

## Same Day Delivery–Delivery Model for 2015 and Beyond

[SameDayDelivery.com](http://SameDayDelivery.com) recognizes that the traditional delivery logistics based on large pre-determined national distribution points that “pushed” product to the local market has changed dramatically in recent years. That evolution is in fact accelerating as a combination of technology and logistical possibilities sees mass experimentation taking place in numerous markets across North America with providers examining which models best suit existing demands.

E-commerce and the end user’s desire to have product provided directly to their current location, in a timeframe they determine, and at a cost that is attractive has begun to control the order flow. Given the almost unlimited points of end user consumption, the dependence on the national hub-and-spoke distribution model, originally designed in the mid-1960's, has become more expensive and less responsive to the changing consumer needs of 2015.

The Big Box stores have embraced the concept of pushing down the hub-and-spoke distribution model by providing a hub (Distribution Center, or "DC") designed to serve approximately 100-125 local retail outlets. Amazon strategically placed DC's in states where tax laws did not require the electronic retailer to collect state tax on items sold; giving Amazon a price advantage over brick and mortar stores.



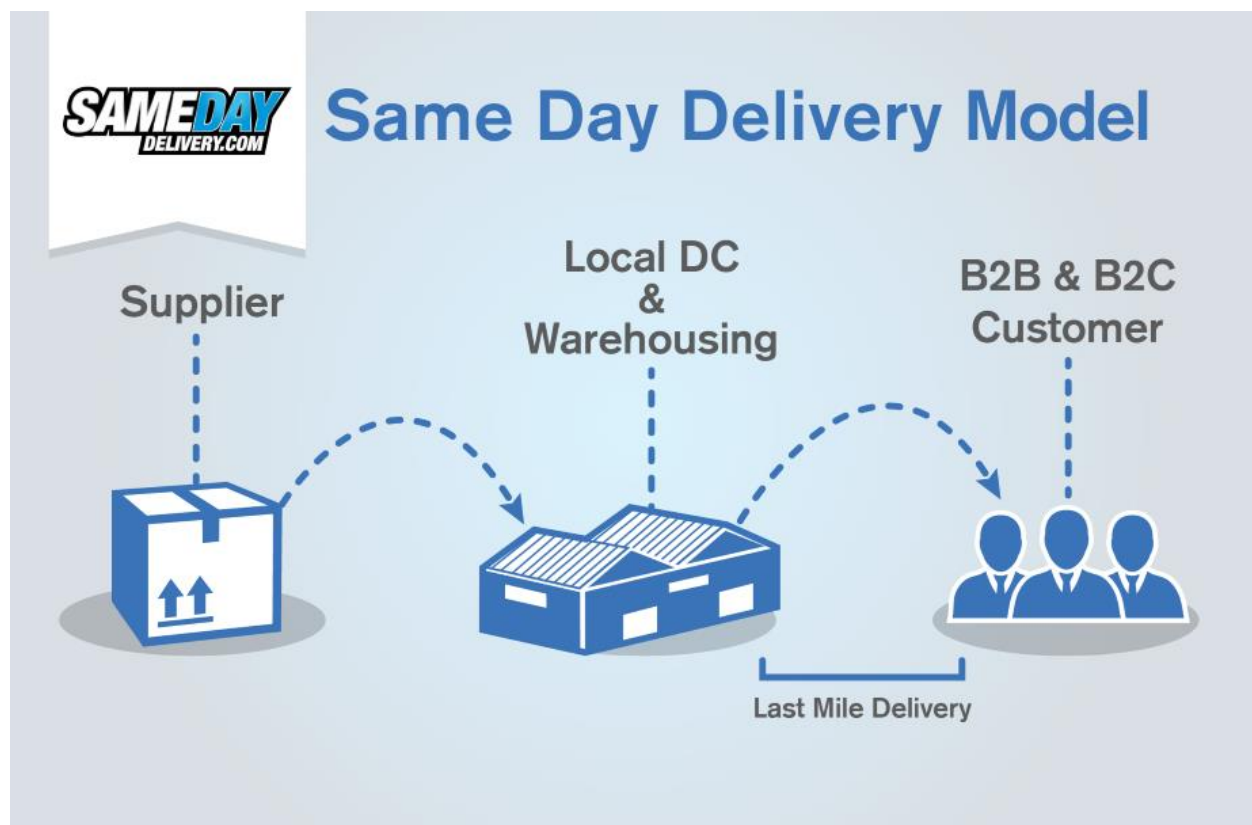
However, back in 2012, Amazon began pushing down their hub-and-spoke model by expanding their local presence through a growing number of DC's. Despite the negative impact this strategy has on Amazon’s tax advantage, the increase in a more localized presence has lowered warehousing and labor costs while enabling them to test same day delivery in 10 U.S. markets.

Importantly the efficiencies of these strategic modifications are now being realized as large retailers continue to refine their same and next day delivery operations in line with a consumer market that is constantly seeking faster and more affordable delivery options.

At the time of writing speculation is rife that Amazon may ultimately even be prepared to test a traditional retail platform via a linked network of traditional brick and mortar stores to act as both local stores and micro distribution centers. If Amazon aren't first to trial such an approach expect Google to launch a similar venture on perhaps a regional basis. The very idea of a network of micro DC's could be something for the future but seems very likely to be experimented with over the next year or two.

SameDayDelivery.com is addressing the need to provide flexible same day delivery service by pushing the "hub" of the traditional "hub-and-spoke" distribution logistics directly down to the local market, allowing for cost effective same day delivery. For those potential customers that already have brick and mortar locations in a SameDayDelivery.com market, SameDayDelivery.com will provide last mile delivery logistics.

For customers that currently focus on [next day delivery](#) by consolidating their inventory in warehouses close to next day delivery national hubs, this new, flexible same day delivery paradigm will save money on warehousing costs, labor and overnight transportation costs associated with the traditional national hub-and-spoke model for next day delivery. These savings will offset the possible costs of increased inventory while allowing for a significantly more robust and flexible same day delivery network at next day prices. Features such as delivery time windows, signatures and the pick-up of an item under warranty when the new item is delivered will be offered to provide a strategic advantage to SameDayDelivery.com customers.



#### Advantages

- Items are prepositioned in local market for same day and time-specific delivery
- Ability to have delivery and pick-up done at the same time
- Low cost of local DC warehouse space and labor
- Flexibility

- Reverse Logistics Capabilities

### **Disadvantages**

- Possibly higher inventory needs
- Possibly higher Supplier to local DC shipping cost because of Decreased Volume
- Must keep inventory moving quickly

Same Day Regional “Consolidation Hubs” could be used to optimize inventory... if increased inventory becomes a problem. Also, inter-local hub distribution via expediting could help to deal with inventory issues.

The future of same day delivery is upon us and [samedaydelivery.com](http://samedaydelivery.com) are perfectly equipped to partner your business in providing premium delivery services when dependability and experience top your list of objectives.

*Adapted from an original article by David Hersey for [SameDayDelivery.com](http://SameDayDelivery.com)*