

# HOW DELIVERY AFFECTS CUSTOMER SATISFACTION AND WHAT OLIST SHOULD DO TO IMPROVE CUSTOMER SATISFACTION THROUGH DELIVERY?

Data source: Kaggle.com

**olist**

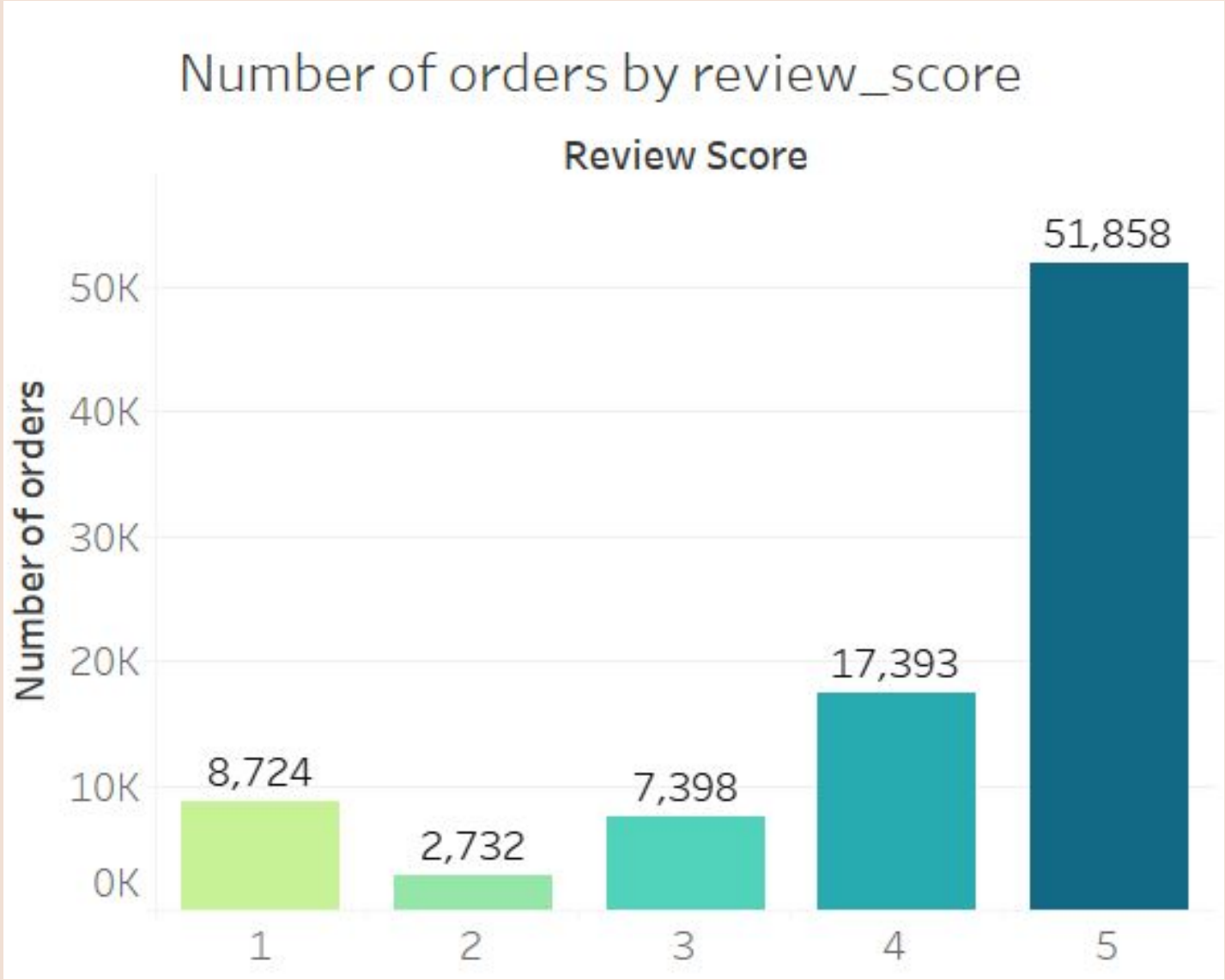
# OVERVIEW

## TARGET AUDIENCE

- Olist – An e-commerce platform that wants to improve customer satisfaction when ordering on olist

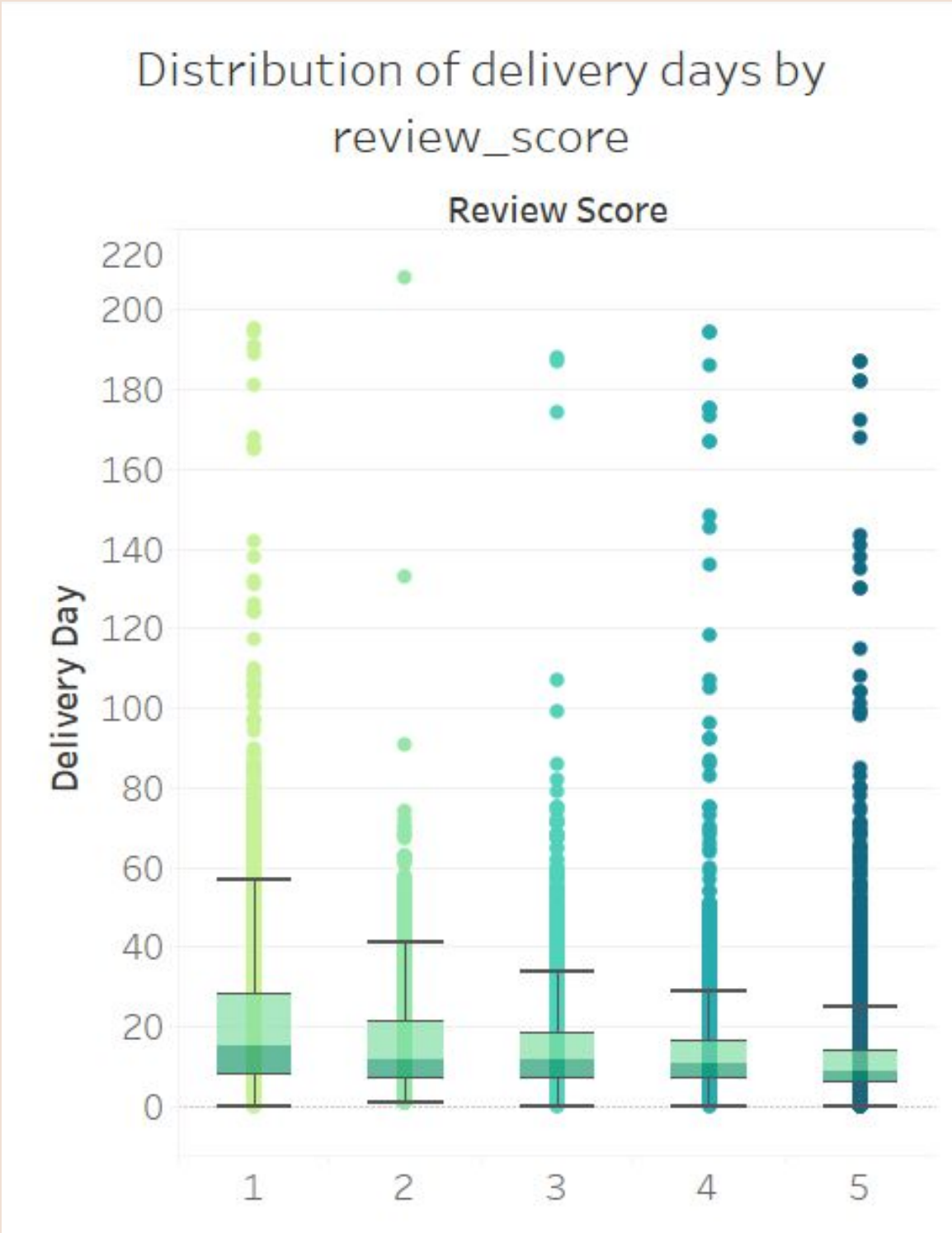
## OUTLINE

1. Overview of delivery performance and review score
2. Analyze the effect of delivery performance on review\_score
3. Suggest solutions to improve delivery time and evaluate solutions

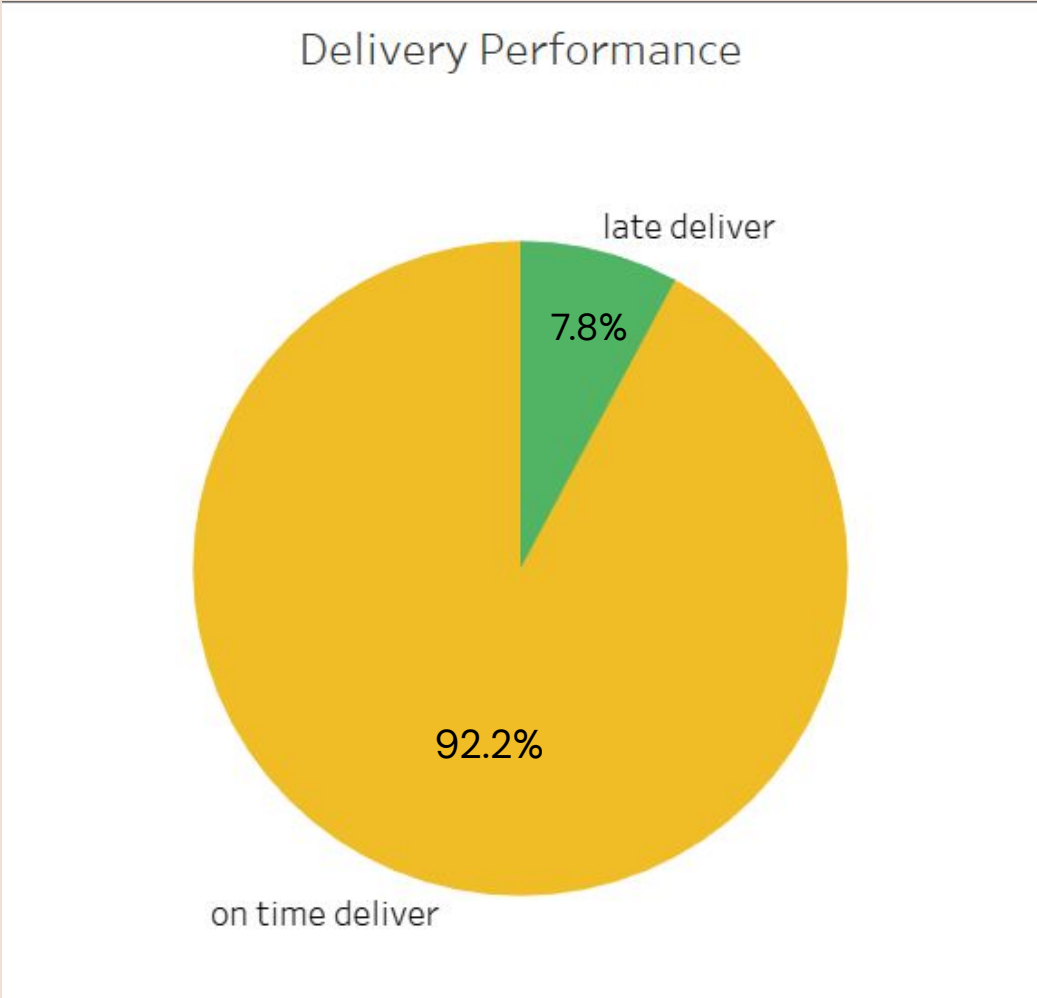


**MOST ORDERS ARE RATED 4.0 AND 5.0**  
Accounting for 78.6%

**THE LOWER THE REVIEW-SCORE  
ORDER, THE LONGER THE DELIVERY  
DAYS**



**92.2%**  
On-Time Delivey





# THERE IS A CORRELATION BETWEEN REVIEW-SCORE AND DELIVERY TIME!!!



Peak sales are in Nov 2017 (Black Friday) and March 2018 (Consumer's Day, Women's Day.)



Lowest average rating



The most late delivery orders

# DELIVERY IS AN IMPORTANT FACTOR AFFECTING CUSTOMER SATISFACTION

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## Delivery Speed Can Make or Break a Customer Experience

Article by Lucy Koch | Aug 25, 2019

**Retail Media:**  
The Red-Hot Ad Market Brands Are Flocking To

eMarketer Analyst Webinar | Made possible by CRITEO

**K**nown as a pioneer in the delivery space, ecommerce powerhouse Amazon has transformed the standards for logistics when it comes to the customer experience. It's had such an impact that shoppers now expect almost immediate delivery after they click "buy now."

"Amazon is at the core of this burgeoning delivery economy," said Andy Grygiel, CMO of visibility solutions provider **project44**. "Where logistics was once and only a cost center, Amazon has turned it into a competitive

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TOPICS

CUSTOMER EXPERIENCE

UNITED STATES

### How Do US Digital Shoppers Define Positive Experiences with Digital Brands/Retailers?

% of respondents, Jan 2019

Fast shipping speed

62%

Easy delivery process

54%

Ample information about products (e.g., product specifications, images, videos, etc.)

53%

Easy reasonable return policy

50%

Easy purchasing process on desktop

46%

Easy purchasing process on mobile

40%

Friendly/helpful customer service reps

40%

Quick responses from customer service reps

38%

Ability to buy products online and pick them up in a store

31%

Product recs tailored to them based on their personal information

19%

Experiences tailored to them based on their personal information

17%

Use of new technologies to enhance experiences

14%

Note: ages 18+

Source: Avionos, "Shoppers Demand Superior Ecommerce Experiences," June 11, 2019

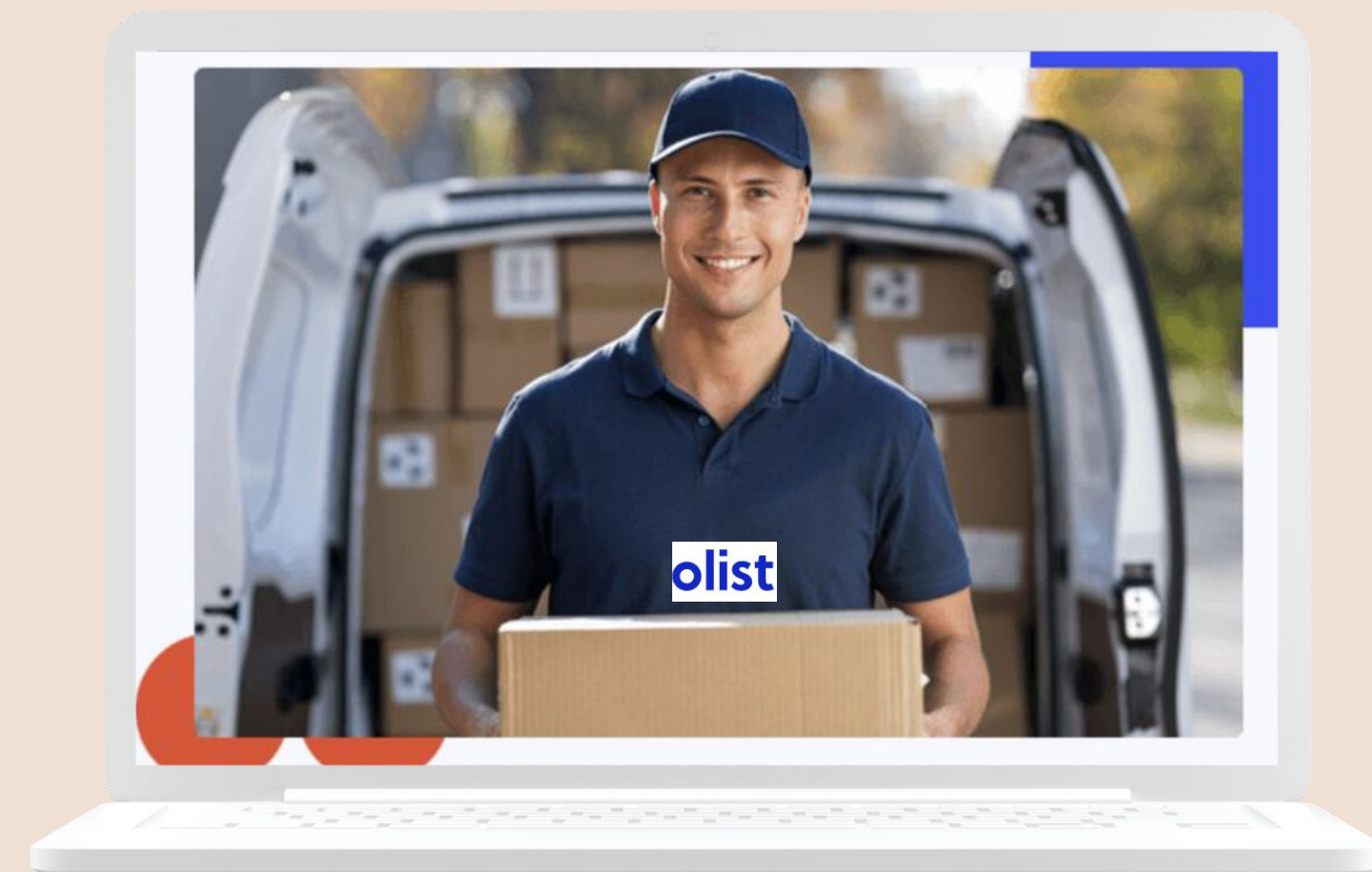
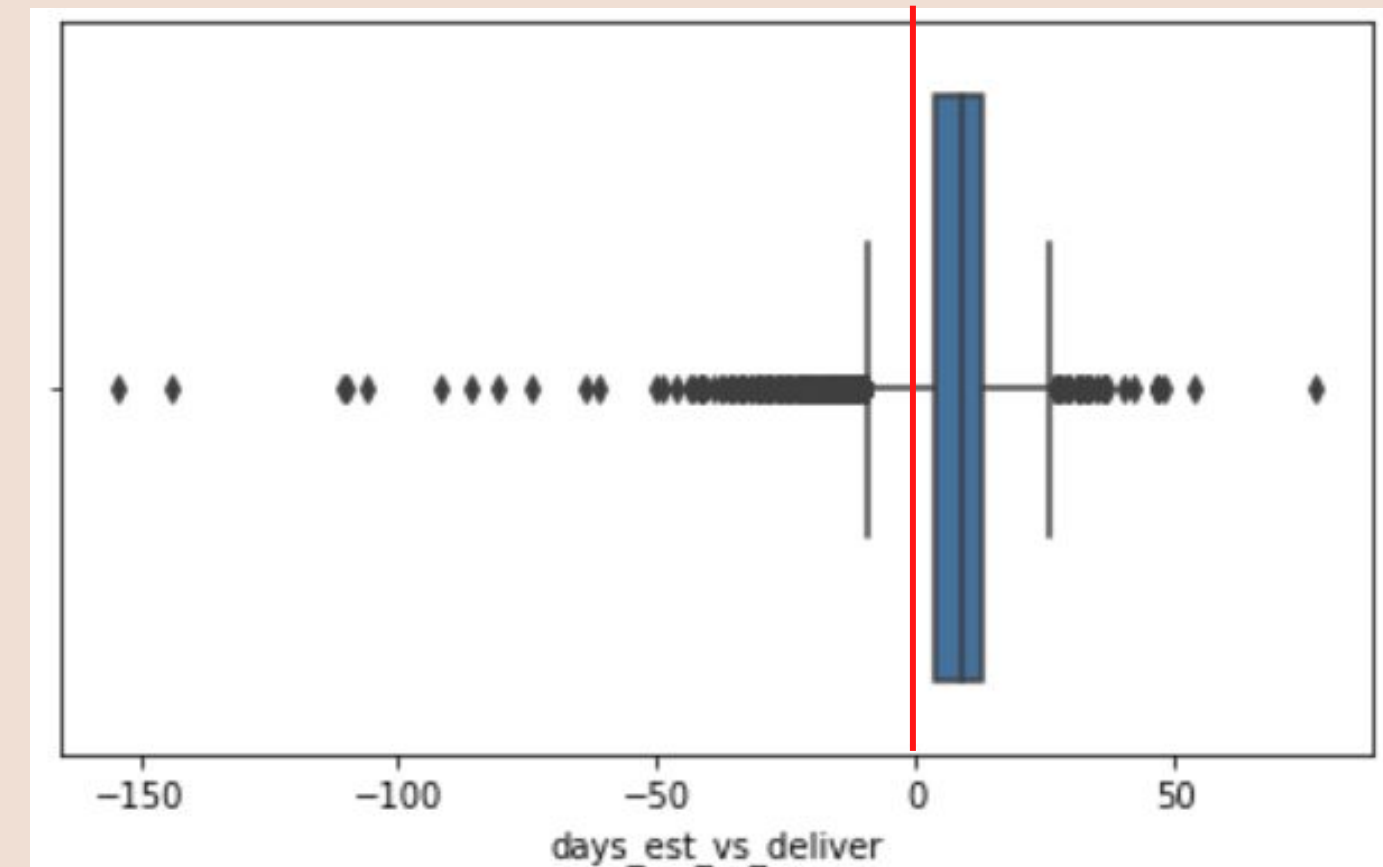
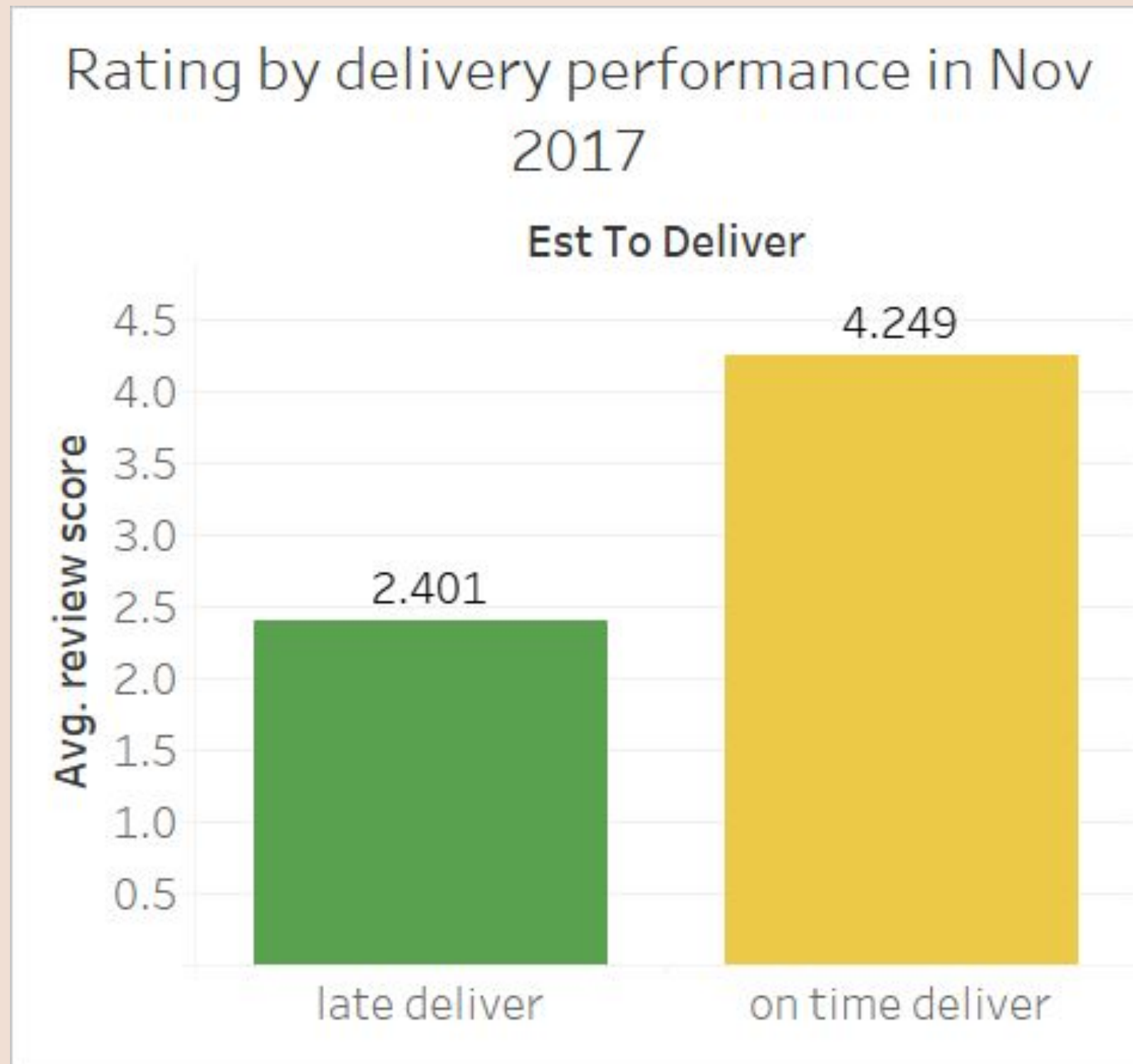
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www.eMarketer.com

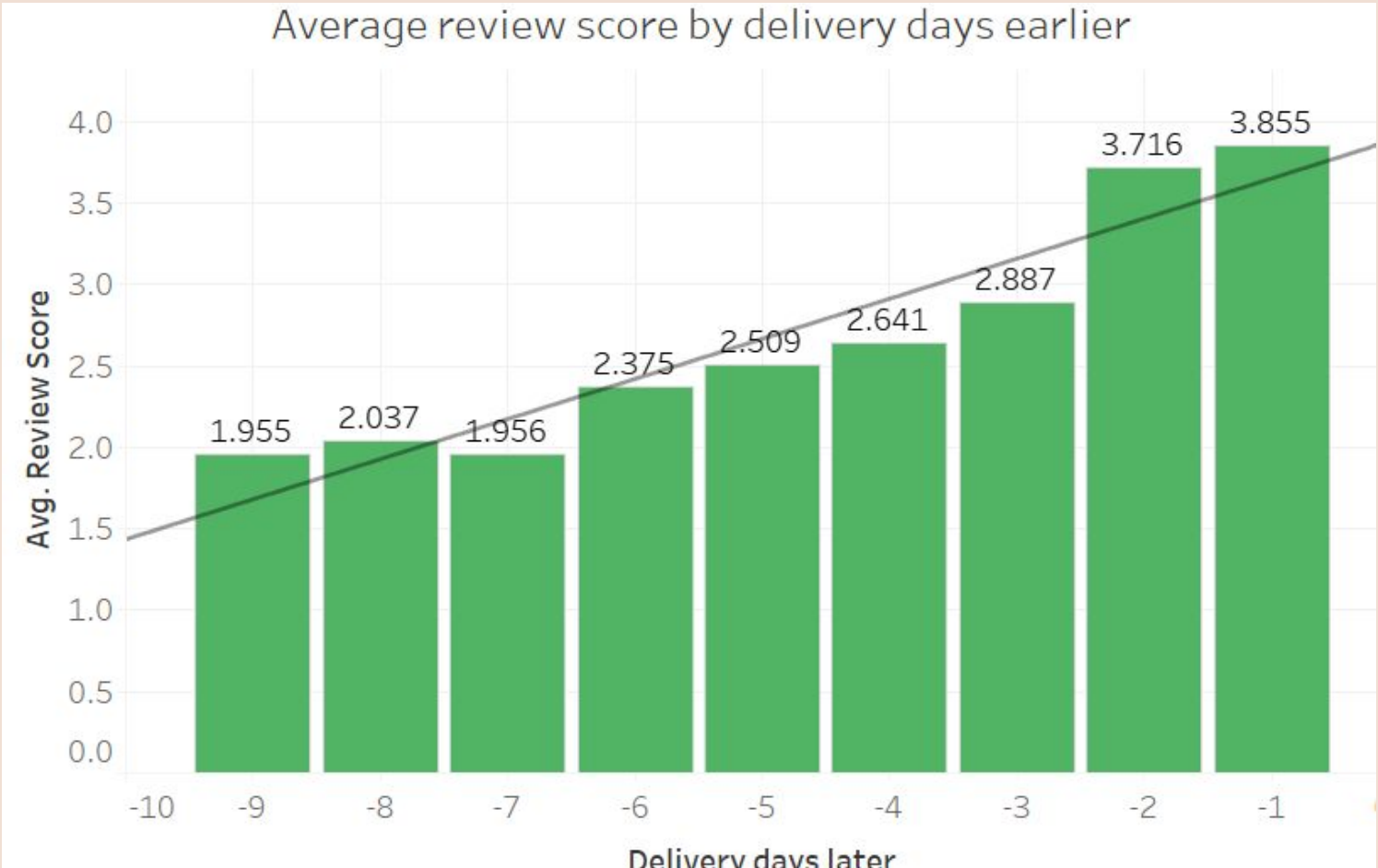
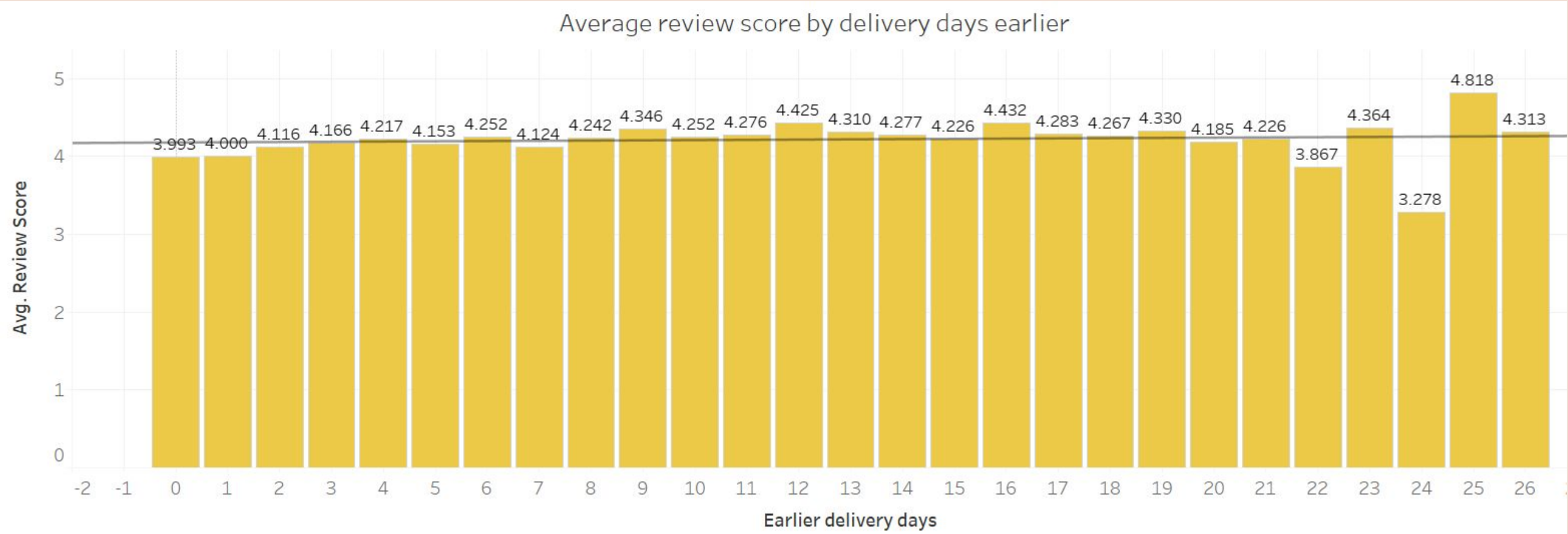
<https://www.insiderintelligence.com/content/delivery-speed-can-make-or-break-a-customer-experienct>



# Delivery performance and review-score in Nov-2017



# Earlier delivery does not guarantee higher review-score, but later delivery will reduce review-score!!

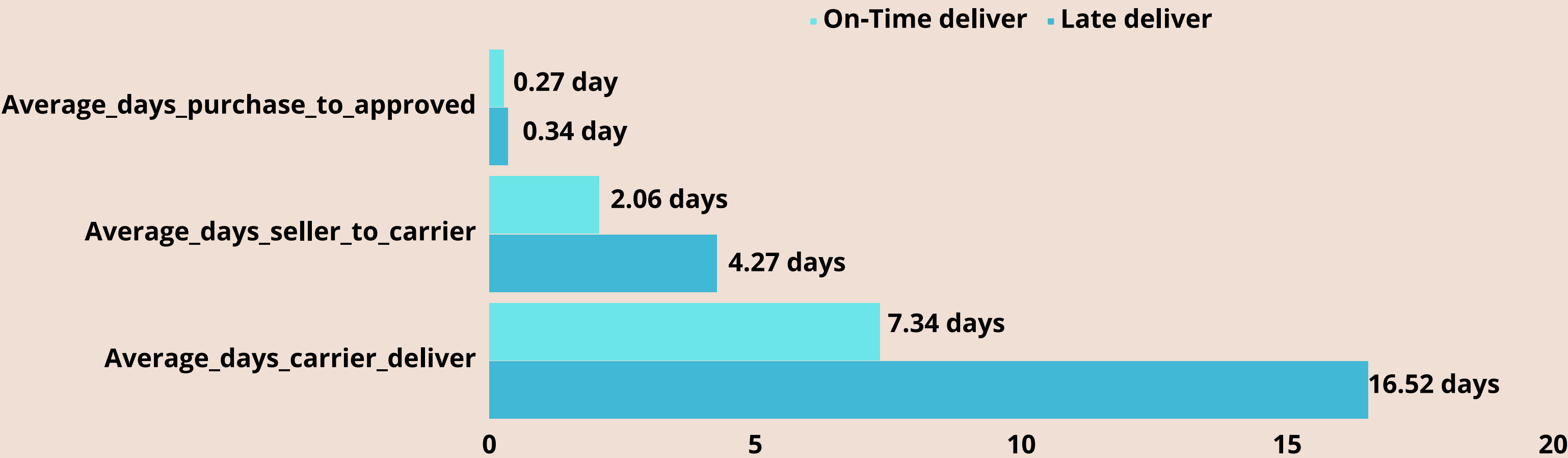


# Delivery time is most affected by the delivery time of the carrier, followed by the time the seller delivers to the carrier.

Delivery day Correlation

	delivery_day	days_purchase_to_approved	days_seller_to_carrier	days_carrier_deliver
delivery_day	1.000000	-0.041308	0.264904	0.821298
days_purchase_to_approved	-0.041308	1.000000	-0.041035	-0.084493
days_seller_to_carrier	0.264904	-0.041035	1.000000	-0.327203
days_carrier_deliver	0.821298	-0.084493	-0.327203	1.000000

Average time of each period from order to delivery





# SUGGESTION

## For the Seller:

### What are the performance expectations?

The Late Shipment Rate will be updated **every Monday** and sellers who do not meet the performance target will receive penalty points accordingly.

Performance Metrics	Thresholds	Penalty points if exceed thresholds
Late Shipment Rate (LSR)	≥ 15% LSR	1 point
	≥ 15% LSR and ≥ 50 late shipped orders	2 points

#### Seller Tips!

Sellers with **high order volume and low LSR** will be given priority to join Shopee's Preferred Sellers programme. Learn more on [Shopee's Preferred Seller Programme](#) on Seller Education Hub.



### 1. MAKE A POLICY TO EVALUATE THE

#### SELLER'S SALES PERFORMANCE:

- Evaluate late shipment rate, average pick-up time, cancellation rate
  - Penalty for late delivery
- => help seller to evaluate and improve their shipment times

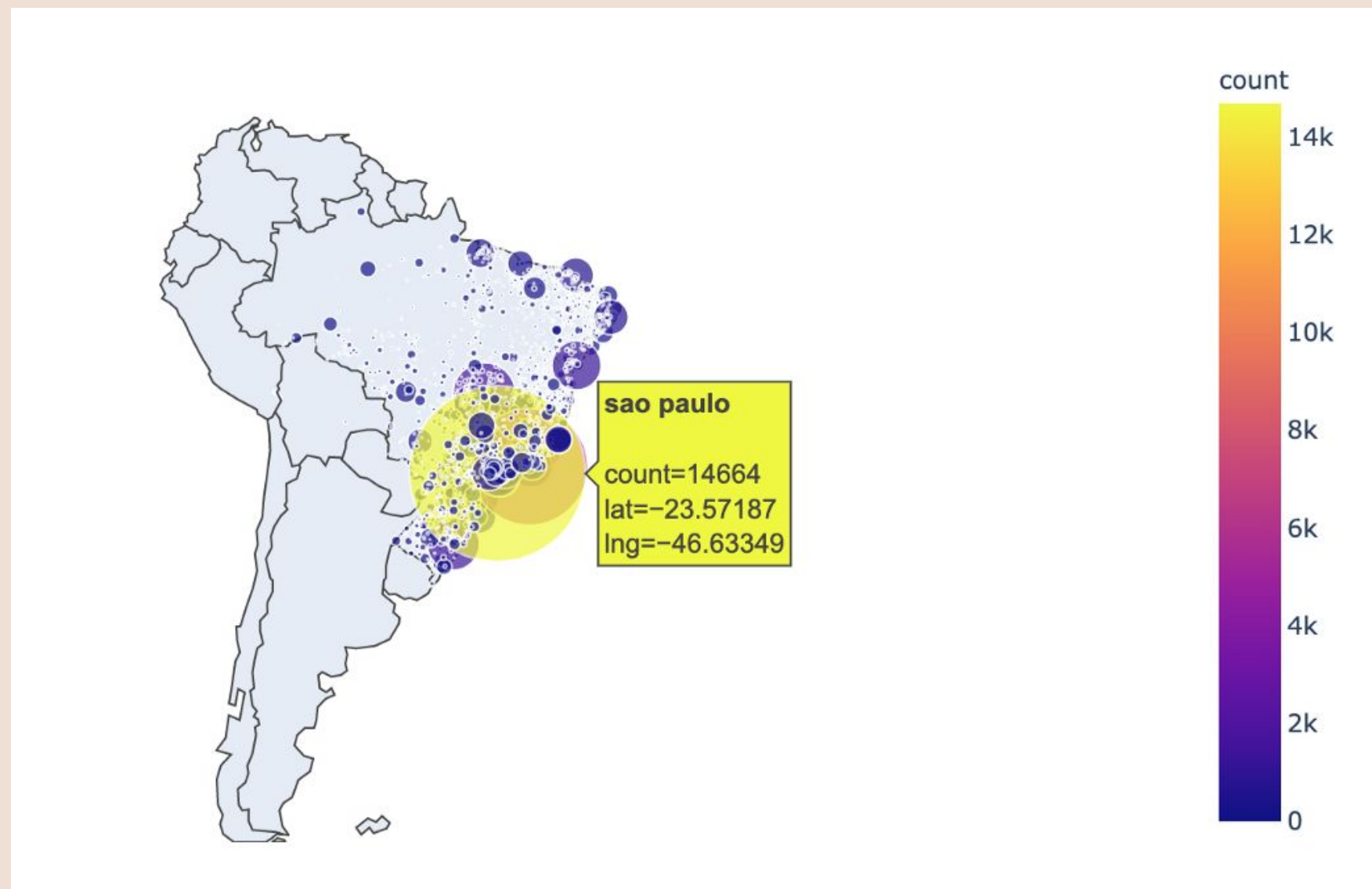


# For logistics:

## 2. BUILD A COMBINED MODEL: SELF-LOGISTICS AND THIRD-PARTY LOGISTICS

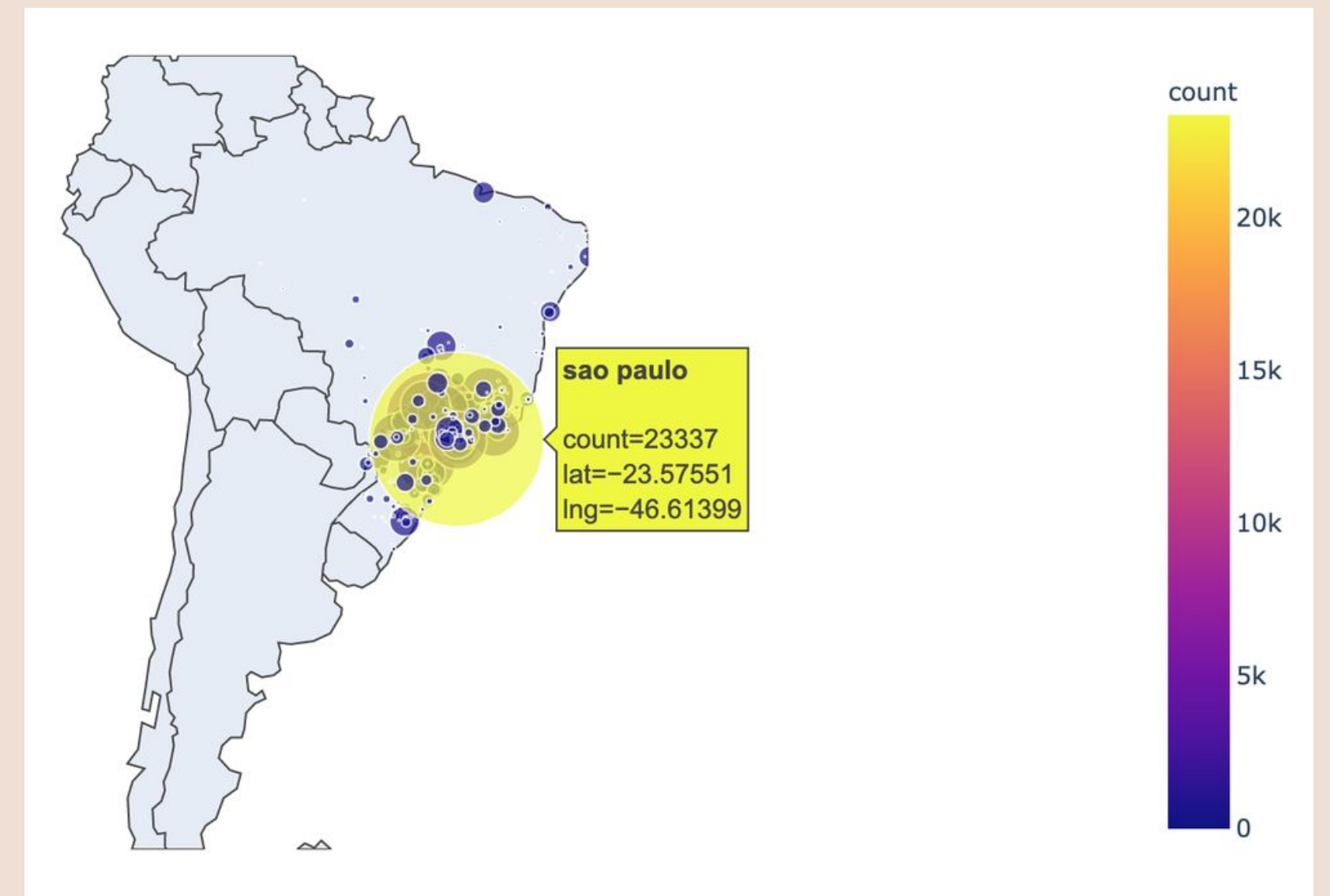
Self-logistics in the central area, and third-party logistics in the periphery, far from the center

Location distribution of Customers



Mostly located in the eastern of Brazil

Location distribution of Sellers



Mainly concentrated in the southeast

# Self-logistics

## Example of the success in self-logistics of JD.com, Inc.

01

In 2007, start building self-logistics

In 2010, launched "211 Delivery", "Three-Hour Delivery"(2013)

02

Now, ~ 90% of orders delivered the same or next day

**Evaluate the effectiveness of self-logistics:**

😊 Advantages:

- Help advertising, establish a brand image.
- Strictly control its own logistics
- Control the market, reduce the distance between enterprises and consumers.

😞 Defect: Time consuming, complicated process, high cost



<https://digital.hbs.edu/platform-rctom/submission/jd-com-chinas-e-commerce-pioneer/>

<https://corporate.jd.com/ourBusiness#jdLogistics>

<https://www.prnewswire.com/news-releases/jingdong-launches-night-delivery-and-three-hour-delivery-options-209632901.html>

<https://www.brandsvietnam.com/14579-Dai-gia-JD-com-vua-bom-tien-dau-tu-vao-Tiki-vn-la-ai>



01

Third party logistics companies have rich experience in logistics and distribution

02

Save time and cost but difficult to control shipping problems and affect customer satisfaction

03

How to work with third-party logistics effectively:

- Evaluate performance of each 3PL, rank them to take appropriate measures
- Track order backlog status by day to predict delays



# Third-party Logistics

# Self-logistics + Third-party Logistics



**FLEXIBLE IN  
HANDLING SHIPPING**

**REDUCE DELIVERY  
TIME**

**OPTIMISATION OF  
COSTS**

**STRENGTHEN BRAND  
IDENTITY**





THANKS FOR WATCHING!!!