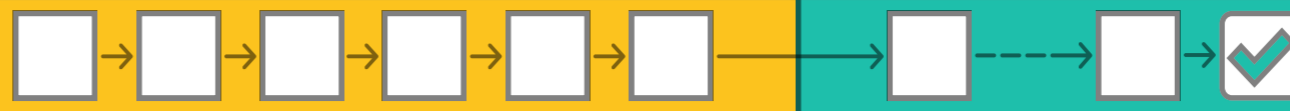# shipium

How to Create a Prime-Like Delivery Promise Experience

From the People Who Helped Build it at Amazon

A joint guide for CX & Logistics leaders on how to bolster the shopping experience through the shipping experience, and how to execute on the promises you make to customers.

Today's enterprise retailers have a **Prime Problem**. Shoppers now expect fast, transparent, and low-cost shipping options for every purchase — so much so that shipping is now the 2nd-largest driver of ecommerce growth, behind only price.

Here's the problem. While the pressure to improve shipping performance is mounting, retailers' ability to execute is not. Deeply entrenched processes and inflexible legacy technology prevent the type of complex and comprehensive ops coordination that enables successful retailers to deliver on their promises.

As a result, there's a clear disconnect between the digital teams responsible for customer experience and the shipping operations teams responsible for delivering on it. This manifests itself in missed delivery dates, shrinking margins, and disjointed customer experiences — none of which are desirable outcomes for an enterprise looking to maximize value.

While there are many intricacies and processes to consider (as we'll explore in this guide), it's broadly, helpful to think about your delivery promise in two phases:

- **Make a promise you can keep:** Your delivery promise should be data-driven, and only reflect what your shipping network is capable of delivering on. This means understanding historical performance, inventory availability across nodes, demand trends, weather patterns, and much more.

- **Keep the promise that you made:** Your operations team is then responsible for seeing the promise through. If you're making a data-driven, real-time delivery promise, this becomes much more feasible. Companies that rely on static SLAs or fail to account for the full picture often put their ops teams in the difficult position of either needing to break a delivery promise or significantly eat into margins to meet it.

In this guide, we'll explain how to align your online customer experience strategy with your shipping operations to offer dependable, accurate delivery promises. We'll also explore how you can overcome some of the common challenges that prevent this from happening by aligning your people, processes and technology.

Let's get started.

Part 1: What makes the optimal shipping experience?

Shipium's co-founders (the same technology executives who built the software stack behind Prime's network) attribute Prime's legendary customer experience and profitability to the five principles below. While your brand may implement them differently from Amazon or your competitors, they're each essential to the success of your delivery promise and overall shipping operations.

Focus on the customer

This one is self-explanatory (and fairly obvious) at a high-level, so let's explore some of the elements of customer-centricity that have made Prime's experience so notable.

First, personalized, omnichannel shopping experiences are a must. The experience of engaging with your brand should feel unified across all touchpoints for your customers, whether they happen to be shopping in-store or online on any given day.
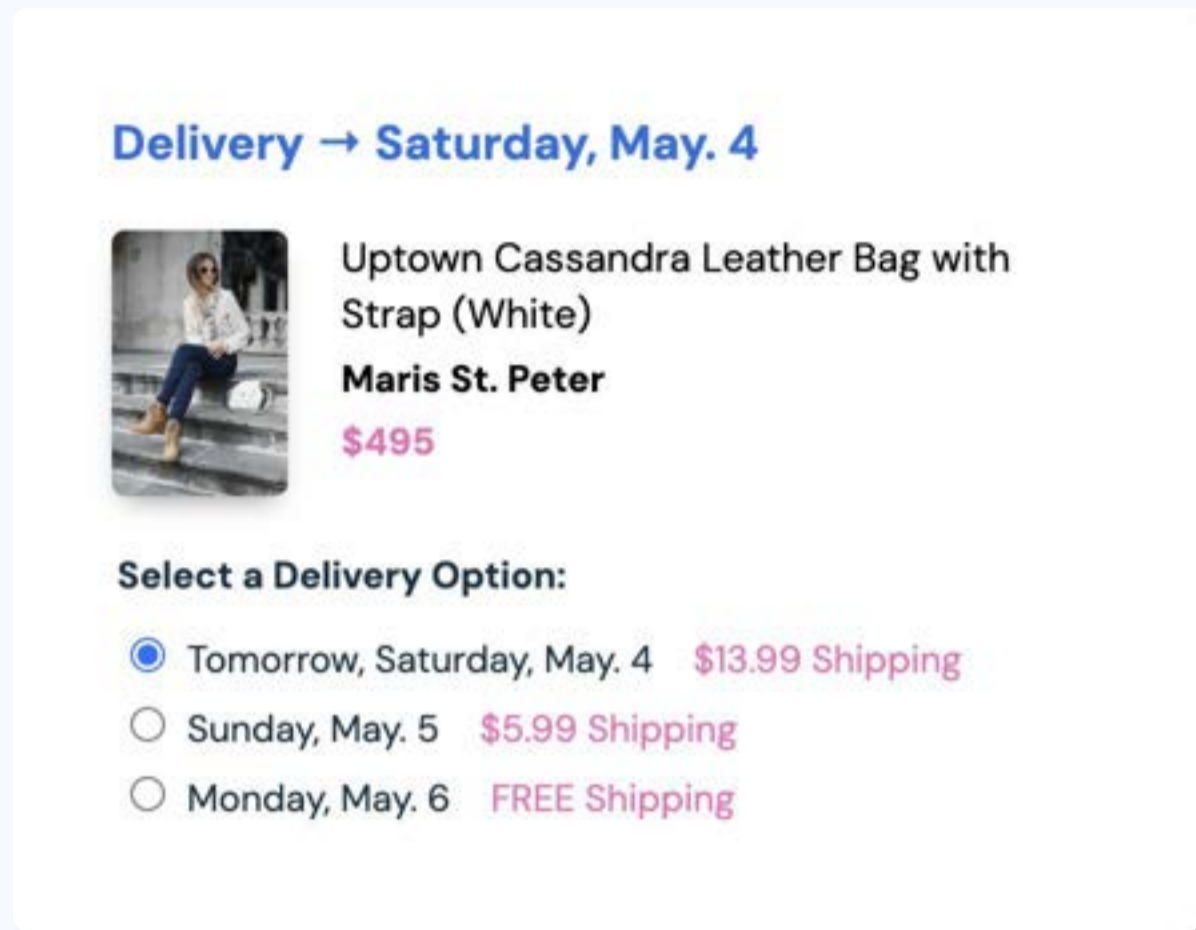
And, as you may know, the shipping experience is half the shopping experience today. Shoppers have been conditioned to expect fast, flexible, sustainable shipping — the brands that don't offer such an experience stand out for the wrong reasons.

When it comes to the shipping experience, here are a few important areas to consider.

Shipping choices: Offer your customers tiered shipping choices that balance the tradeoff between the aggressiveness of the delivery date and shipping costs. For example, options ranging from a free 5-day delivery to next-day for a premium price.

Real-time tracking: Not giving customers visibility into where their orders are is a surefire way to disrupt their overall experience with your brand. You'll need a way to give customers tracking visibility such that they can get the information they need without contacting customer service. Also consider proactive issue resolution here — if you know that a shipment is going to miss a delivery date for any reason, you can notify your customers to adjust expectations accordingly.

Sustainable shipping practices: The most obvious example here is optimizing packaging. Today's customers are rightfully concerned with the sustainability of their consumption, and an easy way to damage your brand is to send them a box filled mostly with air. Implement processes that enable you to fill your packaging with as much product as possible.

Delivery → Saturday, May. 4

Uptown Cassandra Leather Bag with Strap (White)
Maris St. Peter
$495

Select a Delivery Option:
- Tomorrow, Saturday, May. 4 $13.99 Shipping
- Sunday, May. 5 $5.99 Shipping
- Monday, May. 6   FREE Shipping

Options matter

Provide dynamic & varied shipping options for customers to cater to either the urgency or price-sensitivity of their purchase.

The benefits of your efforts in this area will show up in increased cart conversion rates (& subsequent revenue growth) as well as customer loyalty and LTV.

Optimize shipping speed, cost, and accuracy

When you focus on these three areas, you not only enhance the efficacy of your shipping operations, but also generate savings that can pad your margins or be passed on to customers. One of the most effective ways to win share of wallet is to offer the same delivery promise as a competitor at a lower cost.

Here are some factors to consider here:

Supply chain visibility: Implement systems and processes that give you the ability to monitor the status of your shipments and inventory locations in real-time, such that you can identify opportunities and quickly make adjustments to improve performance and/or lower costs as-needed. For example, if you notice that a specific lane is experiencing a disruption that's beyond your control, you can route orders elsewhere to prevent delays.

Warehouse management: Efficient utilization of warehouse space and faster picking & packing processes both heavily contribute to cost reduction and performance optimization.

Inventory management: Inventory allocation and balancing help to place inventory close to demand, which both keeps transportation costs down by avoiding things like long-distance shipping and improves the sustainability of your operations.

Carrier selection and management: This is probably the area that you're spending the most time and effort on currently, and it of course has major implications for your shipping operation. Evaluating the efficacy of multi-carrier strategies, leveraging regional carriers, and making service method upgrades/downgrades are all ways to optimize carrier performance.

Packaging optimization: This may be one of the more overlooked aspects of shipping, but as we mentioned above, an area that you can absolutely create value by filling your boxes with more product and your trucks with more boxes. This doesn't just enhance the customer experience — it helps to avoid excessive Dimweight and transportation charges.

Rules and policy management: While we'll get into this in more detail in the following section, the important thing to remember is that your rules for shipping zones, batch shipping etc. should be set up in a way that enables you to automate everyday processes with confidence that your systems can make the right routing decisions if armed with the right data.

Automate shipping decisions across the ERP, OMS, and WMS

At the scale and complexity of modern e-commerce systems, it's important to automate as much as you can for the sake of efficiency. Doing so allows for more flexibility, faster decision making, and the reduction of costs through elimination of manual labor and ability to respond to challenges quickly.

Here are some of the processes you can automate related to these major systems in the shipping technology stack:

ERP Automation: Within your ERP, you can automate processes across inventory management, purchase orders, and invoice processing to shorten order processing times and ensure that you're placing inventory as close to demand as possible.

OMS Automation: Automated order routing, order status updates, and returns management can all help to shorten shipping times and offer more competitive EDDs.

WMS Automation: Automate picking & packing, inventory management, sorting, labor management, and transportation management to drive efficiency all the way through to delivery.

Implementing flexible business rules that help to automate key shipping decisions is a key aspect of modernizing shipping operations.

Use your data for AI+ML

Gaining data leverage is simultaneously one of the most essential and difficult aspects of optimizing your shipping performance for delivery promise.
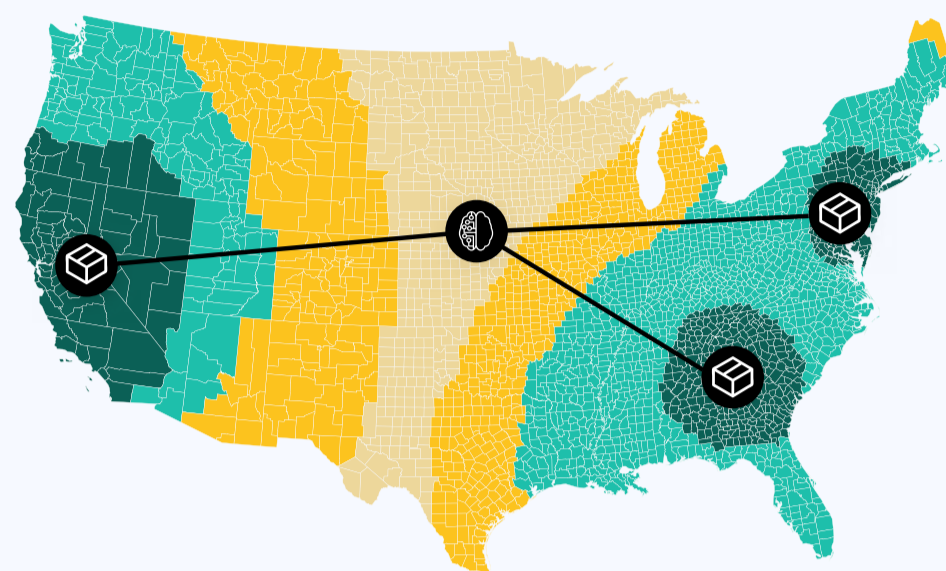
That's largely because your data is typically siloed across multiple systems, including your PDPs/checkout pages, ERP, OMS, WMS, TMS and/or BI platform. It's impossible to generate predictive insight without implementing a way to centralize and prep data for machine learning — if you implement the right technology, however, you can leverage your data in creative and effective ways.

Predict carrier performance: Run ML on actual carrier performance to predict transit times by carrier accurately, not based on static carrier SLAs. Carrier performance can vary widely based on fluctuations in volume and changing macro-conditions, which is why this is so critical.

Run network simulations: Making important process decisions based solely on what has happened or what you think will happen is not a good idea. With the right amount of data leverage, you can simulate historical shipments while changing key parameters to see how performance and costs are impacted — for example, testing the impact of adding a new fulfillment center in a certain region where demand has picked up to see if it's worth doing.

And, of course, real-time delivery promises: Perhaps most importantly for our purposes here, ML capabilities are what underpin the ability to offer an accurate real-time delivery promise that accounts for all available data — the cornerstone of a Prime-like shipping experience. You'll need an understanding of inventory and various transit-related factors, which we'll delve into more detail in the next section.

Above all, maintain flexibility

The ability to make changes and respond to opportunities quickly, without constantly needing to involve 3rd-party vendors and/or your own IT team is critical. Changes to your network can happen at the drop of a hat, whether related to performance, cost structures, or both.

In order to offer and execute on a competitive delivery promise, you need the flexibility to implement your own business rules, make changes to nodes and carriers on the fly, and effectively coordinate inventory to ensure availability.

If you focus your efforts on these five areas, you'll be well on your way to enhancing the shipping experience and offering a more competitive and cost-effective delivery promise.

Next, let's cover the specific data and processes involved in creating a Prime-like shipping experience.

Part 2: The data and processes you need to coordinate

Making an accurate delivery promise requires timely coordination across your complex network of nodes and carriers. The most important thing to remember is that, to make a data-driven delivery promise, you need to account for both inventory availability and transit performance. There are many technology solutions out there that can help with one or the other (ex. Post-order platforms for transit performance, ERP/inventory systems for inventory), but limited options that can give you the full picture.

Let's explore the data required to make an accurate delivery promise in more detail.

Inventory awareness

Understanding inventory availability is important. Put simply, you can only ship stuff from where it's located.

Some important areas of awareness include real-time inventory levels by location (warehouses, fulfillment centers), safety stock levels and inventory in transit. It's also helpful to know if inventory is being returned as it can then be resold. This all requires coordination across multiple systems including your ERP, OMS, and WMS, but ultimately is the role of your system of record.

Carrier performance insight

Next, you need a way to predict carrier performance beyond relying on their SLAs, given that true performance can greatly vary depending on a series of operational and macro-environmental factors.

Some of these include weather conditions, infrastructure issues, current shipment volumes, labor issues or disruptions, and global events. While you may not have the time or staff to monitor all of these various conditions, you should be able to lean on your technology to analyze them for you (more on this later).

Order processing times

Order processing times can also significantly impact transit performance, and it's important to do everything you can to minimize them. This requires you to coordinate order entry and validation, picking and packing, split management, stock updates and more. Again, building your own systems to manage this can be extremely time-consuming.

Tracking & visibility

Being able to track orders in real-time across multiple carriers is essential for enterprise retailers, for several reasons. First, it helps to ensure that orders meet their desired delivery dates, or that you can make changes quickly if it looks like they're not going to.

From a customer experience standpoint, it also prevents the need for your customers to submit order inquiries to get status updates — with the the solutions, you can enable them to self-serve in this regard, which both frees up your support team and enhances their experience.

Now that we've covered both the principles and processes you need to implement in order to create a Prime-like shipping experience, you've probably noticed a common theme — none of this works without the right technology. Many brands still operate with major technological constraints including siloed data, limited scalability, lack of centralized operations management and more.

In the next section, we'll explicitly cover the role your technology should play while explaining the limitations of the current options available to both digital customer experience and shipping operations teams.

Part 3: The role of your technology

To make a competitive delivery promise that you can keep, you need to implement technology that simplifies the complexity of today's shipping networks. But as we've mentioned in previous sections, the technology options available to digital and shipping ops teams are limited, regardless of the fact that you've recognized the need for a delivery promise.

Current options and their limitations

The customer experience side

The main challenge with the technology options available on the digital customer experience side is their limited scope. In previous sections, we explained that you need both inventory awareness and transit performance insight to make an accurate delivery promise — let's explore how current options fall short in this regard.

Post-order experience platforms: These types of platforms provide EDDs that are meant to underpin a delivery promise by performing machine learning on tracking data and using static dates per carrier.

While the use of predictive analytics is a positive, the issue is that these platforms have no visibility into inventory availability by shipping origin. Without considering that, you're risking either missing your delivery promise date or needing to use a premium service option to meet it.

ERP & inventory systems: ERPs and other inventory management systems also offer the ability to generate a delivery promise date by analyzing inventory ability against demand.

When it comes to giving you the full picture, these platforms have the opposite problem to post-order experience tools — they understand your inventory, but don't take any transit performance insights into account when generating an EDD. Again, this is only half the picture.

As you can see, what's lacking is the ability to connect the entire fulfillment process end-to-end and leverage data from each part of the process to provide an accurate date. Large brands can (and do) solve this by building their own technology stacks — for example, one Shipium customer had implemented a polling system that checked their WMS for inventory availability on a regular basis to ensure it was accounted for in their delivery promises. While this can work, it's highly time-consuming and resource intensive.

The shipping ops side

First, it's important to note that limitations with shipping technology are nearly ubiquitous among enterprise retailers, who set up their systems at a time when on-premise technology was the standard. As scale and complexity both grew exponentially, the technology stayed...mostly put. While some legacy vendors made table-stakes updates like offering cloud-based options, the slow pace of innovation limited shipping ops teams' ability to address the Prime Problem head-on.

The exception here is the advent of carrier API platforms like EasyPost, Shippo etc. These platforms enabled brands to hit a single API to print labels and get tracking data, which initially led to the belief that shipping was "solved" – however, limitations in scope quickly showed this wasn't the case.

Let's explore the limitations of each type of system further.
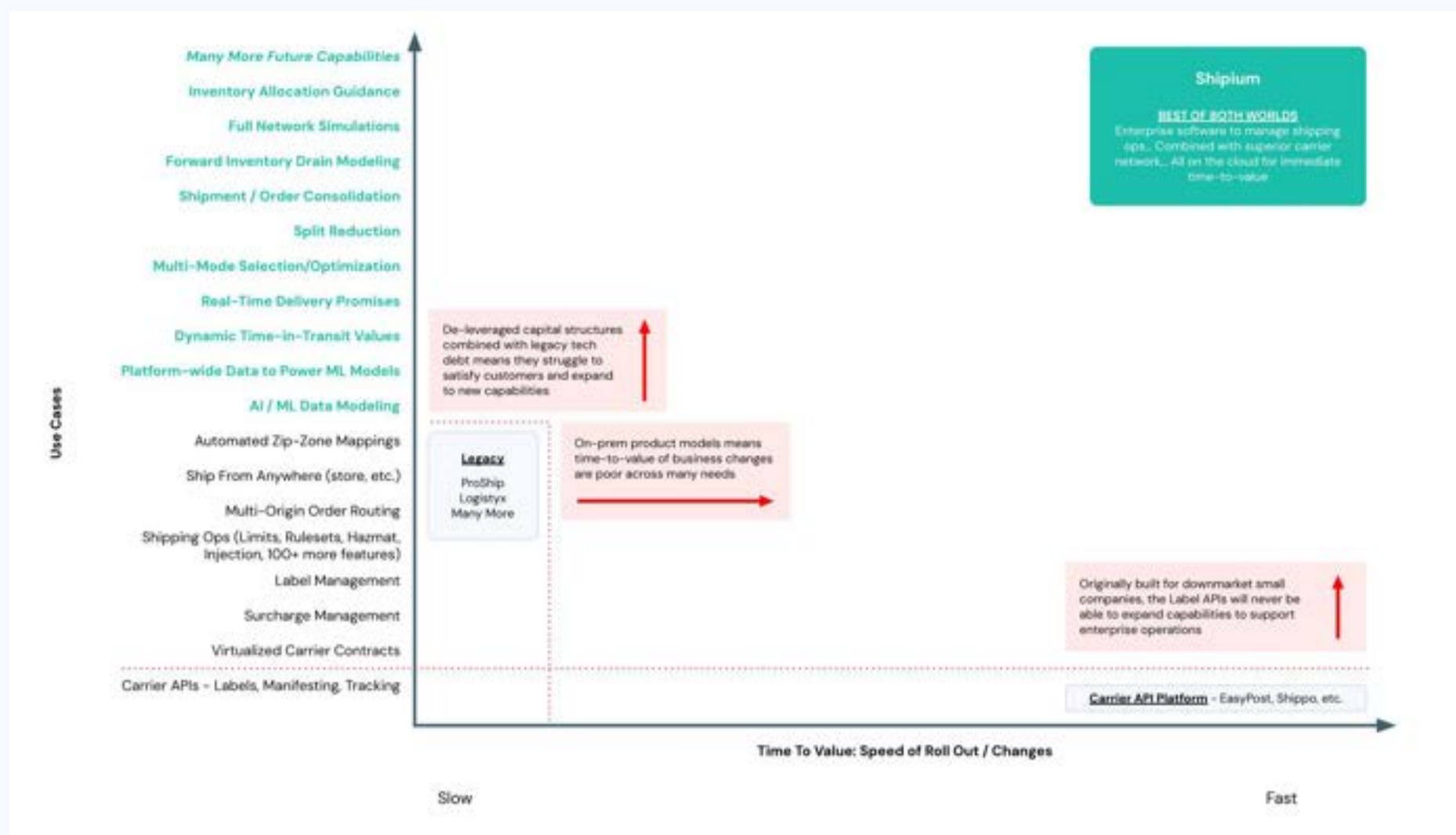
Legacy on-premise systems: The limitations of traditional end-to-end shipping platforms like ProShip or Logistyx can broadly be categorized into the following areas:

- **Excessive, unpredictable costs:** The most significant cost difference between legacy on-premise systems and modern cloud solutions is the initial capex associated with hardware and infrastructure. There are also ongoing costs to consider, such as server maintenance, provisioning of additional infrastructure as needs scale, replacements for failing hardware, and energy consumption.

- **Lack of scalability & interoperability:** It's also worth considering the significant time investment your IT team will need to make given the relative complexity of implementation, scale, provisioning of new users etc. that come with legacy systems. By contrast, cloud solutions elastically scale to meet demand without the need for additional servers or infrastructure. They also offer pre-built APIs for ease of integration across every stage of shipping operations

- **No innovation:** Legacy on-premise vendors have little incentive or ability to innovate their platforms to solve the most complex use cases within today's shipping operations. While they may work to update their infrastructure and ability to scale, de-leveraged capital structures combined with legacy tech debt means they struggle to satisfy customers and expand to new capabilities.

As you can see, many of the challenges related to legacy shipping technology are challenges shared by legacy on-premise systems more broadly. The difference is that, in the shipping space, there have been a limited number of cloud-based players that serve as true replacements on the market - one such example being carrier API platforms.

Carrier API platforms: As mentioned, on the carrier API side, the main limitation is the scope of the platforms themselves. These were initially designed as downmarket solutions for small and growing brands, which means their handling of more complex processes at the enterprise level leaves something to be desired.

There's much more to shipping than centralizing carrier APIs and printing labels. While downmarket companies don't necessarily have the same complex needs as enterprise brands, large organizations that implement carrier API platforms still need to build their own in-house solutions to fill gaps in their functionality. Some of these gaps include comprehensive warehouse management, complex rule-based automation, analytics, and more.

As you can see, even when you're making a promise that you can keep (on paper), the limitations of your shipping technology can prevent you from keeping it anyway. This is one of the main reasons we built Shipium.

How Shipium can help

Shipium is the only modern end-to-end shipping platform that can unify your digital customer experience and shipping operations to create a truly Prime-like delivery experience.

Enterprise retailers use Shipium to drive lower costs, faster delivery, more control, and happier customers.

By tying downstream inventory awareness and transit performance insight to upstream delivery promises, Shipium enables brands to provide their customers with truly Prime-like delivery options that improve cart conversion rates and enhance the overall customer experience.

When it comes to shipping technology, Shipium offers the following unique benefits relative to the other solutions on the market.

Complete cost management: First, Shipium is proven to help enterprise retailers decrease their shipping spend by an average of 12%. There are a number of ways brands use the platform to do this, including some of the optimization strategies we mentioned in section 1.

First, by offering **Dynamic Time-in-Transit** predictions that account for *all* available inventory and transit performance data, Shipium provides the most accurate picture of shipping performance possible. This can lead to a number of benefits — when it comes to costs, it can power intelligent downgrades (downgrading to economy shipping options that you know will meet your date) and provide you with carrier negotiation leverage by providing insight into how specific contract changes would impact performance.

The savings offered by Shipium are proven both by independent analyst research and real customer results.

Operational flexibility: Operational flexibility and agility are key tenets for Shipium. Brands leverage our self-serve console to identify and make changes to business rules and network properties with ease. This agility also extends to carrier management — by leveraging the console and platform's ability to virtualize contracts, brands can set up new carriers in the span of a few hours.

Brands can also use Shipium to set up known origins like warehouses, distribution centers, and stores to quickly adapt to changes in demand and inventory availability.

End-to-end shipping control: Shipium is built on microservices that enable you to integrate the rest of your technology stack with the platform, including your product detail pages, OMS, WMS, and business intelligence tools. This enables you to centralize the shipping data you need to offer an accurate delivery promise.

Because the platform offers discrete APIs for key functionality, you can call APIs for a specific process (ex. Label generation, carrier selection, manifesting) at any point within the parcel fulfillment workflow.

As mentioned above, the end-to-end nature of the platform enables retailers to tie downstream inventory awareness and transit performance insight to their delivery promises, ensuring competitiveness and accuracy.