

Special Report: Logistics

Home delivery services growing

Outsourcing can reduce overhead, improve customer satisfaction

By Larry Thomas -- Furniture Today,
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High Point — It's no secret that the economy may be slipping into a recession and dragging the furniture industry along with it, but purveyors of home delivery services say their business is faring quite well in spite of the difficult business climate.

In fact, executives say the recent tough sledding at retail has prompted many large and small stores to take a second look at their service, even if they have never previously hired a third-party provider.

"It's a way for retailers to separate themselves from the competition," said Pat Cory, vice president of strategic development for Cory Cos., a major New Jersey-based home delivery service. "We can essentially extend the sale into the home."

Cory, whose company is one of several dozen that dedicate at least part of their business to delivering furniture, said outsourcing home delivery allows a retailer to better control costs since he doesn't have to maintain a fleet of trucks and train a staff of drivers and delivery people.

And, he says the retailer doesn't have the operational headaches caused by consumers not being home or having the furniture damaged by the delivery crew.

"The key to controlling costs ... is reducing the returns," added Jim Riehm, vice president of sales and marketing for Virginia-based Diakon Logistics. "We want to deliver perfect furniture and do it right the first time."

Riehm and other executives say the service in highest demand is the so-called "white glove" service that turns the complete delivery and set-up operation over to a third party.

In most instances, the service schedules each delivery and takes it to the consumer's home in trucks painted with the re-

tailer's logo. Once inside, they will place the furniture in its desired spot and remove cartons and packing materials. (Few delivery people actually wear white gloves, but many do slip paper covers over their shoes as soon as they enter the consumer's home.)

In some cases, particularly when a mattress is being delivered, the company will remove the old product from the home.

Some companies even take care of "deluxing," a euphemism for removing dust, dirt and minor nicks and scratches before the product is loaded on the truck.

"Retailers are good salespeople, but a lot of them are not good on the back end," Cory said, referring to the operations side of a retail business. "It's really two separate businesses that need two separate sets of professionals."

And that expertise in delivery and related operations can be a powerful tool for helping the retail sales associate close the deal, executives say.

"I tell retailers that we can help them make the sale because we provide the instant gratification," said Joe Gallo, senior vice president of Select Express and Logistics.

Gallo, who says about half of his company's 2,000 daily deliveries are same-day purchases, said the Internet's ability to provide information instantly has raised consumers' expectations about service and delivery, and most are no longer content to wait even a few days to receive their newest big-ticket item.

"The bar has been set to a new and higher level," he said. "We have to recognize that the consumer's time is valuable."

That means scheduling the delivery in a tight time window (often two hours or less), and making sure delivery crews are polite, well-trained in the skills needed to deliver and set up furniture, and well-informed

about the retailer's policies and delivery standards.

Gallo says the latter is particularly crucial because the delivery person is the "face" of the retailer, even though he technically isn't an employee.

"Our value proposition ... is that the retailer can tell the consumer that they can have their furniture any day they want and almost any time they want," he said.

While Select and most other home delivery services maintain warehouse space for some retailers, executives say the majority of retailers continue to operate their own warehouses. Some, however, have opted for a blending of the two by using some portable warehouses built by companies such as Dmountable Concepts.

Dmountable, which calls its program Warehouse on Wheels, provides small free-standing trailers (typically 24-26 feet long) that can be attached to straight delivery trucks once they have been loaded at a warehouse.

Two of the free-standing units can be attached simultaneously to a tractor-trailer chassis and then dropped at separate store locations, where the smaller delivery vehicle then attaches the unit and takes the goods to consumers' homes.

"With our system, a store can do more local deliveries, and there's no double-handling," said Mike Frett, a Dmountable sales representative. "And since the drivers aren't loading the truck, your drivers can become professional drivers and the loaders can become professional loaders."

Cory said his company has partnered with Dmountable for some deliveries, especially in instances where the retailer's warehouse is a long distance from a particular store's delivery area. For those deliveries, the smaller vehicles are more efficient, he said.