Track-POD

THE STATE OF OTD
ON TIME DELIVERY IN 2023

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OTD, key metric of order fulfillment

On time delivery (OTD) is the North Star metric of every delivery operation. It's also a key performance metric[1] of order management at large .

OTD determines customer satisfaction, e-commerce returns, and the total last mile delivery costs, which can fluctuate depending on the efficiency of your processes.

Averaging at $10 per package[2] for regular-sized items, last mile costs can add up. By focusing on growing the rate of first attempt and on time deliveries, businesses can optimize logistics costs and deliver a better customer experience.

Choice of delivery slots and time slot adherence[3] both made it to top-5 wishes customers express about the last mile delivery process.

1. How feasible is on time delivery in a real-life environment?
2. What are some strategies to improve the OTD rate?
3. How can logistics software help?

This report aims to analyze OTD across delivery operations and suggest ways to improve it with the help of last mile technology.

Methodology

To determine the median rate of on time delivery across logistics operations, we analyzed **1.5M deliveries** carried out with Track-POD in 2023.

Track-POD delivery management software plans multi-stop delivery routes and calculates estimated time of arrival (ETA) for each stop. Thanks to the driver app, we can also document the actual time of arrival.

By comparing ETA and actual time of arrival (ATA), we can determine whether an order was delivered on time.

$$ATA = ETA \text{ +/- 30 min}$$

On time delivery in 2023

By analyzing 1.5M deliveries carried out with Track-POD in 2023, we were able to benchmark estimated and actual arrival times to determine the rate of on time deliveries.

We found that **44.3% of all deliveries were completed on time**. Meanwhile, 55.7% of all deliveries were completed outside of the original ETAs.

By comparing planned vs actual time of arrival, we can conclude that over half of last mile deliveries occur outside of the original time slots calculated by the system.

44.3%

55.7%
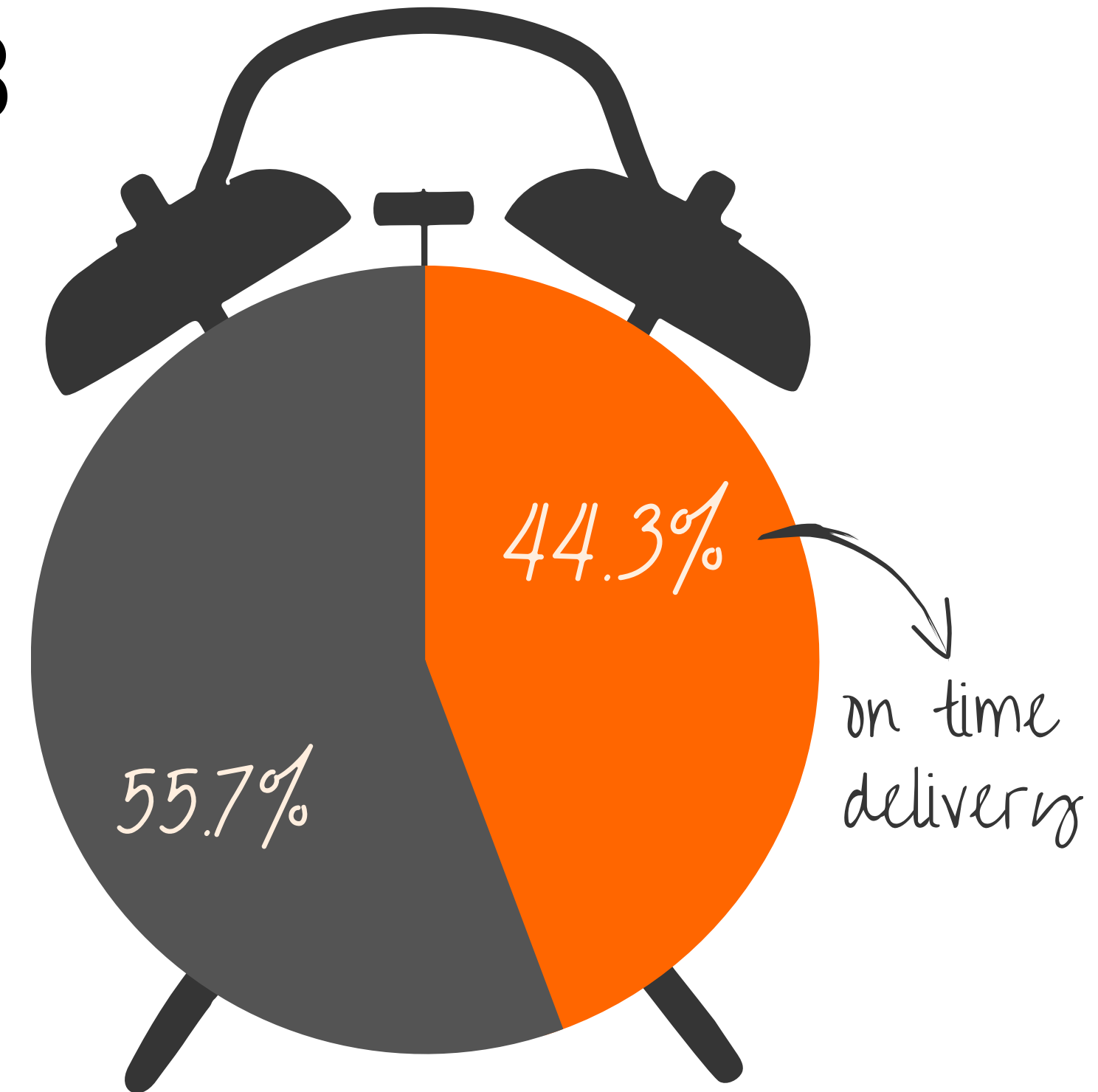
on time delivery

4 ways to improve OTD

If the average OTD rate is under 50%, is it at all feasible to try and grow it? Or should you let go of the idea that you can deliver on time every time?

While industry benchmarks[4] is a good indicator of success when it comes to using KPIs for goal setting, don't let the median OTD rate of 44.3% discourage you.

Improving your OTD rate is all about adjusting your KPI calculations to real life.

Let's look at the 4 ways in which you can do so.

1. Recalculate ETA at route start

2. Update ETA en route

3. Use live tracking

4. Look at KPIs in context

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1. Recalculate ETA at route start

The first real-life logistics scenario to consider is the gap between the planned and actual departure times.

The actual departure time is based on when the driver starts their route, i.e. confirms it via their delivery driver app.

By actualizing route start time and ETA, your route planner will recalculate ETA for each stop in the route.

With the OTD rate based on the actual route start time and not the planned start time, you're much more likely to deliver on time.

2. Update ETA en route

The power of a route planner doesn't stop at actualizing route start time and ETA for each drop location in the route.

A route planner like Track-POD can update ETA en route. This means that while delivery is in progress, ETA is not static and reflects any changes in arrival time.

E.g. whenever a driver is being delayed by traffic, weather conditions, or anything else, both the dispatcher and the customer at home can see the updated ETA instead of the original one.

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3. Use live tracking

Track and trace refers to the process of monitoring and recording the whereabouts of a shipment[5].

In 2023, being able to track one's package in real-time is an expectation as much as it's a requirement.

To grow your rate of on time deliveries, make sure you incorporate live tracking notifications into your workflow.

When you give live tracking tools to your customers, they can see the updated ETA en route, therefore adjusting their expectations and refraining from making calls about order status.

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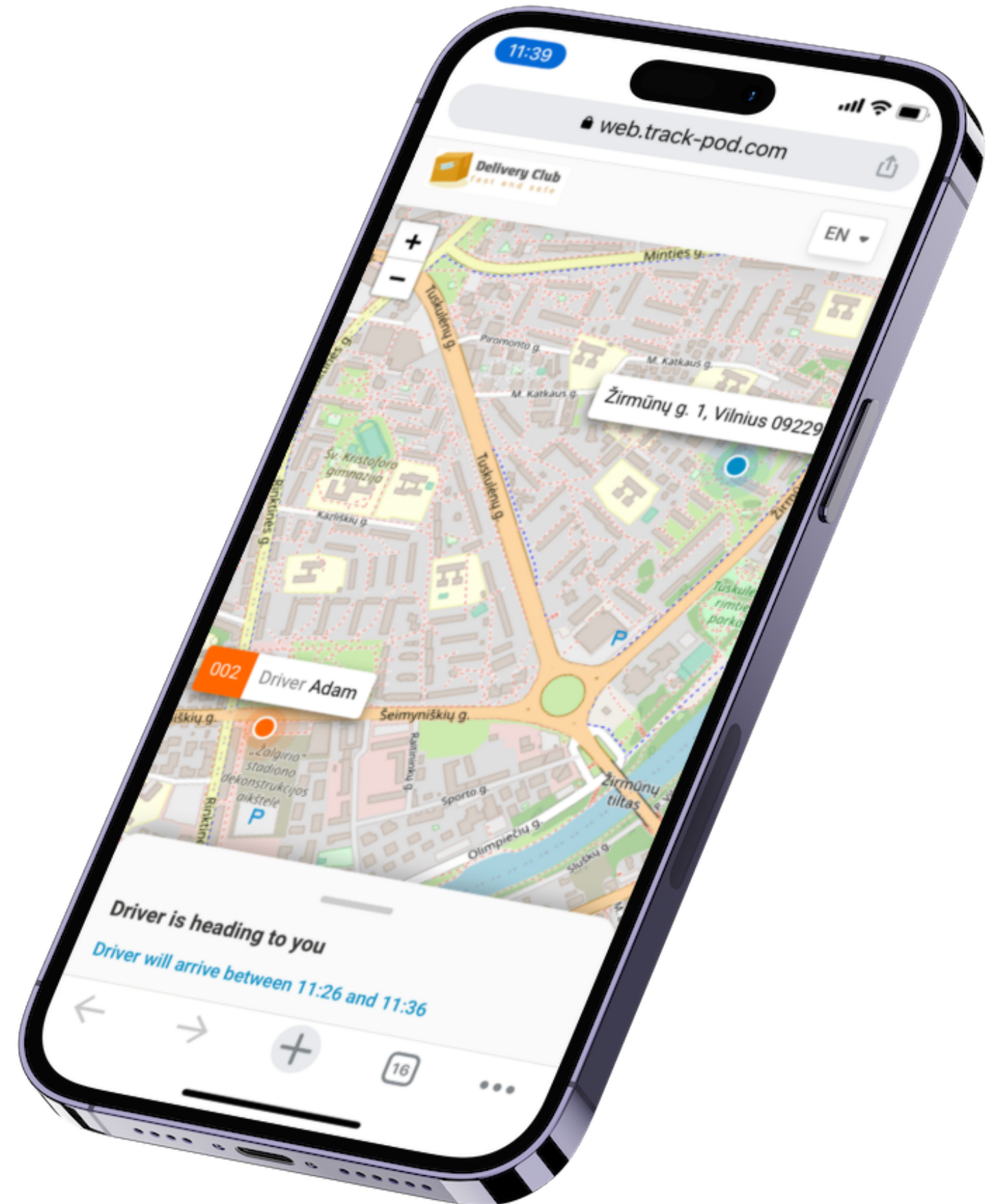
4. Look at KPIs in context

Even if you're following the S.M.A.R.T.[6] methodology when setting KPIs, they need to make sense in relation to each other.

OTD is only one of the last mile delivery KPIs you may be tracking. Other performance indicators you can look at:

- Delivery in full
- Partial/failed deliveries
- Service time
- Customer feedback

When you see the bigger picture, you can find solutions on the spot. For example, longer service times will impact ETAs for subsequent stops.

> Track-POD out-of-the-box solutions[7] include updated ETA at route start, dynamic ETA en route, live tracking notifications for customers, KPIs and analytics going 24 months back.
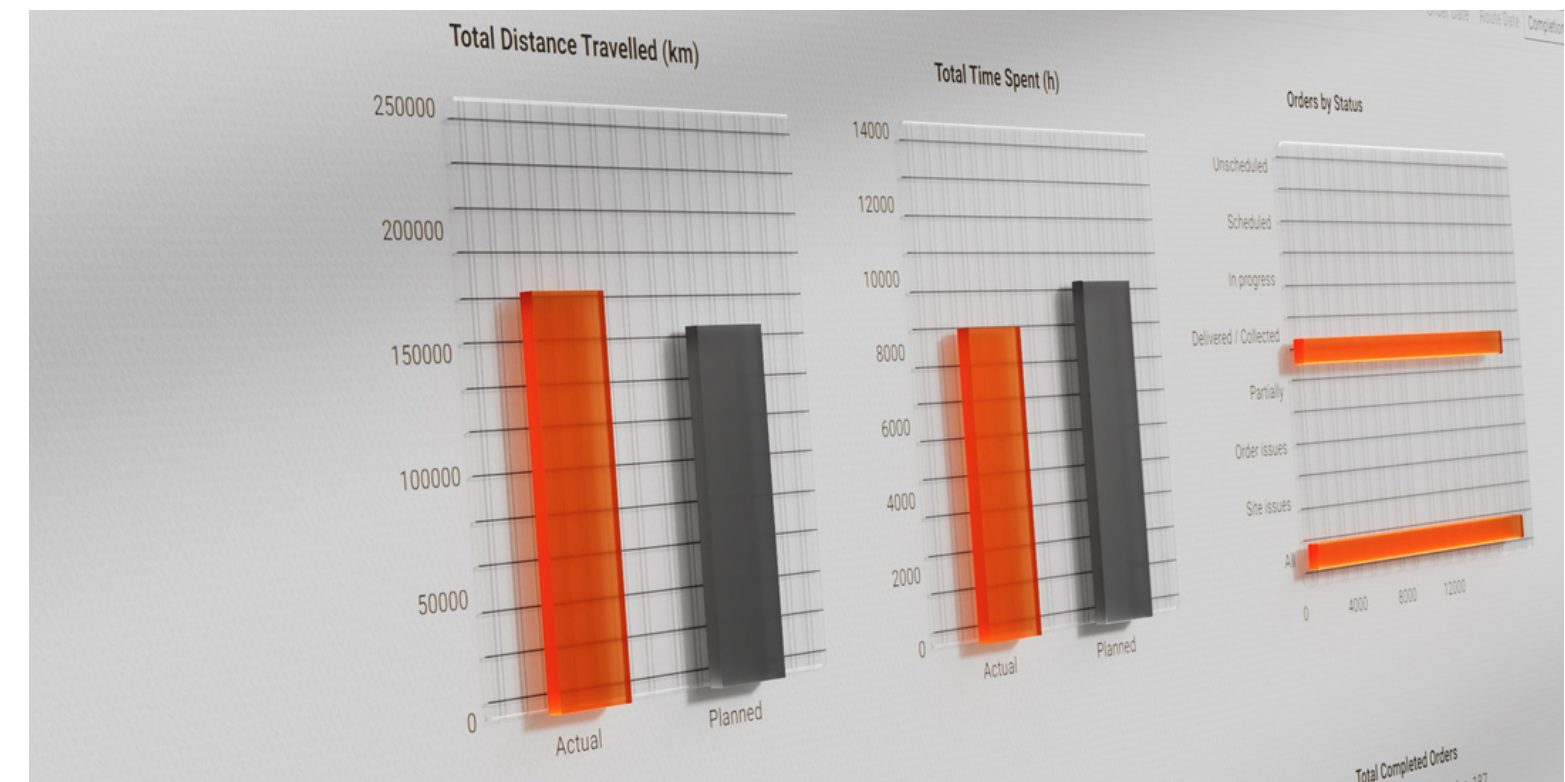
Endnotes

1   [9 Order Management Performance Metrics You Should Be Tracking](#), Unleashed

2   [What Is Last Mile Delivery Logistics?](#), Shopify

3   [Customers' wishes on last mile services from retailers 2020](#), Statista

4   [Six Ways To Improve How Your Business Leverages KPIs To Drive Maximum Performance](#), Forbes

5   [Track and Trace definition](#), Law Insider

6   [SMART criteria](#), Wikipedia

7   [Find out more about Track-POD features](#)