THE CROWDSOURCED DELIVERY REPORT

HOW CROWDSOURCING IS HELPING TO IMPROVE THE TROUBLESOME LAST MILE OF E-COMMERCE DELIVERY

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BI INTELLIGENCE

KEY POINTS

- **Logistics companies and their retail partners are in a race to meet consumers' growing demand for speedy fulfillment,** as the rise of e-commerce pushes them to deliver more parcels than ever before. These firms are exploring new models and technologies to win this battle and stave off the threat from Amazon, which has made a name for itself as a fast-delivery provider.

- **The "last mile" of delivery — when the package reaches a customer's doorstep — is the most expensive and time-consuming part of the delivery process,** and retailers are especially looking for ways to improve this area of their fulfillment operations.

- **Crowdsourced delivery startups can help retailers deliver goods within hours — even minutes in some cases — within urban settings.** They leverage local, nonprofessional couriers who use their own vehicles to make deliveries, either on-demand or during a scheduled time window. Many such startups have sprung up around the world, and have collectively attracted several billion dollars in investment.

- **By utilizing nonprofessional couriers and sophisticated back-end technology platforms to manage and track deliveries, these delivery startups allow businesses to quickly get up and running with same-day delivery in urban markets.** Crowdsourced delivery is most common in meal and grocery delivery, but a growing number of traditional retailers are using the model to ship online orders from nearby stores, malls, and warehouses.

- **However, as these startups' delivery volumes increase, they will need to wrestle with significant inefficiencies in their business models.** This will include making operational changes and employing greater use of data and analytics to optimize efficiency and lower per-delivery costs.

- **Many of the deliveries these startups perform today will likely be automated in the future.** That raises the possibility that crowdsourced delivery startups may shift away from human couriers eventually, and incorporate automated delivery options with autonomous delivery vehicles, or robots, managed remotely through their platforms.

Download the charts and associated data in Excel »

INTRODUCTION

As the steady rise of e-commerce pushes logistics companies and their retail partners to deliver more parcels, faster, speedy delivery is becoming a major competitive advantage. And no company has capitalized on this opening like Amazon, which has made a name for itself in fulfillment with its Prime and Prime Now delivery offerings. Now, Amazon's retail competitors — and their logistics partners — are exploring new models and technologies in a race to meet consumers' growing demand for faster delivery. Crowdsourced delivery is one model gaining popularity — it leverages local, nonprofessional couriers to get packages to customers' doors, sometimes in less than an hour.

Many crowdsourced delivery startups have sprung up around the world, and have collectively attracted several billion dollars in investment. Each works in a slightly different way, but they all follow a similar blueprint for executing deliveries:

- Once an order is placed on a crowdsourced delivery company's app — either by the customer or a retailer — the delivery is assigned to one of the part-time couriers using the app. Couriers can either bid to accept a delivery, or may be automatically assigned one based on their proximity to the pickup location.

- After the order is picked and packed, the assigned courier delivers it to the recipient, using their own vehicle. The pickup and delivery can be made "on-demand," meaning right away, or scheduled for a specific time window, such as between 5 p.m. and 6 p.m.

- The recipient or courier then confirms that the order has been safely delivered, and the courier receives compensation from the delivery company.

Crowdsourcing deliveries allows new players to provide last-mile deliveries with little upfront cost. In contrast to traditional parcel delivery providers, like UPS or FedEx, these startups have no full-time couriers or fleets of delivery trucks. Instead, they rely on part-time contractors, who use their own vehicles to conduct deliveries. This has allowed crowdsourced delivery startups to rapidly expand to new markets and score new partnerships with retailers and other businesses over the past few years.

US CROWDSOURCED DELIVERY PLAYERS

Name:	Instacart	Postmates	Grubhub	Deliv	UberEATS	UberRUSH	DoorDash
Date founded:	Founded 2012	Founded 2011	Founded 2004	Founded 2012	Launched 2014	Launched 2015	Founded 2013
Geographic footprint:	~150 US cities	~235 US cities	1,200 US cities	1,400 US cities	Operates in ~60 US cities	New York, Chicago, San Francisco	~25 US cities
Funding raised to date:	$675 million	$278 million	IPO 2014	$40 million	N/A	N/A	$187 million
Delivery segments:	Grocery & retail delivery	Delivers anything	Restaurant delivery	Retail delivery	Restaurant delivery	Delivers anything	Restaurant delivery

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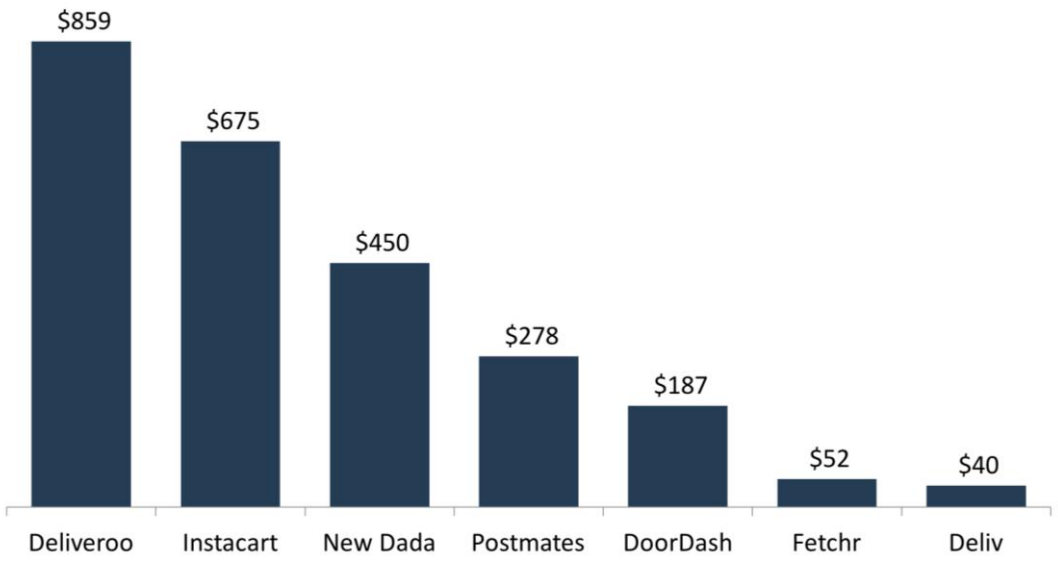
In this report, BI Intelligence examines the rise of the crowdsourcing model in the last-mile delivery space, which is becoming a crucial segment of the logistics industry with the growth of e-commerce. We detail the top use cases for crowdsourced deliveries, as well as the benefits and challenges of using this model for delivering online orders. We also provide some insights into how crowdsourced deliveries can be better optimized for retail e-commerce deliveries. And lastly, we explain the long-term potential of the startups populating the crowdsourced delivery space as automation starts to play a bigger role in the last mile.

Funding Raised To Date By Various Crowdsourced Delivery Startups

Global, millions ($)



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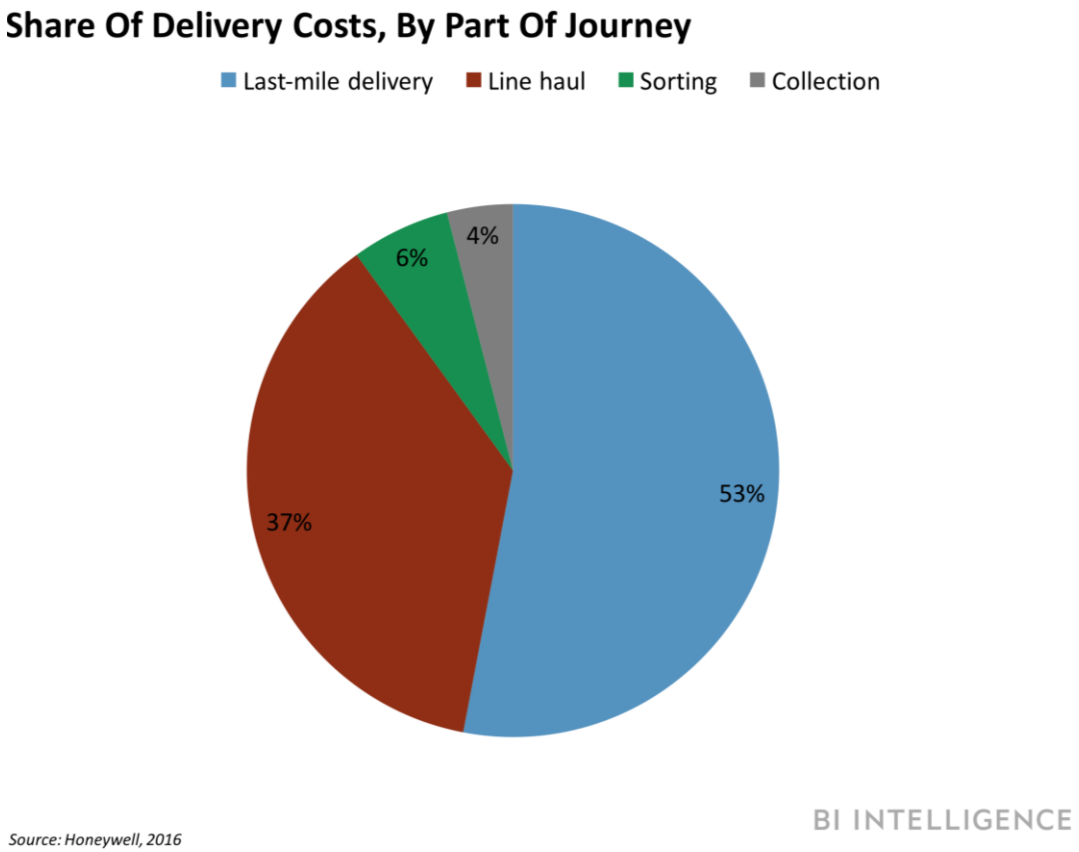
Source: Crunchbase, 2017

THE CROWDSOURCED DELIVERY LANDSCAPE

A Reuters analysis late last year found that 124 crowdsourced delivery startups globally had raised about $9 billion in venture capital (VC) funding over the prior decade, including $2.5 billion in 2016. The increased attention and investment in these startups has been driven by a confluence of factors.

The last-mile problem. The last mile of delivery — the final step in the journey when a package reaches the customer's doorstep — has long been the most inefficient part of the fulfillment process. That's because traditional last-mile delivery involves many delivery stops with low drop sizes — only one or two packages are typically dropped off at each stop. Those inefficiencies drive enormous costs for logistics and retail companies. It's also extremely time-consuming because of the number of drop-offs — rural deliveries can be many miles apart, while urban ones are often stalled by traffic congestion. Last-mile deliveries are also plagued by issues like invalid or hard-to-locate addresses.



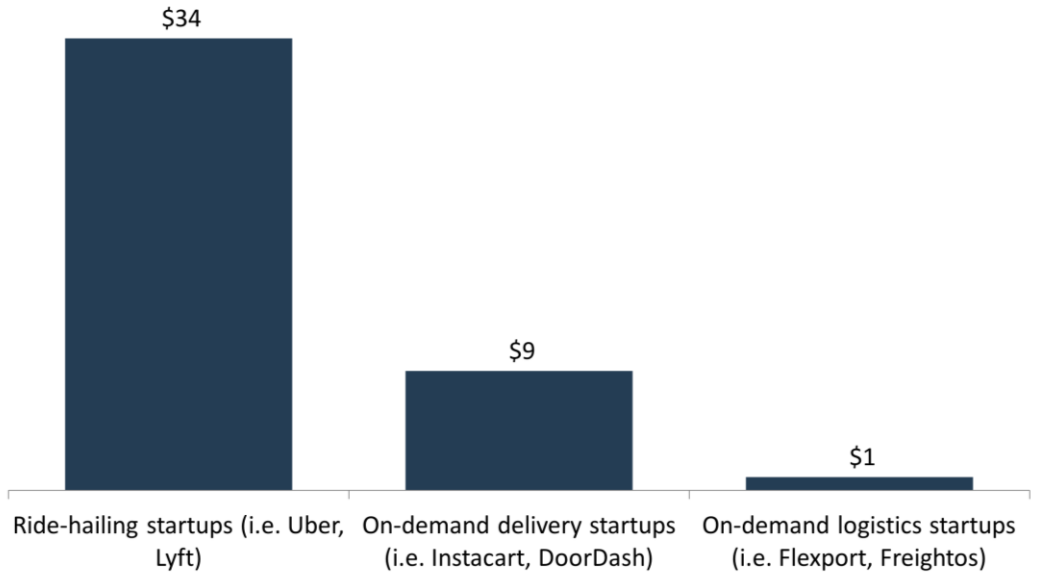
Source: Honeywell, 2016

E-commerce growth compounding those inefficiencies. The ongoing rise of e-commerce — online sales increased 16% year-over-year (YoY) in Q2 2017 to make up 8.9% of total US retail sales — has led to a dramatic rise in US parcel volumes, which grew 8.2% from 12 billion parcels in 2015 to 13 billion in 2016, according to Pitney Bowes. Combined with rising customer expectations for free and fast delivery, this means logistics and retail companies need to deliver more packages faster and at a lower cost than ever before. Naturally, many of these players are looking at inefficiencies in last-mile delivery as a major opportunity to cut time and costs.

Rise of the gig economy. The gig economy enables the crowdsourcing of short-term contractors and freelancers for specific tasks via digital platforms. It has made the biggest impact in the public transportation and hospitality spaces through apps like Uber and Airbnb. However, it's also paved the way for retailers and logistics firms to easily tap into the general population to deliver packages as part-time couriers. Crowdsourcing apps can help speed up last-mile deliveries by connecting retailers to a wide network of local couriers available for immediate package pickups and drop-offs. Additionally, crowdsourced delivery is relatively easy for retailers to implement since it requires little upfront capital investment.

Funding Raised By Types Of On-Demand Startups From 2006-2016

Global, billions ($)



Source: Reuters, Crunchbase, PitchBook, MatterMark, 2017

Leading Use Cases

Crowdsourcing can improve the efficiency of last-mile delivery, but it's no cure-all. The model has inherent challenges, including high per-delivery costs, and is only suitable for urban areas with a high density of both potential couriers and customers. In rural settings with few potential couriers and customers spread out over large geographic areas, crowdsourced delivery provides no advantage over traditional last-mile delivery methods. With this in mind, there are a few particular use cases attracting interest and activity.

Meal delivery. Meal delivery is currently the leading use case for crowdsourced delivery, with companies focused on this area making up about two-thirds of all crowdsourced delivery startups. These firms have also attracted the bulk of investment in the space, raking in more than $3 billion in Angel, Seed, and VC funding worldwide since 2014, according to McKinsey. This is because meal delivery is well suited for crowdsourcing — consumers want their hot meals delivered quickly, and prepared food involves high profit margins, allowing delivery providers to take a sizeable cut of sales to help cover the high costs of on-demand deliveries. The major players in online meal delivery include Deliveroo, Delivery Hero, and Foodpanda in Europe; and Grubhub/Seamless, UberEATS, and DoorDash in the US.

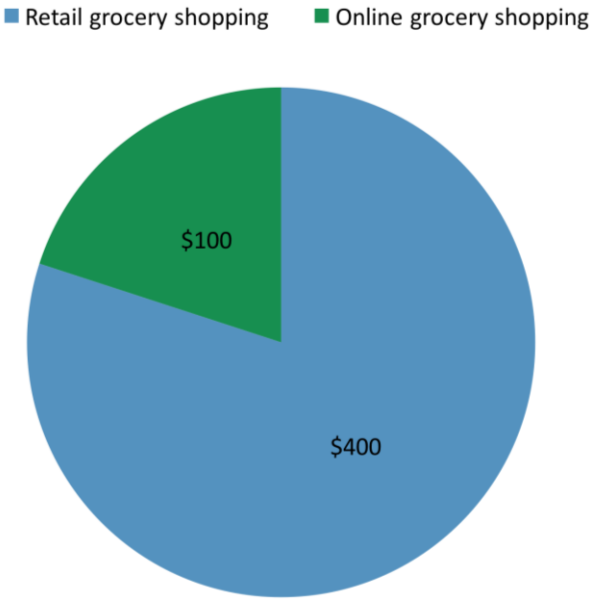
Grocery delivery. This area is far less mature than meal delivery when it comes to crowdsourcing, but it's beginning to gain traction and will likely come closer to the fore in the future. That's because, although online grocery only makes up a small fraction of the $600 billion US grocery market, its share is expected to grow to 20% by 2025. Amazon is also driving interest in this space, as it's been pouring resources into its grocery business, including its online grocery AmazonFresh division. Moreover, its recent Whole Foods acquisition has strengthened the company's online grocery play, as it can now offer exclusive Whole Foods brands for online customers, and could potentially deliver orders from Whole Foods locations, as Alibaba is doing with its grocery stores in China. This has prompted other grocers to respond by partnering with crowdsourced delivery companies to offer online deliveries:

- Walmart, which derives more than 50% of its revenue from its grocery segment, recently expanded its own same-day grocery delivery tests with UberRUSH, Uber's crowdsourced delivery platform for retailers and grocers, to Orlando and Dallas.

- Grocery chain Aldi recently started testing same-day online grocery delivery with Instacart in Atlanta, Dallas, and Los Angeles, with plans to roll the program out to all of its 1,700 US locations pending the results of the test pilot.

Estimated US Grocery Sales In 2025

Billions ($)



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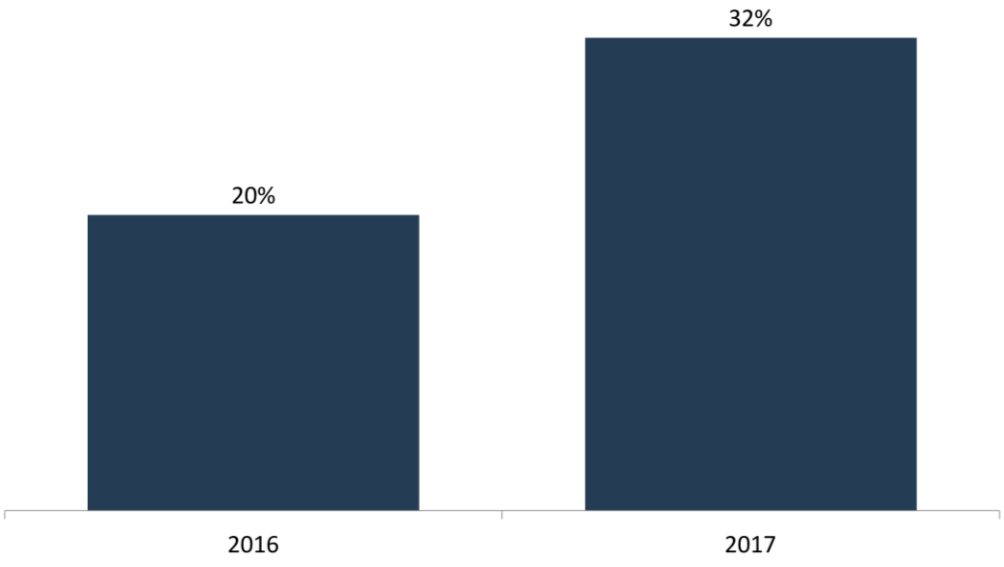
Source: Food Marketing Institute & Nielsen, 2017

Retail delivery. Traditional retail remains the least mature of these use cases, though demand for faster delivery is pushing more retailers to explore partnerships with crowdsourced delivery startups. The lag here is likely because retail typically doesn't enjoy the high profit margins that make it easier to cover a large portion of the delivery costs. Additionally, consumers are generally only willing to shoulder a small share of those expenses in the form of delivery fees — McKinsey found that only about 15% of consumers in China, Germany, and the US would be willing to pay a surcharge of about €3 ($3.54) for same-day delivery. That means crowdsourced delivery providers focused on the retail and grocery spaces have had to look for alternative revenue sources. Most of them have achieved this by launching their own online marketplaces that customers access through a mobile app — Instacart, for instance, charges food and CPG brands for special ad placement within its app, while Postmates offers an Amazon Prime-like subscription that provides customers with unlimited deliveries for a monthly fee.

Percentage Of US Retailers Using Crowdsourced Delivery Services



n=500
Source: Boston Retail Partners, 2017

CROWDSOURCED DELIVERY AND THE VALUE-ADD

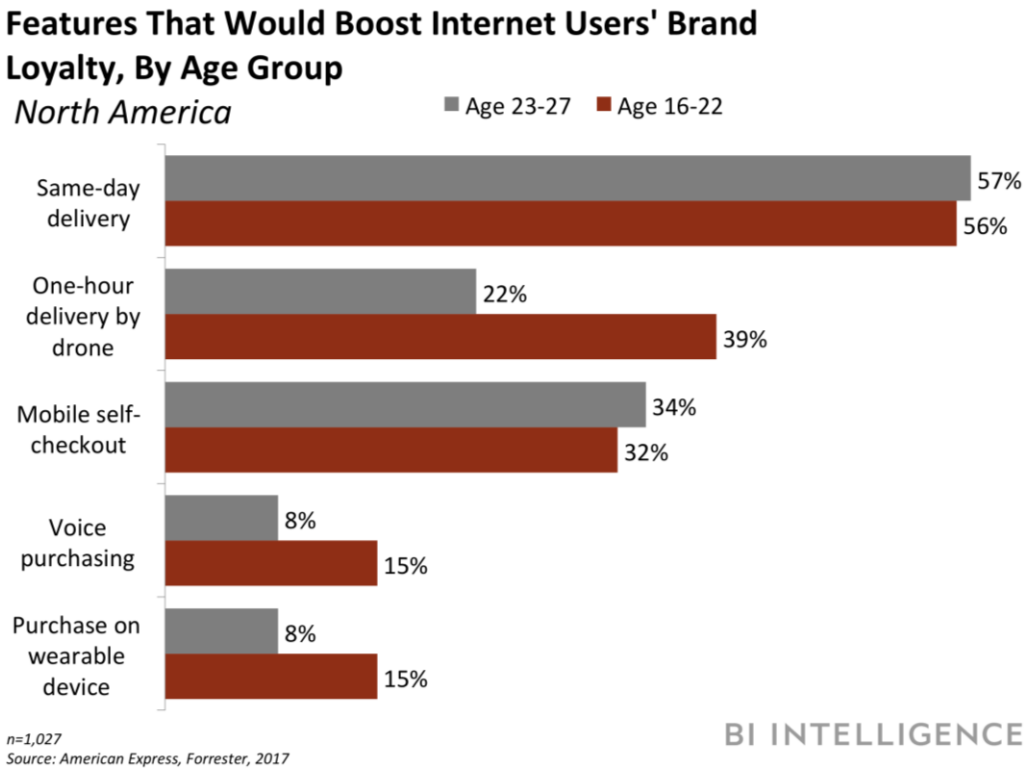
The primary benefit of crowdsourced delivery is simply that it helps companies get online orders to their customers faster. However, there are a number of other characteristics that make the option attractive, including its low startup costs and its ability to improve the customer experience.

Satisfying Consumers' Desire For Speed

While traditional delivery methods normally take days, crowdsourced deliveries are usually delivered within a matter of hours, or even minutes. Crowdsourced deliveries can be broken up into two categories:

- **On-demand deliveries are transported to customers as soon as they're packaged.** Prepared food deliveries make up the majority of on-demand deliveries, as customers want their meals as soon as they’re ready for consumption.
- **Scheduled deliveries allow customers to order items early in the day and have them delivered during a selected time window later on (like 7-9 p.m.).** This category lends itself to grocery and retail deliveries, since customers typically don’t need these items right away. Additionally, it ensures orders come when customers are home, eliminating the possibility that items will need to be delivered a second time.

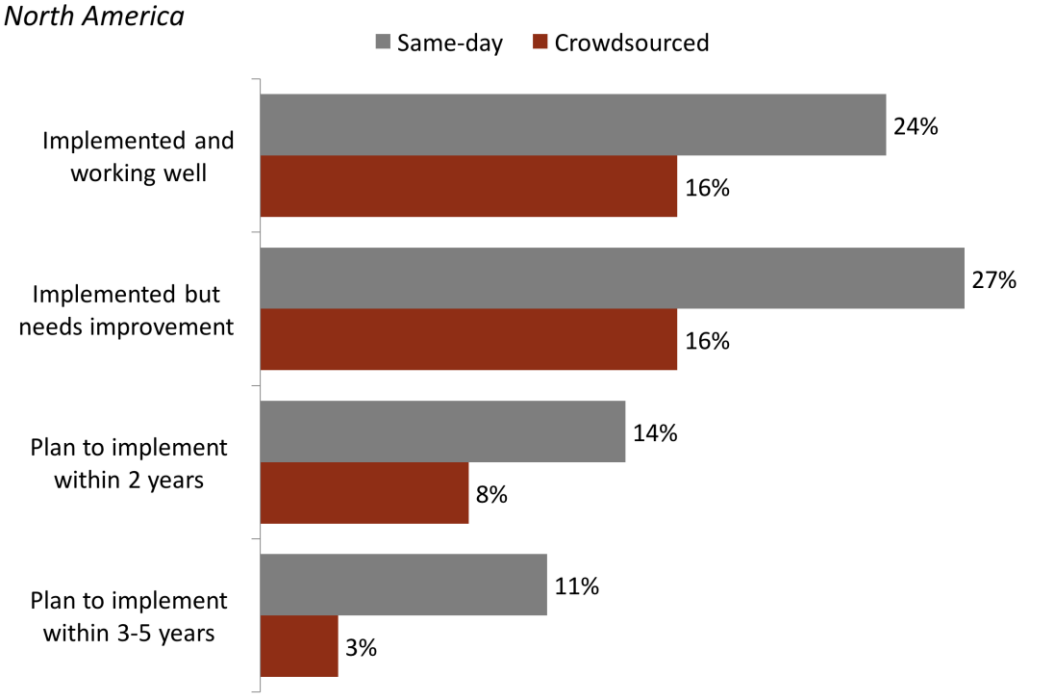
Younger consumers, in particular, who have grown up in a digital, on-demand economy have high expectations for fast delivery. A survey released earlier this year by American Express and Forrester found that 57% of North American internet users aged 23-27 said same-day delivery would make them more loyal to a retailer's brand, and 56% of respondents aged 16-22 said the same. These Gen Z and younger Gen Y consumers will make up the bulk of shoppers within the next decade, with Gen Z alone expected to be the largest generation by 2026, according to A.T. Kearney. Additionally, 25% of online shoppers surveyed in a study by research firm L2 said they'd abandon a shopping cart if a retailer didn't offer same-day delivery. This growing demand will drive up same-day delivery volumes to account for $200 billion in US online sales — about 25% of the US e-commerce market — by 2025, according to McKinsey.



Despite the benefits of same-day delivery, many retailers either don't offer it, or are struggling to execute it. A study released earlier this year by Boston Retail Partners found that just over half of the 500 North American retailers surveyed offer same-day delivery. Meanwhile, the majority of those that do offer it say the service needs improvement, indicating strong demand for partners, like crowdsourced delivery companies, that can help retailers improve their same-day delivery operations.

Retailers' Plans For Crowdsourced And Same-Day Delivery

North America



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n=500
Source: Boston Retail Partners, 2017

Providing An Asset-Light Delivery Solution

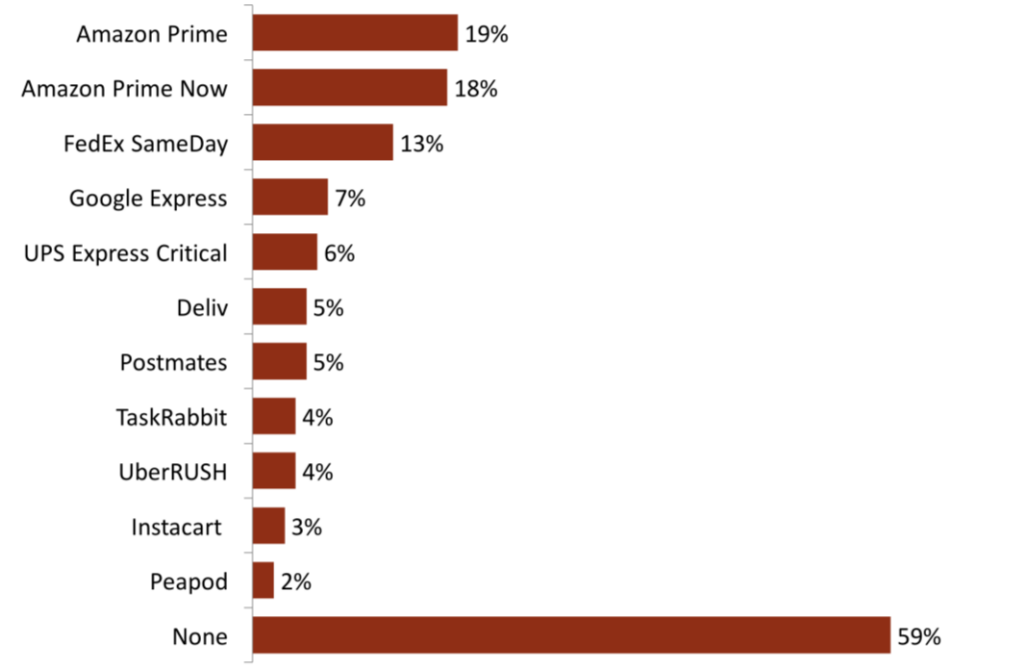
Crowdsourced delivery companies rely on an asset-light, tech-heavy operating model. This means that, by leveraging the startups' existing courier networks and IT infrastructure, retailers can get up and running with same-day delivery quickly, without the cost of building out this channel in-house. The couriers use their own vehicles, and deliveries are typically made from a retailer's store location, so there is no need to own or operate warehouses or fleets of delivery vehicles. Moreover, as gig economy companies, the startups' contractor couriers don't receive employee benefits and are paid per delivery or per time slot. This, in turn, can help offset some of the high expenses associated with on-demand delivery services — in fact, by designating workers as contractors instead of full-time employees, gig economy companies can save up to 30% on labor costs.

At the same time, crowdsourced delivery companies have invested heavily in the technology platforms that manage and optimize their deliveries. Retailers can integrate these platforms with their own order management systems to track and handle their crowdsourced deliveries, and can leverage application programming interfaces (APIs) to easily add the delivery option to their websites. Macy's, which has been providing same-day delivery through a partnership with crowdsourced delivery startup Deliv since 2014, told BI Intelligence that it's very easy to get crowdsourced delivery started at a new location. Orders for same-day delivery are processed through its order management system, which is integrated directly with Deliv's platform, and Macy's associates use the same processes from its existing ship-from-store program to pick and pack crowdsourced delivery orders.

Elevating The Customer Experience

Crowdsourced delivery startups can use the order tracking data from their platforms to better inform customers about when their orders will arrive. Customers can receive alerts via SMS text or push notifications about their courier's expected arrival time, for example. Some startups, including Postmates and Instacart, also allow customers to track their deliveries directly through GPS tracking within their apps. In addition to letting customers choose specific time slots for their deliveries, these features give customers greater control over their shopping experiences, and ensure they won't miss their deliveries or have to wait for a second attempt. Order status updates are the single most important communication between retailers and their customers, according to a survey by customer engagement analytics provider Narvar. Of the 1,200-plus US consumers surveyed, 99% said order tracking was an important or very important feature.

Usage Of Same-Day Delivery Services By US Internet Users



n=1,600
Source: Walker Sands, Future of Retail 2017

CHALLENGES FOR CROWDSOURCED DELIVERY

As mentioned above, the crowdsourced delivery model still has inherent challenges that startups have yet to fully address. These include high per-delivery costs that are generally passed on to the retailer, since customers are rarely willing to cover them via a delivery fee. Such expenses will be exacerbated as crowdsourced delivery volumes increase, threatening to undermine the benefits of this model at the last mile. This means crowdsourced delivery startups need to find ways to optimize their operations — and fast. Additionally, crowdsourced delivery startups are beset by many labor and workforce issues that have plagued other gig economy companies.

Trust and Reliability

Consumers are typically accustomed to uniformed, professional UPS or FedEx drivers dropping off their packages, rather than nonprofessional, nonuniformed delivery workers. As a result, earning consumer trust, and thereby getting customers to opt in to crowdsourced deliveries, is crucial for both retailers and these startups. However, in urban areas, the proliferation of online meal delivery services has begun to condition consumers to receive deliveries from such couriers. Additionally, crowdsourced delivery startups have adopted procedures and tools common in the ride-hailing industry to build consumer trust. These include performing background checks and other vetting on their couriers, and allowing customers to rate their couriers within their apps. Deliv, for example, removes couriers from its platform if their ratings fall below 4.7 on a five-point scale.

These measures seem to be helping, as trust was not a major concern with crowdsourced delivery among the 4,700 consumer respondents to a McKinsey survey on delivery preferences. Nearly three-quarters (74%) of the respondents said they were indifferent about this issue. However, consumers are still unlikely to trust a nonprofessional courier to deliver orders of high-value goods, like jewelry, according to McKinsey associate partner Florian Neuhaus, who helped author the research report.

Workforce Issues

As is common with gig economy startups, crowdsourced delivery companies face significant workforce issues. These can be broken down into two categories:

- **Courier shortages.** Crowdsourced delivery startups are in an intense competition for couriers. Couriers often sign up for multiple crowdsourcing platforms, and then toggle between different apps looking for available deliveries to execute. Additionally, many couriers sign up as drivers on ride-hailing platforms, and search for available passengers while looking for a delivery job. This is a common practice among gig economy workers, called "double-apping," which makes it difficult for gig economy companies to ensure they have enough workers on their platforms at any given time. This is particularly true in the late afternoon and evening, which are peak demand times for both on-demand rides and crowdsourced deliveries. Uber, for example, had driver shortage problems for its ride-hailing service that led to surge pricing during evening hours, as too many drivers were making deliveries for restaurants. This may become an increasingly prevalent problem as delivery volumes rise, leading to reliability issues.

- **Retention.** The churn rate for gig economy companies is very high — The Information reported earlier this year that less than 4% of Uber drivers stay on the platform for more than one year. Crowdsourced delivery startups are no exception to this issue, and it's an important problem for them to address. Using new, inexperienced couriers can lead to issues with reliably delivering packages on-time, and also increases training costs. A recent McKinsey study found that, with estimated courier churn rates over 50% per month, the high costs of courier acquisition and training make it cheaper to use professional employees, as long as they're spending more than 75% of their paid working time handling deliveries. So, as delivery volumes increase for these startups, using contractors to deliver packages will no longer prove cost-effective. That is why some crowdsourced delivery startups, including Instacart, have started exploring using part-time employees with benefits and regular wages, rather than contractors, to execute deliveries.

Efficiency And Competition

There's no getting around the fact that crowdsourced delivery entails high per-delivery costs. McKinsey estimates the average crowdsourced delivery costs $7 to $10 to execute, not including overhead. That's because these deliveries are performed on such an ad-hoc basis. Traditional delivery methods schedule drop-offs well in advance so they can be grouped together and optimized, while the short time windows and one-off nature of most crowdsourced deliveries leave much less room for efficiency. Couriers on crowdsourced platforms can typically make no more than two or three deliveries per hour. In comparison, traditional parcel carriers' couriers usually make 15 to 20 deliveries per hour, according to McKinsey. This inefficiency has impacted the bottom line of crowdsourced delivery startups. Postmates, for example, has yet to reach profitability, even though it surpassed an annualized run rate of $1 billion in gross merchandise volume (GMV) through its platform. These issues caused a slowdown in VC funding in the second half of 2016, as investors grew wary about the financial performance of many on-demand delivery providers.

COST BREAKDOWN FOR $30 DELIVERY ORDER

Customer Pays	Delivery Startup Collects	Delivery Startup Pays Courier
$30 basket value	$3 delivery fee	$1.50 base fee
$3 delivery fee	$3 tip	$4 total per mile and waiting time fee
$3 tip	$2 commission at 7%	$3 tip
$36 total	$1.50 for in-app brand promotion	$8.50 total
	$9.50 total	

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Source: McKinsey

Tackling the efficiency problem is a must if crowdsourced companies are to handle increased package volumes over time. Right now, overall delivery volumes for crowdsourced delivery companies remain pretty low — McKinsey estimates crowdsourced delivery companies only had about $2 billion in net sales in the US last year. However, as deliveries increase, the inefficiency issue will only be magnified, resulting in rapidly accelerating delivery costs. Companies are already exploring possible solutions to boost the efficiency of crowdsourced deliveries, including:

- **Spending heavily on data scientists to analyze information collected on routes and deliveries.** By analyzing different factors, including order frequency and proximity of different deliveries, startups can group different pickups and drop-offs into a single optimized delivery run, enabling faster and more cost-efficient deliveries.

- **Shifting away from on-demand deliveries — at least for retail and grocery.** In order to serve a wider number of deliveries, particularly beyond restaurant delivery, we expect startups will move away from on-demand deliveries and toward more scheduled deliveries. While consumers want their takeout meals delivered right away, that is rarely the case for groceries and other retail merchandise. Such an approach will allow these companies to plan more deliveries ahead of time, and will afford their data and analytics teams more time to optimize couriers' routes for multiple pickups and deliveries. Additionally, it could allow companies to offer dynamic pricing based on delivery time, so a customer would have the option to pay a higher fee for instant delivery, or pay less for a later delivery time, McKinsey associate principal Ludwig Hausman points out.

- **Consolidating products in centralized locations.** Right now, crowdsourced delivery is typically tied to retailers' ship-from-store programs, forcing couriers to pick up packages from a wide variety of store locations listed on these platforms. As delivery volumes rise, this type of point-to-point delivery model will no longer be sustainable. Crowdsourced delivery startups will need to consolidate items from different stores into centralized collection points where couriers can pick up many items for a delivery run, according to McKinsey. That collection point could be an urban warehouse owned by a retailer or delivery company, or it could be a loading dock in a mall where packages from different stores are collected and loaded onto vehicles. Deliv, which is solely focused on retail deliveries, already has partnerships with several of the top mall operators in the US to consolidate online orders from different stores at centralized collection points in their malls, where Deliv's couriers then pick them up for delivery.

- **Making more use of part- and full-time employees.** The workforce problems mentioned above can be alleviated by using more part- or full-time employees to handle deliveries, particularly at peak demand times. This will reduce competition with other on-demand apps for workers, while relieving costs associated with training and acquiring new couriers. Companies will likely continue to rely heavily on contractors to keep labor expenditures lower, but turning over some of their deliveries to full-time employees would likely improve their overall service and reduce some of these cost problems.

Crowdsourced delivery startups also face stiff competition from traditional delivery providers, which have been working to provide same-day delivery in a growing number of markets. DHL launched a pilot last year in five German cities to provide same-day scheduled deliveries for retailers, for instance, and FedEx just recently expanded its same-day urban delivery service to cover 30 regional markets in the US. Many of these legacy logistics companies already have extensive intra-city same-day delivery services for purposes besides retail consumer deliveries. FedEx, for example, provides same-day urban deliveries for a wide variety of business-to-business (B2B) purposes, including delivering printed materials for offices, prescriptions to doctors' offices, and car parts to dealerships. Those B2B services, along with its nationwide network of FedEx Office stores, have provided the foundation for its growing same-day e-commerce delivery business, FedEx Office CEO Brian Philips told BI Intelligence. Additionally, these legacy providers now offer some of the same tracking tools that crowdsourced delivery startups typically provide, and can pull resources from other parts of their enormous logistics operations to ensure speedy deliveries during peak demand times.

THE LONG-TERM PICTURE

While crowdsourced delivery companies can do a lot to boost their efficiency, many of the deliveries they perform today will likely be automated in the future using delivery robots, drones, and self-driving delivery vehicles. This mirrors the current ride-hailing industry landscape, where players are racing to develop self-driving taxis that will one day replace their drivers. It's unknown when the tech and regulatory hurdles around these automated delivery vehicles will finally be cleared, but the cost savings of automating delivery will drive adoption once that happens. McKinsey estimates autonomous delivery vehicles will provide savings of at least 40% on traditional last-mile delivery methods, assuming courier wages of about €20 ($23) per hour. Crowdsourcing startups typically pay their couriers less than that — both Postmates and Instacart estimate their couriers make somewhere between $15-20 per hour — but there are still significant savings to be had by automating these deliveries.

The current model of crowdsourcing couriers is therefore likely a bridge until cheaper, automated delivery methods arrive. In the future, crowdsourced delivery startups will likely look to incorporate automated delivery options by partnering with companies developing delivery robots, drones, and autonomous vehicles. However, it's unlikely that human couriers will ever be completely eliminated from last-mile delivery — customers will still likely appreciate having a human courier to help them carry heavy grocery bags up several flights of stairs, for example — so these startups will benefit from maintaining a human element of some kind, especially for peak times. Startups could assign individual orders on their platforms to drones, self-driving vehicles, or human couriers depending on the orders' parameters, and remotely track and manage automated vehicles through those platforms. It's also worth noting that these platforms' back-end technology for tracking and managing urban last-mile deliveries will prove increasingly valuable in the future as overall urban delivery volumes rise. As a result, retailers and a wide range of logistics companies may well look to acquire these startups, and incorporate their technology into their own delivery offerings.

THE BOTTOM LINE

- Logistics companies and their retail partners are in a race to meet consumers' growing demand for speedy fulfillment, as the rise of e-commerce pushes them to deliver more parcels than ever before.
- A particular area primed for improvement is last-mile delivery, the most expensive and time-consuming part of the fulfillment process.
- Crowdsourced delivery startups can help retailers deliver goods within hours — even minutes in some cases — in urban areas. They leverage local, nonprofessional couriers who use their own vehicles to make deliveries, either on-demand or during a scheduled time window.
- By utilizing nonprofessional couriers and sophisticated back-end technology platforms, these startups allow businesses to quickly get up and running with same-day delivery in urban markets. Top use cases include meal delivery, grocery delivery, and retail delivery.
- However, as these startups' delivery volumes increase, they'll need to wrestle with significant inefficiencies in their business models. This will include making operational changes and employing greater use of data and analytics.
- In the future, urban last-mile deliveries will likely shift away from human couriers and toward automated delivery options via remotely managed autonomous delivery vehicles or robots.

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