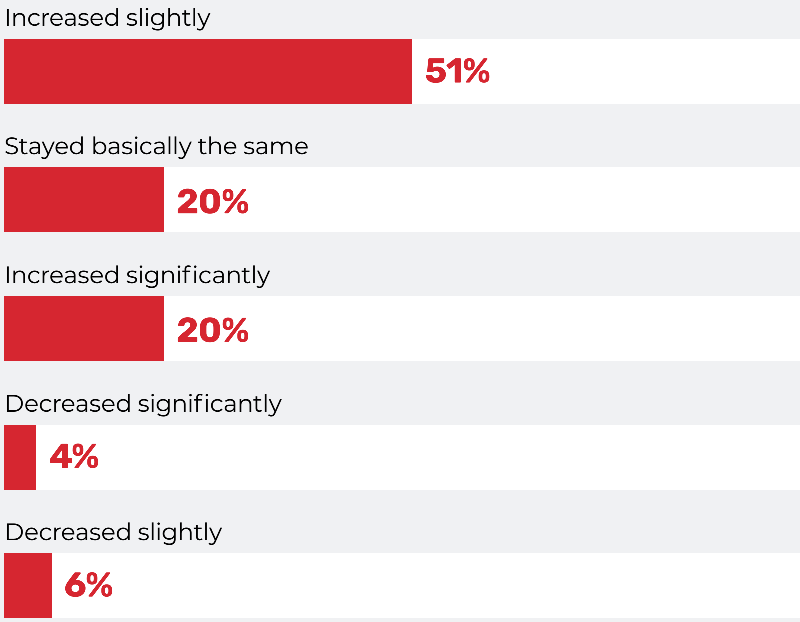


BUILDING THE FULFILLMENT PARTNER NETWORK

The store plays a critical role in the omnichannel experience, especially because buy online, pick up in-store (BOPIS) services have unlocked so many revenue and engagement opportunities for retailers. However, **70%** of respondents said they're delivering more products to consumers' doorsteps than ever before, which explains why so many identified rising shipping costs as a challenge this year.

To keep pace with delivery demand and expectations, respondents are onboarding a diverse mix of partners to support their last mile operations, especially to help tackle some of the challenges they're facing. The top **three** areas for outsourcing include courier/delivery services, "instant delivery" support via platforms like DoorDash, **Uber Eats** and Instacart, and customer service/call center operations.

During the past 12 months, has the percentage of products delivered to consumers (vs. picked up, purchased in-store or at curbside) increased, decreased or stayed the same?



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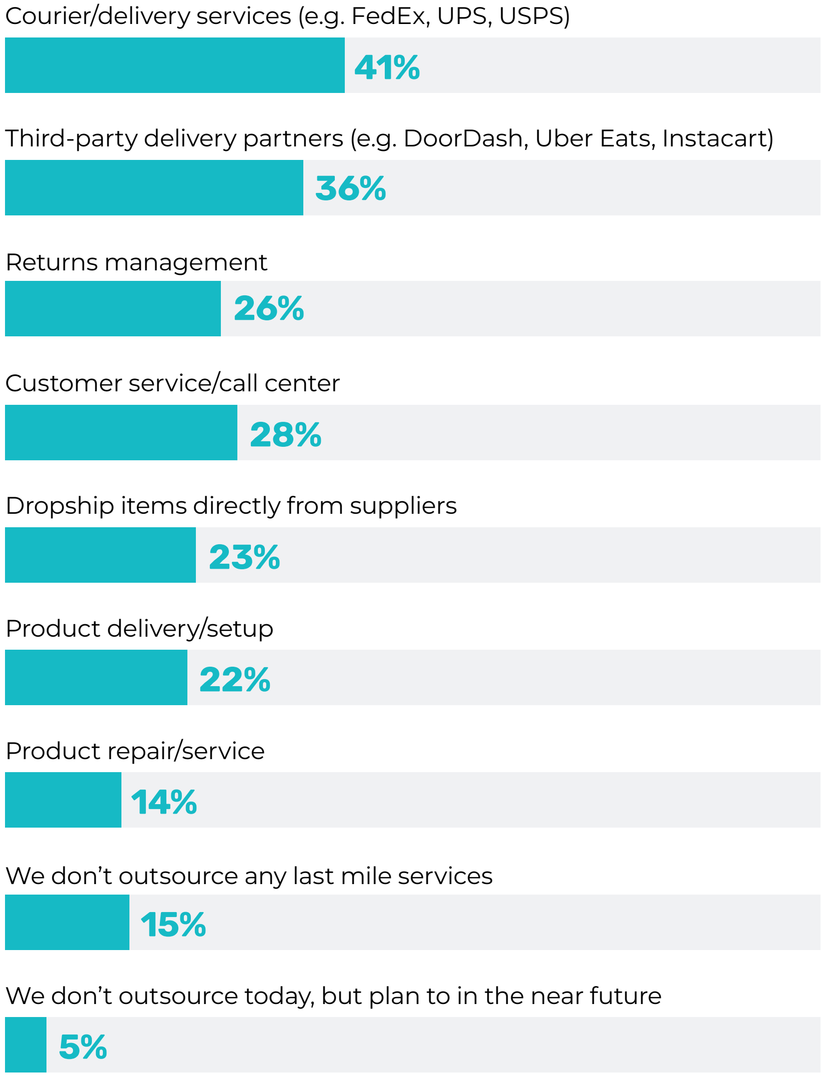
Which product ordering and delivery services do you offer?

What elements of last mile service do you outsource to third parties?

Respondents selected all that applied.

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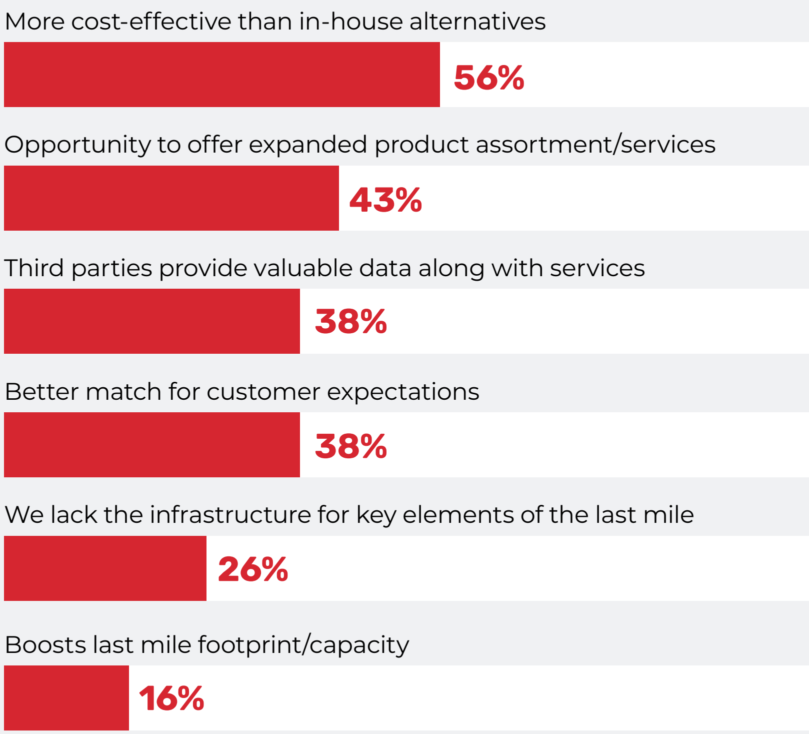
When merchants develop a post-purchase ecosystem, they don't need to spend as much time or money investing in building solutions and teams internally. This ultimately allows for a more agile "test and learn" approach, in which merchants can test new fulfillment services and bring them to market faster.

Although outsourcing offers clear benefits, respondents are aware that it also carries some risks, especially relating to a lack of control over the customer experience. For example, **True Classic** implemented ParcelLab because its previous vendor didn't allow the apparel brand to customize post-purchase communication and tracking messages. Because these touch points didn't include the True Classic branding or follow standard design parameters, consumers were hesitant to trust the messages, which in the end hurt their brand experience.

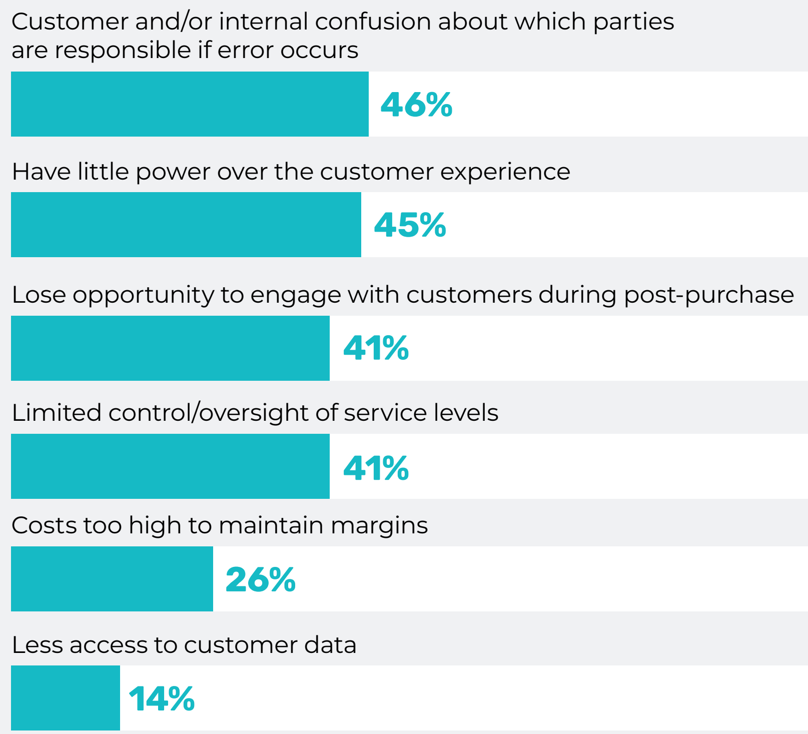
What are the key benefits you see from outsourcing last-mile services to third parties?

Respondents selected all that applied.



What are the key drawbacks you see from outsourcing last-mile services to third parties?

Respondents selected all that applied.



Walmart GoLocal

TURNING LAST MILE CHALLENGES INTO CX OPPORTUNITIES

By Rina Hurst, Vice President, Walmart GoLocal

Same-day and next-day delivery are now table stakes as consumer delivery expectations rapidly accelerate. However, it can be costly and time-consuming for retailers to build capabilities to meet these expectations.

Aside from last mile fulfillment being the most complex and expensive link in the supply chain, many consumers now expect deliveries within as little as **two** hours. Retailers today require a reliable last mile delivery and fulfillment partner who understands their unique needs and the demands of their customer. That's why we created Walmart GoLocal to bring Walmart's last mile capabilities to other retailers.

Walmart GoLocal is a white-label delivery service platform for businesses seeking last mile delivery and fulfillment across the U.S. It's purpose-built by the world's leading retailer to help other retailers solve last mile challenges and improve customer experiences.

Walmart GoLocal creates last mile delivery and fulfillment solutions for retailers, including on-demand, same-day, next-day, multi-day, scheduled, batched deliveries, and big-and-bulky. We're focused on three things when we serve our clients:

Cost reduction

Incremental growth

Operational excellence

Using Walmart's scale and decades of retail expertise, we help drive value for retailers with cost-effective delivery and fulfillment solutions. Additionally, we work alongside retailers to help them grow their business with last mile delivery and fulfillment that scales with them to meet their needs.

Our solutions are backed by the technology, operational excellence and capabilities of Walmart, allowing us to achieve a **98.5%** on-time delivery rate with more than **25 million** deliveries completed and nationwide coverage in all **50** states.

Walmart GoLocal is a trusted partner for top retailers like **1-800-Flowers**, **Books-A-Million**, **Hibbett Sports** and **The Home Depot**. For retailers, last mile fulfillment is not just a challenge but an opportunity to innovate and delight. Walmart GoLocal doesn't just deliver products — it delivers speed, convenience, joy and relief when it matters most to the customer.

WRANGLING RETURNS

Getting products to customers quickly and efficiently is key to driving customer satisfaction and retention. But what happens when things go wrong?

Returns are a reality of retail — and the likelihood that sales (especially online) end in returns is only increasing. In fact, **37%** of respondents said their returns percentages increased slightly or significantly year over year. According to the **National Retail Federation**, the total returns rate for 2023 was **14.5%**. Just over **one in four** (**26%**) of survey respondents said their returns percentage was between 11% and 20%, in line with this benchmark. However, nearly as many respondents (**23%**) said their returns percentage was 21% to 30%.

The most obvious issue related to returns is the sheer cost: **57%** pointed to managing the associated shipping and handling costs as a major issue. However, the cost and logistics of managing refunds and account credits is nearly as complex (**55%**).

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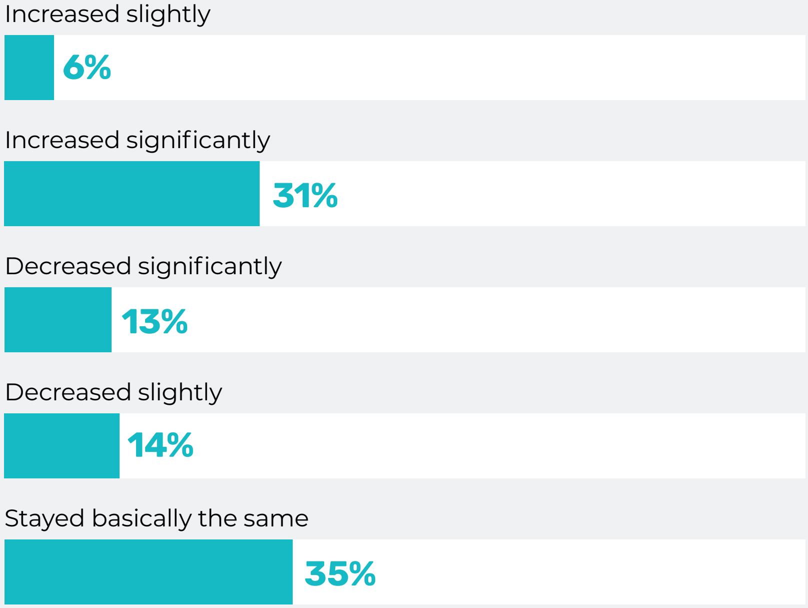
What is your company's returns percentage?

Less than 10%: **41%**
11% to 20%: **26%**
21% to 30%: **23%**
31% to 40%: **10%**

How has your returns percentage changed over the past 12 months?

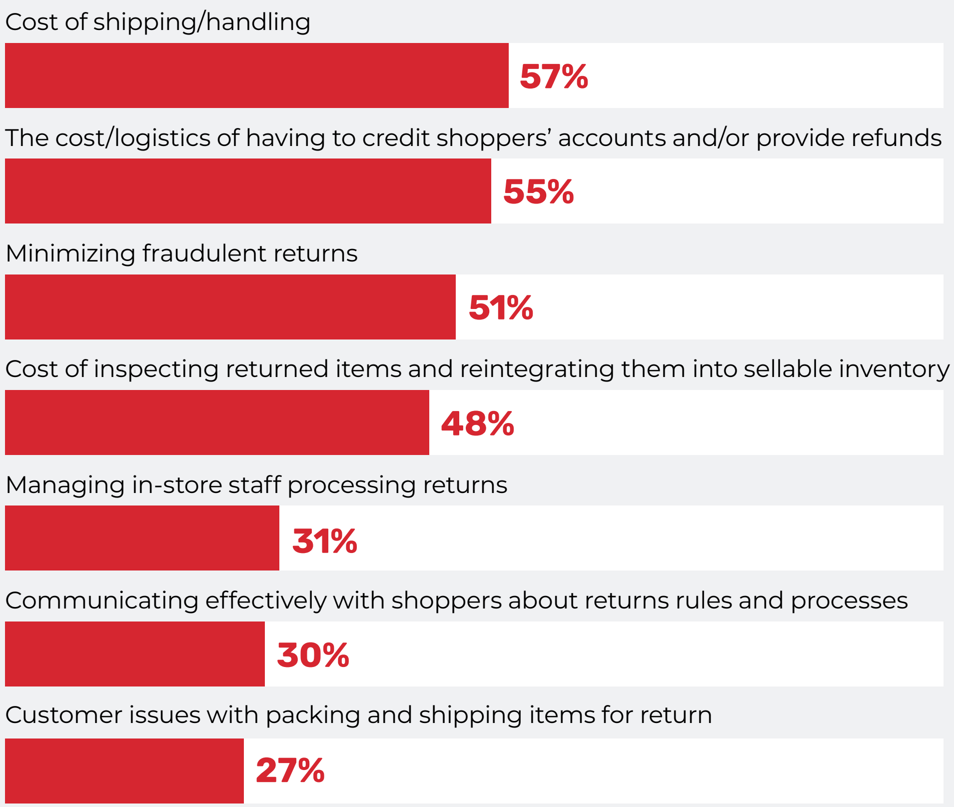


Arguably, the returns experience is just as important in driving satisfaction and boosting customer retention rates as the rest of the purchase experience. If a merchant is fast, flexible and transparent throughout the returns process, a shopper is more likely to come back — especially if the return is being made due to a sizing error or is a basic gift return. Having a speedy process for inspecting and reintegrating inventory also can improve sell-through rates and increase the likelihood that another customer will take the item home. However, this was cited as another top challenge.

But of course, developing systems to monitor returns activity and identify possible fraud is a major issue (**51%**), especially as returns fraud becomes more prevalent online. This is a time and money suck that retailers simply cannot afford to ignore.

What are your greatest challenges with regard to product returns?

Respondents selected their top three challenges.



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KEY TAKEAWAYS

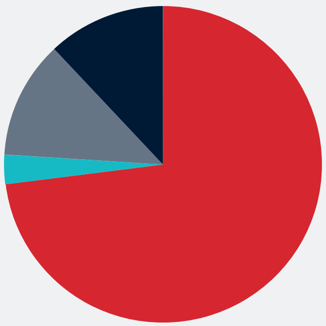
As brands and retailers finalize their growth plans for 2025, they are moving beyond their typical acquisition efforts by thinking holistically about their brand experiences and the promises they plan to make (and uphold) for their customers.

The post-purchase and fulfillment experiences are central to those brand promises. As a result, merchants should:

1. Determine how key engagement channels influence and support the post-purchase experience.
2. Assess existing systems and touch points that support post-purchase communication and service requirements.
3. Identify current experience gaps and determine whether they can be filled internally or if a partner is required.
4. Establish goals and metrics for success.
5. Align internal and external players around these goals to continually assess, iterate and improve.

METHODOLOGY

The 2024 Omnichannel and Fulfillment Benchmark Survey is based on responses from **215** retailers and brands, collected via an online survey conducted in October and November 2024. Following are breakdowns of the respondents' retail vertical and annual revenue:



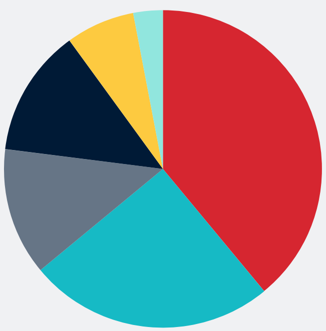
Company Type

Retailer — traditional: **73%**

Retailer — restaurant/hospitality: **3%**

Wholesale / Consumer product goods supplier: **12%**

Brand selling direct-to-consumer: **12%**



Annual Revenue

Less than $50M: **39%**

$50M-$100M: **25%**

$100M-$500M: **13%**

$500M-$1B: **13%**

$1B-$5B: **7%**

More than $5B: **3%**

Retail Vertical

Department Store **20%**

Specialty Hardgoods **15%**

Big Box **14%**

Specialty Softgoods **13%**

Convenience Store **12%**

Grocery **11%**

Electronics **5%**

Other **5%**

Office Supplies **3%**

Drug Store/Pharmacy **2%**

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Walmart GoLocal is a white-label delivery service platform for businesses looking to offer local delivery and last-mile fulfillment anywhere in the U.S., for any-size items. We're the winning solution to help your business save money on nationwide, last-mile delivery. Our delivery solutions are backed by Walmart's decades of retail expertise, logistics power and commitment to delight customers — a combination that only we can uniquely offer.

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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.