

WHITEPAPER

THE KEY TO DELIVERY DRIVER MANAGEMENT FOR FAST FOOD RESTAURANT CHAINS



Introduction- Evolution of Last Mile Deliveries

Customer behavior and expectation has radically shifted over the last few years. Rise of online food delivery service has been one of the biggest shifts that eCommerce has seen. Fast food restaurant chains traditionally relied on an in-store dining experience but the pandemic shifted user behaviors significantly. Earlier, around 20% of orders were online but this number has gone up by almost 80% during the pandemic and has now stabilized at around 45% [1].

ONLINE ORDER INCREASE



As of 2021, the global market size for Fast Food stands at around \$650 billion and is expected to grow at a CAGR of 4.6% [2]. With almost half of these orders getting placed via online channels, the food delivery business or last mile delivery becomes critically important.

FAST FOOD MARKET SIZE



Last Mile Delivery is the final leg of the delivery chain where an order is delivered from the restaurant or store to the end customer. This is the most critical leg of the delivery chain as the orders finally make way to the waiting customers and brands are able to realize the revenues.

Brands are undergoing major digital transformation journeys to make last mile deliveries more efficient.



[1] <https://www.gsrmagazine.com/reports/why-pandemic-only-made-fast-casual-stronger>
[2] <https://www.marketdataforecast.com/market-reports/fast-food-market>

Challenges for Fast Food Restaurant Chains

Besides the rise of online orders and deliveries, customer expectations have gone up significantly as well. As a result, restaurant chains have had to take quick action to re-orient their processes to digitize and automate their supply chains. During the course of this transformative journey, there are several obstacles that these fast food restaurant chains face. Prominent among these obstacles are:



3rd party rider or carrier management

A restaurant can deliver in multiple ways. One approach can be that of delivering only via owned fleet, the other is through taking help of 3rd party driver providers and aggregators and the third one is a combination of boths. Managing own fleet may be relatively easy, but when it comes to seamlessly integrating multiple carriers and allocating orders to them, it can be an uphill task.



Delivery Driver Performance

Globally, driver shortage is a huge problem currently, which is further exacerbated by inefficient on the ground delivery operations. Low rates of order acceptance, incorrect location marking and several other factors lead to a poor driver performance.



Meeting delivery timelines & SLAs

Customers expect fast delivery. Brands want to give a good eating experience to their customers which is nearly as good as the in-dining experience. To meet these objectives, the delivery has to be fast and efficient, else the food may get cold and soggy resulting in poor customer experience. Most fast food chains have delivery time SLAs defined in their contracts for franchise stores to meet. A chain has to be on its toes to ensure quick and smart deliveries to meet SLAs.



Delivering the best customer experience

Customer expectations are no longer limited to just the food, but they have expectations across discovery to buying to delivery and finally the food. Many capabilities like having a sleek app, ability to track delivery drivers, receive notification, etc, are basic expectations of customers. All of these rely heavily on having a strong technology background. Since technology development isn't the core business of chains, building scalable technical infrastructure along with a simple and easy to use interface is a challenge often faced by chains.

Expensive Last Mile

There are several reasons why the last mile is expensive.. For the last mile, there are multiple factors like traffic conditions, weather patterns, order surges, order cancellations and a multitude of possible routes all of which influence the actual delivery route and ETA, which can add costs, and make it difficult to optimize. Some of the major reasons for high last mile costs can be listed as:



Failed Deliveries:

As per a recent survey of 200+ global enterprises conducted by LogiNext, 15% of all orders are not delivered on the first attempt. This generally happens because either the end customer is not available or incorrect address mapping.



Customer Expectations:

The entire quick commerce surge has pushed the boundaries of expectations in terms of speedy delivery and this puts more pressure on the entire delivery chain.



Inefficient routing:

A solution like google maps can route for up to 10 destinations at a time, but when the number of stops and the number of orders runs into tens of hundreds, you need a solution which is more easily manageable. This is when route optimization technology becomes critical. Manual routing has its limitations and often it is not the most optimum route in terms of distance or time.



Driver Shortages:

Rise in online deliveries has not been accompanied by a corresponding rise in the number of drivers. Right from the first mile to the last mile, the shortage of drivers across the globe calls for technology solutions to optimally utilize the limited resources that are available.

Crowdsourced Delivery- Hybrid Fleet Management is the way forward

Uber has completely revolutionized mobility and has brought in the entire gig economy for drivers. For fast food restaurant chains and retailers, tapping into this new pool of drivers is a big opportunity. Currently, **less than 20% of brands use the power of crowdsourced deliveries**, but the trend for adoption is growing across the world.



Many chains have their own delivery fleets but owing to the rise in on demand deliveries, tapping into more resources has become necessary. Third party companies which provide drivers or the well known aggregators like DoorDash and UberEats form the driver pool which can be utilized by brands to reduce delivery costs and increase order volumes.

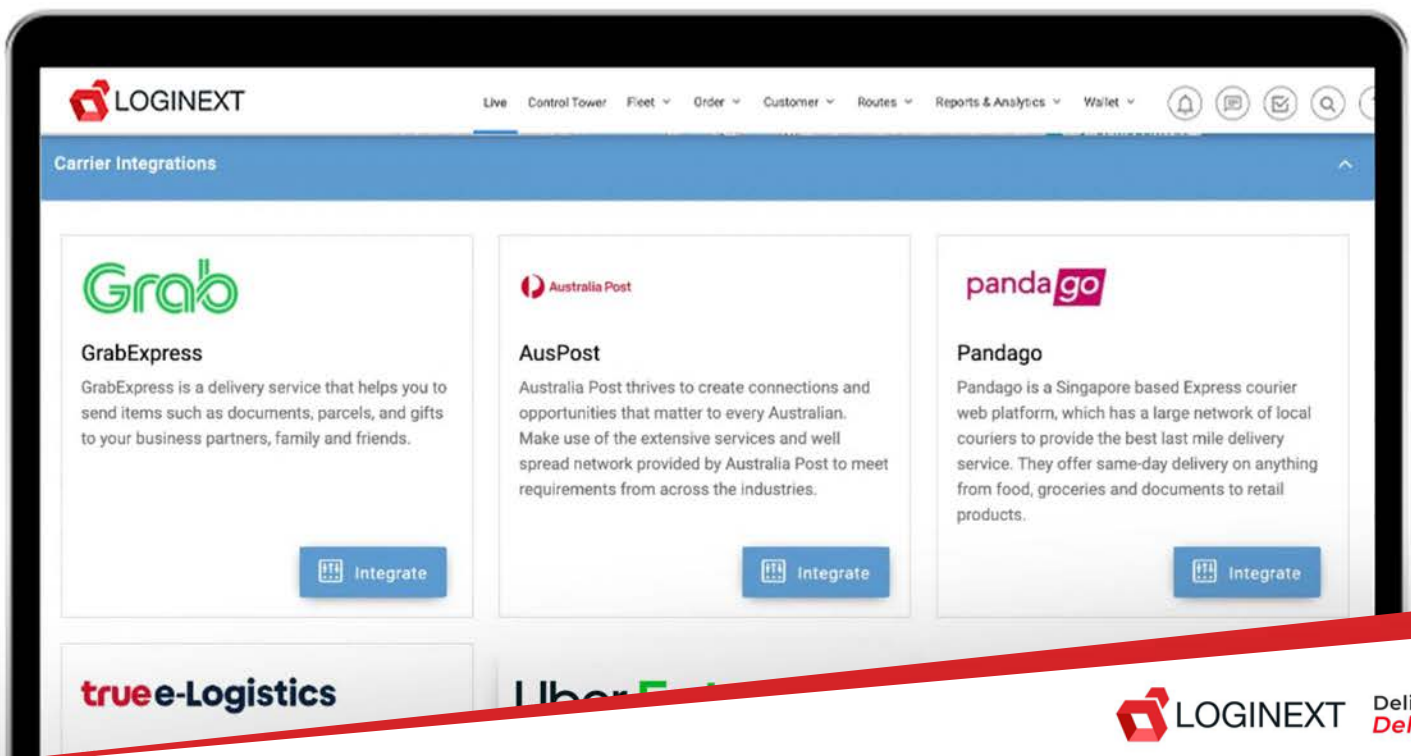
Hybrid Fleet Management which is basically combining your own fleet with 3rd party carriers and riders, ensures an optimum utilization of fleets during peak lunch hours or during festive seasons where there are order volume fluctuations.

Technology for managing crowdsourced delivery

CHALLENGE	Too many service providers	Multiple Contracts	Differences in rates
SOLUTIONS	Efficient management	Automating contract management	Rate Profiling
HOW	A single dashboard view for all carriers along with their details	A unified platform to assign different carriers to different hubs and efficiently manage contracts	Rate Profiles can be defined by giving basic cost, cash handling fee, insurance, re-attempt fees, etc as inputs.

Managing several fleets is not an easy task. For this, you need scalable technology solutions that can easily integrate multiple carriers and your ordering systems, and auto-allocate order to these carriers based on the SLAs set by you.

A carrier integrations marketplace allows a brand to bring all the carriers on the same platform and manage orders from a single screen.



Delivering a great customer experience is the essence

A delivery automation platform is an ecosystem of web applications and mobile apps which connects all the stakeholders- dispatchers, carriers, delivery drivers and the end customer. The platform has something for every persona with the end goal of generating value and providing a great end customer experience.

Crowdsourced deliveries via new age technology implies faster and smarter deliveries. Advanced route optimization lets brands deliver more sustainably and quicker! Precise ETA calculation means that the end customer remains updated about the delivery times at regular intervals which adds on to the entire convenience angle of online shopping.



Summary

Customer expectations have dramatically shifted over the last few years and the change is here to stay. To cater to these needs, it is inevitable for brands to adopt a technology solution to deliver on their business goals.

A delivery automation platform digitizes the entire process with several modules like dynamic route optimization, auto order allocation, carrier management, alerts & notifications, detailed analytics & insights and such. The key to the entire platform is hybrid fleet management in an efficient manner by crowdsourcing deliveries.

The area of last mile is rapidly evolving and of course, there are talks of drone deliveries and robots delivering products but in reality, we're still a good few years away when any of this comes to the mainstream. Till then, making the best of artificial intelligence by optimizing delivery operations is the way forward.

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