



"Viva la Shuttl"

The 'online delivery revolution' has begun, according to the CEO and founder of one of the UK's most innovative new businesses.

The meteoric growth of e-commerce has brought fresh challenges for today's parcels and express operators. In a world where, within a click, you can buy an iPad, a Kindle or a smartphone, the delivery solutions available do not always match the technological prowess of such products. Since the birth of the online shopping market in the mid 1990s, the core of the delivery model has arguably barely altered.

A UK-based company called Shuttl is claiming to change all that through an 'online delivery revolution', in an attempt to bring the home delivery market into the 21st century. Formed in 2009, the company's big break came the following year when it launched its delivery solution in conjunction with UK retail giant Argos. A host of other retailers have followed, and now Shuttl has received investment from a mystery European postal operator as it plans to conquer the continent.

Mail & Express Review's Chris Dolan went to meet CEO and founder, Tom Allason.

CD: Tom, can you provide our readers with a brief insight into what Shuttl offers?

TA: Shuttl is the first company worldwide to "solve" the delivery problem by enabling shoppers to select from two groundbreaking options:

- "Shuttl Now": immediate delivery within as little as ninety minutes of purchase, variable depending on the consumer's location;
- "Shuttl Later": select a convenient one hour delivery window, same day or any day.

These are both available for a price that is comparable to standard delivery. Customers can also track their orders and watch them "Shuttl'ing" their way to them in real time on a GPS enabled map.

CD: So how does it work?

TA: Shuttl is a branded web service that is integrated across a retailer's various channels to offer immediate or convenient delivery. Our SaaS platform aggregates capacity across a network of local same day courier companies, drawing upon a combined fleet totalling thousands of vehicles.

As well as providing quicker and more convenient delivery, these same day courier companies are also more cost effective than next day couriers for short delivery distances.

Shuttl's technology matches individual deliveries in real time to the optimum courier company which is best suited to that specific job, weighing up performance history, price and consumer feedback. Shuttl operates a transparent marketplace, enabling carriers to compete for deliveries by flexing their pricing and therefore monetising spare capacity.

Carriers who perform within the Service Level Agreement (SLA) are rewarded with future deliveries on which they can command a higher margin in relation to carriers that perform less well.

CD: In terms of functionality, did the product evolve from conception to market, or is it pretty much how you expected Shuttl to be?

TA: When it originally started off the idea was for Shuttl to be a destination site for consumers. The concept was not just about aggregating the courier companies but also to aggregate the inventory of the retailers so the consumer would buy from Shuttl but with fulfillment from the retail partner. We thought we could become a valuable additional sales channel

for those retailers. We went to talk to a couple of retailers and they didn't like the idea of losing touch with their customer, but they loved the delivery piece. On the basis of that feedback we decided to go straight into the retailers as a service provider. The additional benefit was that we wouldn't have to start signing up consumers which would have been really expensive to do direct. So the concept evolved slightly.

CD: Was securing the Argos deal the moment when you thought 'this is going to be a success'?

TA: I'd say so, Chris. We didn't raise investment until we secured the Argos trial. We were going to do an angel round, and we got this interest from Argos. This transformed the business.

If we secured this it would take so much of the 'customer' risk out. So instead of doing an angel round, we pushed through ourselves until we got a clear decision from Argos which made it easier to seek investment. We have been quite pragmatic in that way.

CD: How successful has it been to date?

TA: We have achieved our first set of objectives, although it took a lot longer than we originally thought. We underestimated how long it takes a super tanker to turn. We are very nimble as a company, and we thought retailers would be too, given the potential upside of the opportunity.

However, we touch every aspect of a retailer's business. We require changes to the website, we require integration with their backend systems, we require changes to store processes, and for many of the tier one retailers, any change to existing process requires equivalent of seventy signatures on a form. So when you have got very diverse areas of the business suddenly needing to collaborate, it certainly doesn't make things easier... It took longer than we thought, but we have learnt a lot along the way.

CD: What do you hope to achieve over the next year? What about five years?

TA: The next twelve months is about getting our service out across enough retailers to have a meaningful impact

upon the everyday shopper. We want consumers expecting the service from some retailers and demanding it from the rest. We have started to see consumers becoming advocates of our service, and that's where we want to be by Christmas.

Beyond that it's about making Shuttl a verb. We don't want people to get things delivered; we want them to get their packages "Shuttl'd".

CD: Geographically, how far can Shuttl expand?

TA: At the end of the day our business is a pure web service. We have no moving parts. We can operate wherever there is ground transportation, where there are couriers we can integrate with, and where there are retailers whose needs can be met.

There are limits, though. I don't think we will be huge in the US, because distances are greater, and consumers are more likely to drive. But I don't see too many areas where we will not be able to go, although I can't envisage us in Antarctica any time soon!

CD: The meteoric growth in e-commerce is crucial to you. What trends have you seen within the market? How far can online shopping really go? Will there be a need for physical shopping in the future?

TA: The customer experience has been key to e-commerce to date. I think this market has matured so much over the last sixteen years that it is unlikely there will be any more game changers left in terms of digital experience.

Therefore, in order for retailers to differentiate from one another, all that's really left is price and product. This does not bode well for multi-channel retailers as these are the areas where pure play retailers (like Amazon) have the advantage.

Pure plays are not limited by what they can sell, they are not limited by what they can fit into their stores, and they can afford to offer highly competitive pricing as they do not need to pay for stores and staff on the ground. Historically, because e-commerce has been a small part

of the overall market, multi-channel retailers have had big buying power across their traditional stores that enabled them to exceed a pure-play retailer's operating cost advantage.

E-commerce has now reached a level of maturity that that's no longer the case.

Multi-channel retailers are looking for ways to differentiate other than price/product, ways they can use their stores to their advantage: a great example of that is Check & Reserve. Last year over a quarter of Argos' total sales, over £1bn, came from customers using online Check & Reserve for store collection. Within UK this has been the fastest growing segment of multi-channel retail.

Obviously, I see Shuttl as a great way for multi-channel retailers to differentiate, but it requires investment in systems. They need to have good, accurate, visibility of stock in local stores, which not all of them have at the moment.

CD: In terms of opportunities from investors, why did you choose a European postal operator over other offers on the table?

TA: We had offers from two well known venture capital firms, but we felt it made more sense [to partner with the postal operator]. The valuation was basically the same, but they could bring something more than capital to the table. They already have thousands of retailer customers across Europe.

Plus, they can bring local knowledge of geographies, and they can help us in terms of understanding how to work the courier side, because it's never going to be exactly the same. That was something we were not going to get from VCs. It was a no brainer. ■

