

Flexible time-slots help you win the Last-Mile delivery race.

Milkman is the only Home Delivery Platform to offer flexible time-slots: data say it is the best strategic solution.

In last-mile delivery time slots are a strategic asset: companies dealing with attended deliveries are extremely aware of this.

But time-slots are not all the same. At the basic level, they are a negotiated contract between the delivery company and the customer. This negotiation takes into account convenience and willingness to pay on one side; operational process and cost on the other.

The majority of delivery providers use fixed time-slots, obliging consumers to select a suggested specific time. These slots can be extremely tight as one hour or as wide as four hours, but they always start and end at the same times of the day.

When implementing a fixed-time slots approach, companies can either assume how many orders can be delivered in any given time-slot or instead, try to optimize this projection further to build routing schedules based upon the known orders geography. In any case, by forcing the consumers to choose bounded time-slots, unnecessary logistics constraints will be consequently generated without taking in consideration that some customers will probably prefer (especially if paying less) a wider time-window.

Flexible time-slots are those where the customer can actually select the window size. They can be as granular as the retailer can provide, like: from 4.15pm to 5pm, from 11am to 12.30pm and so on. For them to express their full potential as logistical and customer-happiness boosters they have to be algorithmically linked to requirements like **Residual Capacity, Historical Density** and **pricing**. Flexible slots should in fact be dynamically adaptable for the incentivisation or de-incentivisation of certain day-hours, thus optimizing fleet saturation and driving customer behaviour.

This concept is called **Revenue Management** and it was born in the airline industry to manage demand. As mentioned in the report: *Revenue management in last-mile delivery: state-of-the-art and future research directions* (2019), by the Massachusetts Institute of Technology:

“Companies can influence customer behaviour by choosing the lead-times or time-slots that are offered (capacity controls) and as well as their associated fees (pricing controls). These decisions ultimately seek to balance the capacity utilization and increase the profitability of the delivery operation. Not surprisingly, revenue management (RM) for Last-Mile Delivery receives increasing attention in both literature and industry.”

[Milkman Home-Delivery Platform](#) lets retailers, carriers and service providers apply revenue management to the last-mile delivery. Analysing the data we collected during the Christmas period 2020, with an ongoing Covid-19 lockdown, it's possible to see that orders served through Milkman Platform in the grocery sector were 60% of “anytime”, meaning all day long. During the same week in 2019 anytime deliveries were chosen only by 31% of the customers.

The data speaks for itself: [flexible time-slots have always been our go-to solution](#). Why should we advise people to choose, say: a two-hour option? Even in a non-emergency state, the data reveal that one out of three customers will be home anyway and might love to benefit from a discounted option.

The result is that the Carrier will have overall lesser constraints, lower cost to serve and a lower shipping fee that will bring higher sales to the Retailer. The Retailer will also meet the expectations of more people, by enlarging its reach and distinguishing itself from the competition. This, of course, works both ways: there will be customers who want to pay more to have a very narrow time-slot, so they will be happy too.

Recently Amazon Fresh has started offering flex-slots to its U.S. Prime customers. They are not yet common and it's very difficult to know when they will pop up in your Cart, but when they do they are cheaper than the usual 2-hour predetermined slots. And when push comes to shove: if Amazon does it, why shouldn't you?