

BUSINESS SERVICES

GREATER COMPETITION IN A SHRINKING MARKETPLACE RAISES DELIVERY EXPECTATIONS

Customers expect more from freight delivery as innovation becomes more mainstream

Disruptions in delivery transport led by Amazon and Google, which reduce delivery times, have raised customer expectations across the board and could impact auto parts businesses, according to a logistics expert.

Walter Scremin, General Manager at national transport delivery firm, Ontime Group, says the pressure is on for quicker delivery and greater transparency across the board, especially in auto parts delivery. "We're seeing a lot of innovation in delivery transport and it is having a knock-on effect across a range of industries.

"Customers are holding less inventory to reduce costs and are expecting their suppliers to fill the void by providing them with ever increasing frequency of deliveries.

"The bar has been raised but unfortunately many businesses cannot match higher expectations due to poor efficiency.

"Many transport divisions are not structured in a way which promotes flexibility and responsiveness."

Mr Scremin said some auto parts distributors had been willing to embrace innovation due to the time-sensitive nature of the business. "Delivering auto parts can be a cut-throat business. If you can't get it to a customer on time they'll go to a competitor.

"We have seen many auto parts companies

improve their delivery performance by outsourcing part or all of their delivery fleets in order to obtain the logistics expertise required to keep them cost competitive and make them more flexible.

"These businesses have more control over resources and can increase or reduce capacity quickly. Outsourcing also means fewer up-front costs for the delivery fleets releasing capital for more crucial areas of the business."

A big shift occurred recently with telematics entering the mainstream as a standard feature in customer service. "Taxi companies were quick off the mark being able to track your approaching taxi. But we've seen businesses such as Domino's pizza promote their telematics technology, which allows customers to track their pizzas in real time."

Insurance companies such as QBE and NRMA use telematics to offer customers discounts as a reward if they use 'safe driver apps', which tracks a range of variables including speed, acceleration and braking to determine how safe the driver is.

"Some auto parts companies successfully use telematics technology to keep customers informed about their deliveries. This is now becoming a basic expectation.

"During times of change and innovation such as this, auto parts businesses need to ask: how can we improve our service?"



These innovations have been made possible due to telematics technology becoming dramatically cheaper.

"Incorporating telematics technology with smartphones has been a game-changer, making it cheap and accessible.

"Business needs to be aware now that this is no longer a novelty. The marketplace is becoming accustomed to it, and it's now considered fairly standard.

"The worry is that evidence suggests the small to mid-sized delivery fleets are slipping behind."

Research shows that telematics is still under-used by small to medium sized fleets, with only large freight transport companies seriously benefiting from the technology. A survey by ACA Research showed that only half of fleets with between six and 25 vehicles used telematics, with take-up even lower among smaller fleets.

"These small to medium fleets are missing a golden opportunity to improve their customer service for a modest cost outlay.

"Smartphone technology has made this technology far more accessible to any business – we know of companies with just three or four vehicles who make good use of telematics by keeping customers informed of their deliveries.

"If they can do it, anyone can."

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