

Run & Roll Conceptual Business for Courier Service

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Abstract: The purpose of this paper is to provide a conceptual business solution for courier services. This paper will also contribute to the courier service market and transporter market. The application, Run&Roll, will be based on an on-demand delivery service that targets to make on-demand delivery services a norm in Malaysia and eventually throughout the world. Run&Roll will not just deliver food products, but also merchandises and a transporter service. The drivers can be the consumers and vice versa. Literature Review, benchmarking, Business Model Canvas (BMC), 4 Lenses of Innovation, and Value Proposition Design (VPD) have been used as the methodologies for this paper.

Keywords: courier services, delivery services, transporter, BMC, VPD, 4 Lenses of Innovation.

I. INTRODUCTION

Same-day delivery was once something that was not even considered – the logistical infrastructure just was not there for more companies. However, as with nearly every aspect of our lives, technology has changed that. With a variety of platforms and automated systems, the ability to deliver same-day is far more attainable than most businesses believe. 61% of people are willing to pay more for same-day delivery [1]. Nowadays, people are more focus on their work thus make them busy and have less time to do other thing and sometime they even would not be able to buy things that they want or need because of the time constraint [4]. By having someone to do all of these things on behalf of them are very convenience as it help these busy people in saving time and energy. That is why this delivery and transportation services named, Run&Roll is proposed.

II. PROBLEM STATEMENT

There are many problems that need to be solved. From the customer side, does not own any transportation and having a time constraint because of busy work will be the problems. For the rider or driver, most of the people has vehicle but they need a side job that can give them a side income. Also, many of people remain unemployed after graduate from the universities. So, this can be an opportunities for them to gain money while searching for better job.

III. METHODOLOGY

In this paper, there are several ideas regarding the concept of implementation of delivery and transportation service provider. We conducted the literature review using business model tools, namely business model canvas [9], value proposition canvas and strategy canvas [7] as well as the four lenses of innovation [8] as a tool to construct our proposal and concept of the idea. The customer validation was conducted using online surveys that was distributed among targeted customer. By merging the idea of business plan that have been proposed, we processed it into one ideal business model canvas for this service.

IV. LITERATURE REVIEW

a) Market demand

As online platforms for food-delivery market is increasing by 25 percent per year from 2015 to 2018, after which it will taper off to 14.9 percent per year until 2020, the trend is showing that Same-Day Delivery (SDD) demands is increasing and can be successful.[2]

The food-delivery market has the potential for robust growth.

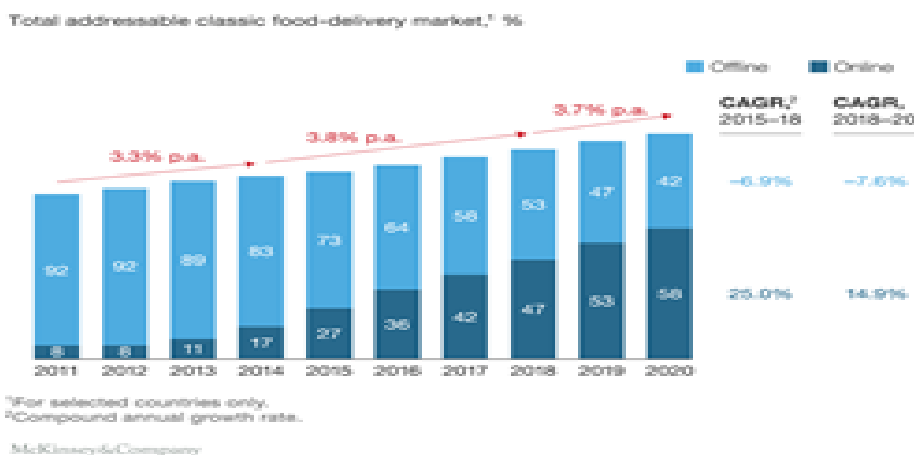


Fig. 1: food-delivery market potential growth

Not only just food-delivery services are in demand, parcel delivery services is also increasing. A survey has been done by the McKinsey and Company, which stated that of the 100% of consumers that would pay extra for different delivery time, 23% of consumers are willing to pay extra for same-day deliveries.

About a quarter of consumers would pay a premium for same-day delivery.

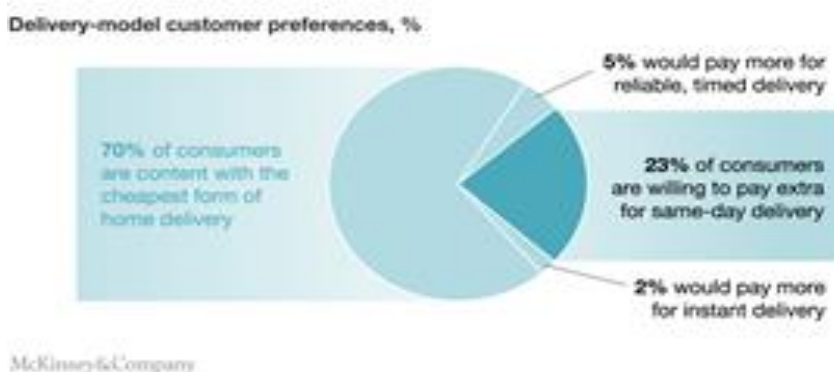


Fig. 2: Survey by McKinsey & Company

There are research that has been made regarding the world wide application revenue. From this research, it is shown that the revenue of mobile application is increasing over the years. The prediction of the outcome in 2020 is really high because the world is moving in fast pace toward the modernization.

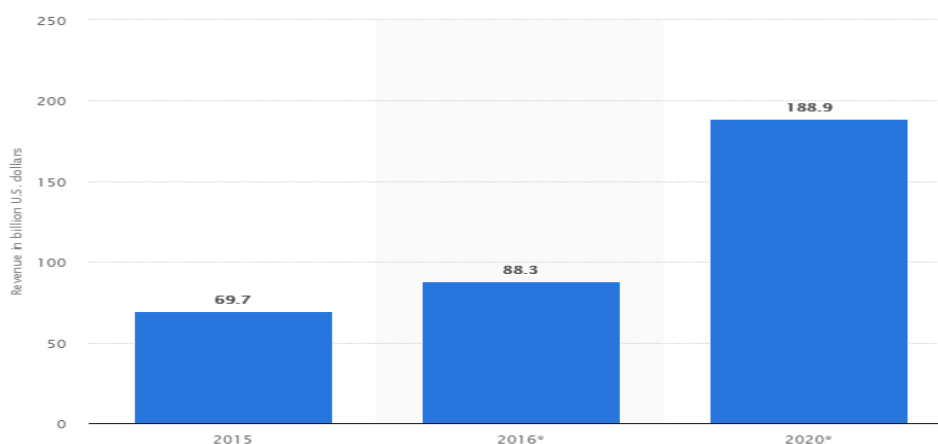


Fig. 3

b) Benchmark

One of the many examples of SDD companies in Malaysia is the MatDespatch. MatDespatch provides SDD services in Klang Valley at RM9, while Next-Day Delivery using PosLaju at RM6. As the time of delivery decrease, the rate increases. As for our business venture, we provides much cheaper rate when it comes to delivery time, but we increase the rate if the distance from customer and product is far. MatDespatch is a B2C model while another example from Singapore, Zyllem is a B2B model. Zyllem provides a service for other businesses to manage and operate entire distribution networks and take control of their logistics distribution network in one platform. But Zyllem only focuses on other businesses and not consumers. Our business model can be B2C and it can also be B2B because our customer segment can be flexible. There are two problem discovered that can be solve by the Run & Roll service that is congestion and poor time management as Run & Roll not only offer delivery services but act as transporter service for customer.

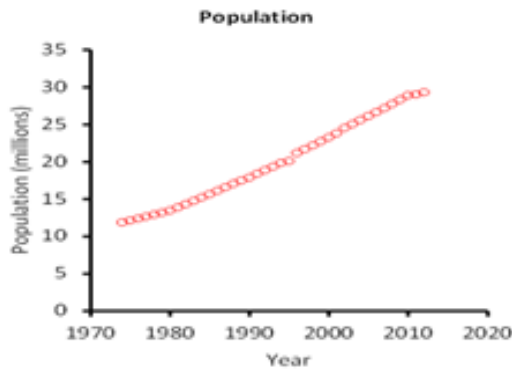


Fig. 4: Population graph in Malaysia

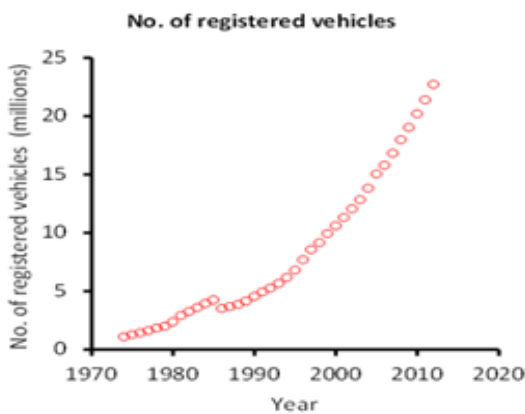


Fig. 5: Registered vehicles graph in Malaysia

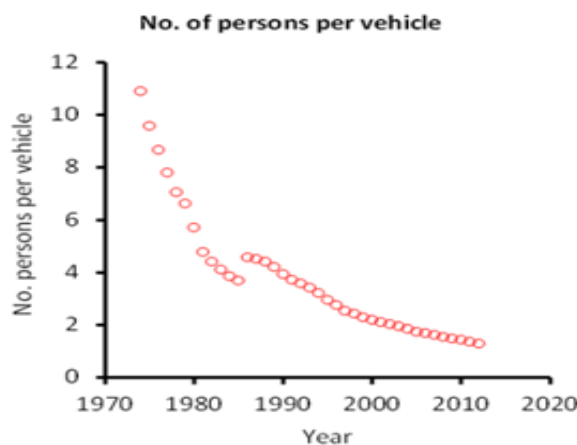


Fig. 6: Person per vehicle graph in Malaysia

All three graph shown above stated the percentage of population and amount of vehicle own by the Malaysian and all the graph are interrelated. Amount of vehicle on road increases as the population of Malaysian also increase. But the worst thing is that, in Figure 6, it shows that the number of person per vehicle decreasing from year to year means that less people nowadays doing carpooling and they prefer to drive their own cars thus resulting in huge congestion.

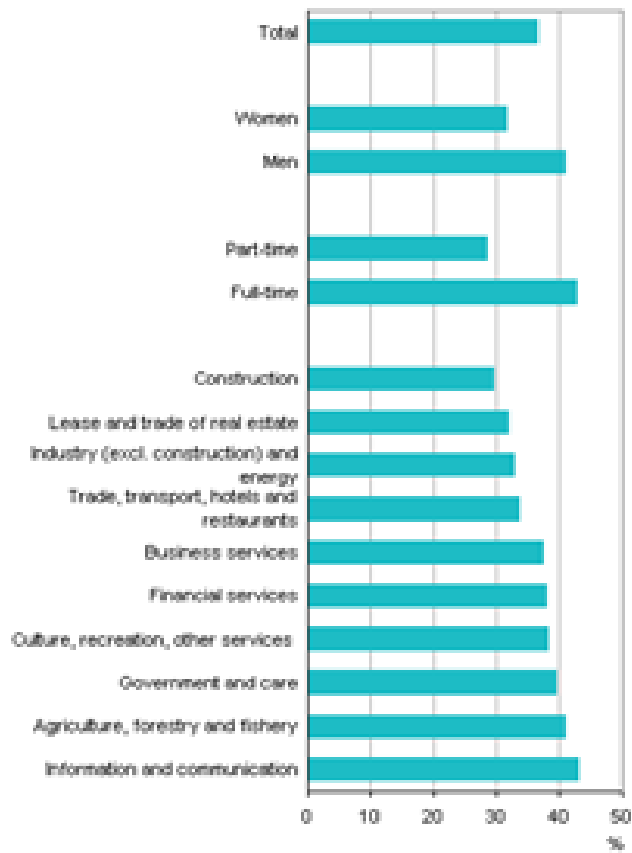


Fig. 7: Full timer that most likely work overtime graph

Based on Figure 7, it can be conclude that people like to spend more time in their work instead of doing other things.

Students: Do you struggle with managing your time?

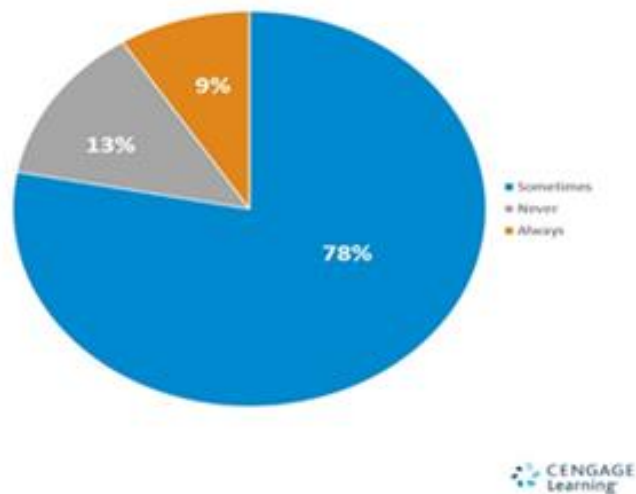


Fig. 8: Percentage of student that struggle in time management [5].

Student is also our target customer because they happen to be poor in managing time. Referring to Figure 8, 9% always struggle in managing their time and most of them sometime have problem with it.

c) *Mega Trend*

The Mega Trend in Malaysia is focusing on the ‘Application’ side of mobility. There will be cashless payment systems that riders will not have to bring cash and customers will not be paying via cash, rather an eCard payment system when doing payments [10]. Furthermore, she-economy is also one of the biggest megatrend that arise. According to the Ernst & Young’s *Growing Beyond – High Achievers* report, women now earn US\$13 trillion around the world. In five years’ time, it will go up to US\$18 trillion. In 2028, women are expected to control three-quarters of the world’s discretionary spending (11). The number of woman that has carrier is increasing over time. Thus, it will make people become busier with their current work. The next megatrend is urbanisation. Urbanisation also is one of the big significant aspect that currently developing around the world. To lead the country toward the modernization, urbanisation is a must. The research said that more than half of the population live in urban areas and 1.5 million people are added to the global urban population every week. A staggering 90% of this urban population growth will take place in African and Asian countries with rapid urbanisation placing huge demands on infrastructure, services, job creation, climate and environment [12].

V. ANALYSIS

After the analysis of three business model, it is discovered that the combination of these three diagram of BMC give the best outcome. These are the three BMC.

Key Partnership	Key resources	Value Proposition	Customer Relationships	Customer Segment
<ul style="list-style-type: none"> Payment processor Map API Investor 	<ul style="list-style-type: none"> Technological Platform Skilled riders 	CUSTOMERS: <ul style="list-style-type: none"> Fast delivery Less effort in buying & deliver stuff RIDER: <ul style="list-style-type: none"> Additional sources of income Flexible working schedules Easy payment procedure 	<ul style="list-style-type: none"> Social media Review, rating & feedback system Customer Support 	CUSTOMER: <ul style="list-style-type: none"> Those who are too busy People that do not want to deliver the package themselves RIDER: <ul style="list-style-type: none"> Those who have motorcycle and want to earn money Those who love to ride
	Key activities <ul style="list-style-type: none"> Product development & management Customer Support Customer Acquisition 		Channels <ul style="list-style-type: none"> Mobile App for Android Mobile App for iOS Website 	
Cost Structure			Revenue	
<ul style="list-style-type: none"> Application Maintenance 			<ul style="list-style-type: none"> Pickup & Delivery services Transporter service 	

Fig. 9

Key Partnership	Key resources	Value Proposition	Customer Relationships	Customer Segment
<ul style="list-style-type: none"> Drivers with their cars Payment processors Map API providers Investors 	<ul style="list-style-type: none"> Product development & management Marketing & customer acquisition Hiring drivers Customer support 	Customers: <ul style="list-style-type: none"> Minimum traveling cost Can see the ETA and track the rider on Map Minimum waiting time Drivers: <ul style="list-style-type: none"> Additional source of income Flexible working schedules and can work part time Easy payment procedure Drivers get paid per runner request 	<ul style="list-style-type: none"> Social media Customer support Review, rating, and feedback system 	Users: <ul style="list-style-type: none"> Those who own no car or motorcycle Those who do not want to drive themselves to buy or deliver groceries Those who want a cost-efficient deliverer Driver: <ul style="list-style-type: none"> People who own car or motorcycle and want to earn money People who love to drive Those who wish to be called associates instead of delivery boy
	Key activities <ul style="list-style-type: none"> Technological platform Skilled drivers 		Channels <ul style="list-style-type: none"> Websites Mobile app for android Mobile app for iOS 	
Cost Structure			Revenue	
<ul style="list-style-type: none"> Technological infrastructure Salaries to permanent employees Launch events & marketing expenditure 			<ul style="list-style-type: none"> Car rides on per KM/Mile basis Surge pricing RunnerX, Runner Black, Runner SUV, etc. Runner Cargo, Runner Transporter, etc 	

Fig. 10

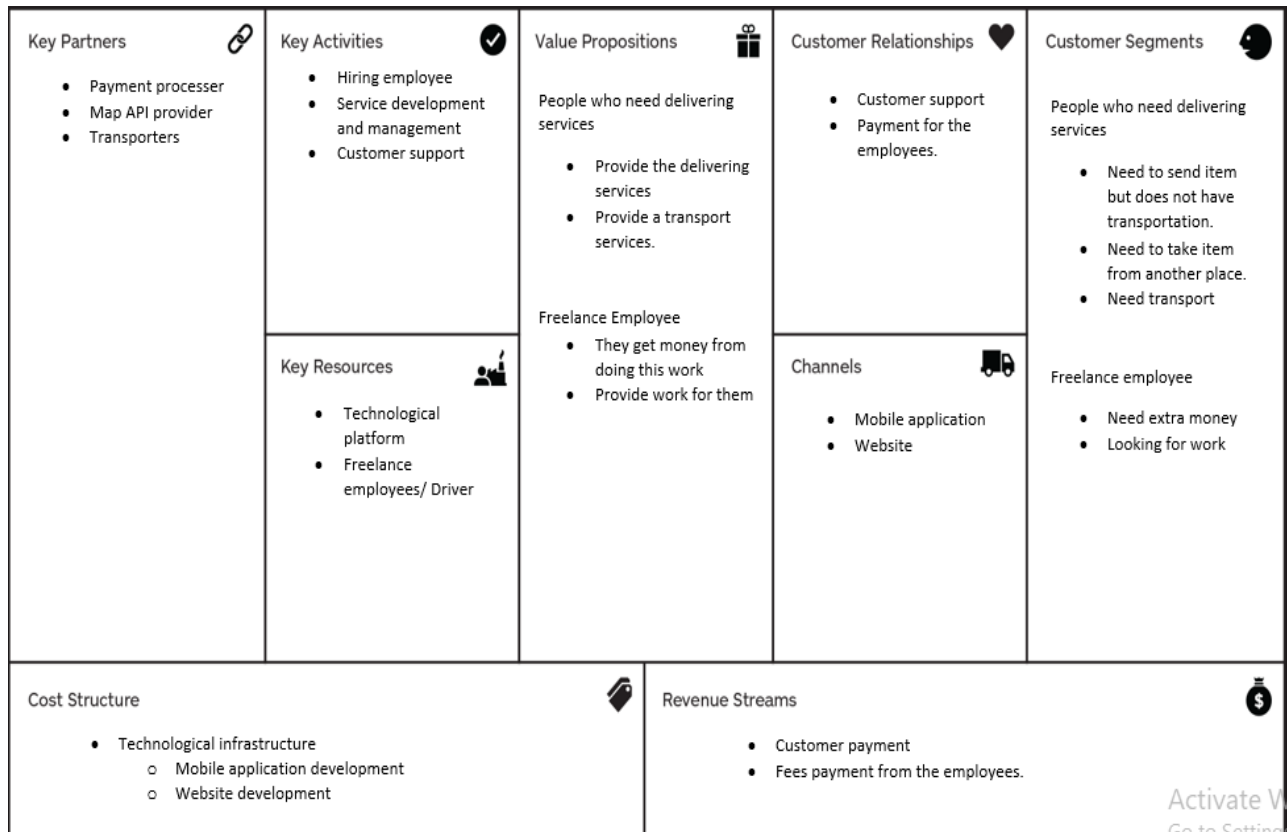


Fig. 11

Base on the combination of idea from these three BMC, on the customer segment, there are several idea that quite similar.

Most of the idea use customer and driver as the customer segment. For value proposition, there are several ideas of implement this. In value proposition, the purpose of these service is to make a fast delivery and less effort for the customer in buying and deliver stuff. Next, for the revenue, profit gained from the customer payment and employee's fee payment. Lastly, for the other segment they are mostly similar toward one another.

Four Lenses of Innovation

4 Lenses of Innovation was introduced by Rowan Gibson as a power tool for creative thinking. With this framework, we could learn the formula for infusing creativity into our organization. It outlines four aspects which are Challenging Orthodoxies, Harnessing Trends, Leveraging Resources, and Understanding Needs [8].

From the perspective of challenging orthodoxies, the proposed service tries to challenge the conventional practice where people usually have to go out themselves to get food and other things. People tend to travel far and sometimes they get lost in the middle of the way. As a result, they will waste their time travelling to the shops, in fact there are a lot of things they can do using the travelled time.

Besides, Run&Roll is also trying to harness the trends. As a newcomer, Run & Roll aims to disrupt the current trend by bringing a new system that can manage people lifestyles. With the help of Internet of Things (IoT), people will easily manage their groceries activities and riders can easily make money using Run&Roll services.

Run&Roll is also Leveraging Resources as the available resources such as restaurants, shops and other service providers are among the main targets to supply their resources.

Run & Roll also understands the needs of people that value their precious time so much. People usually spend their weekdays for working during the days and they will face trouble if they need to travel a long distance to buy things at the same period of time. Besides, Run & Roll also understands the need of unemployed customers by providing a service to become a rider for Run & Roll. Thus, Run & Roll provides the solution to overcome this issue.

Enhanced Business Model

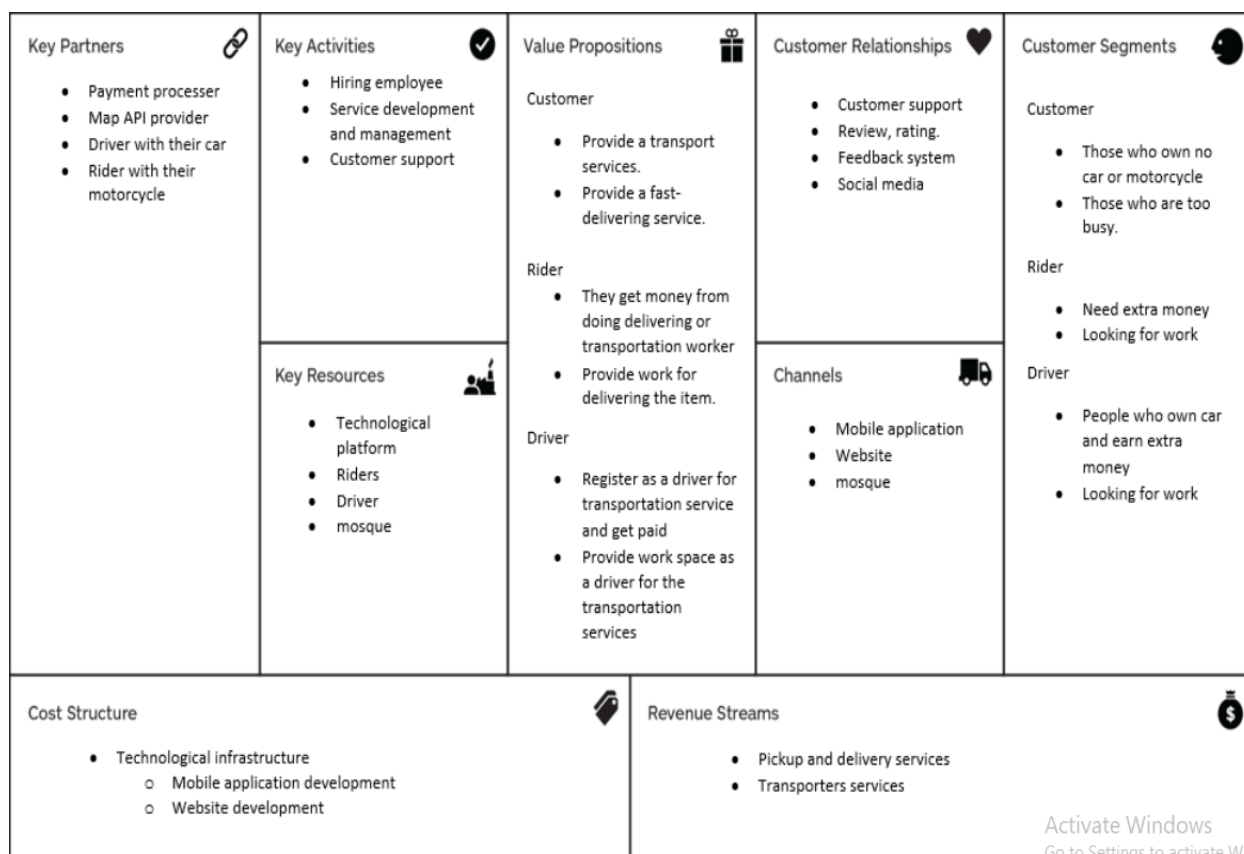


Fig. 12: Initial BMC

Figure 12 shows the final result from the combination of BMC from figure 9, 10 and 11.

TABLE A: Value Proposition Canvas for customer, rider and driver.

VPC	Customer	Rider/Driver
Job-to-do	Use application Make order Make payment	Use application Accept order Make delivery
Pain	No transportation Time constraint	Unemployed Need side income
Gain	No traveling cost Minimum waiting time	Recognition Trusted work platform Money
Pain Reliever	Item deliver to doorstep Access via smartphone	Provide income per delivery Work as part timer
Gain Creator	User-friendly application Reasonable price Productive waiting time	Payment per delivery Feedback and rating system
Product & Services	Mobile application	Mobile application

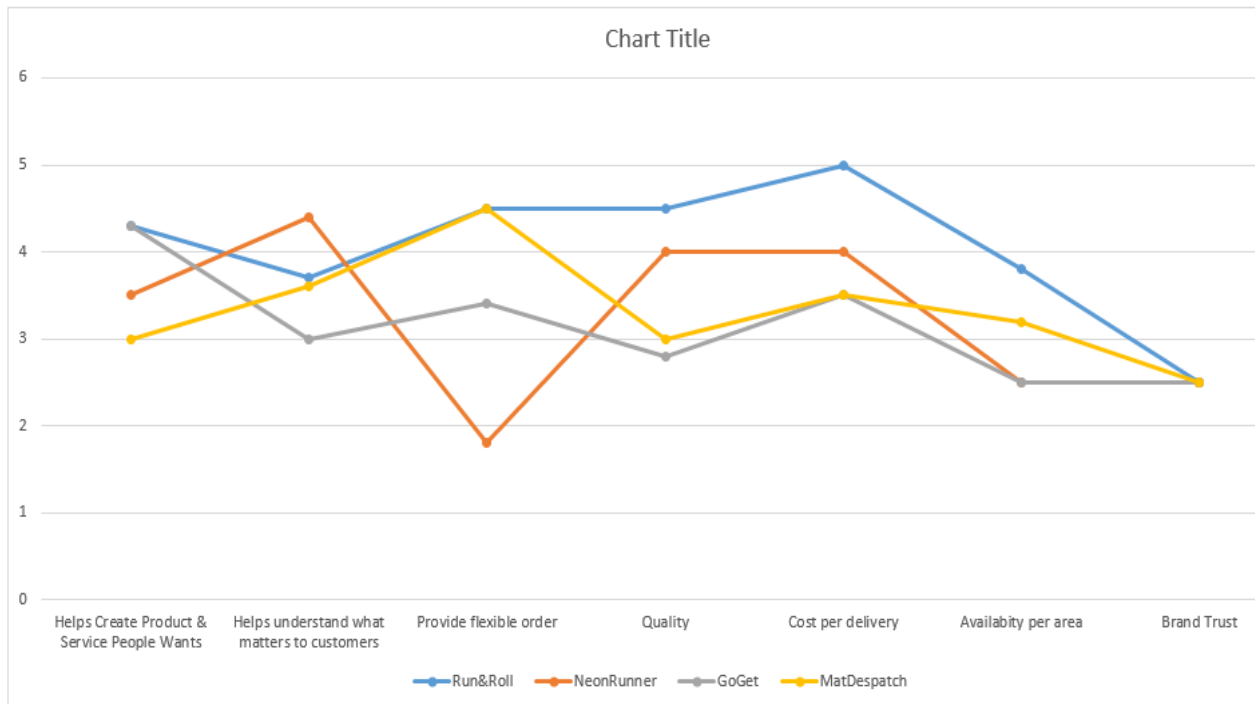


Fig. 13: Strategy Canvas of Run & Roll and possible competitors.

VI. VALIDATION

Questionnaire Result and Finding:

Validation for this conceptual service has been made through survey. Several questions have been asked to the customers to through he survey.

The first question is about the level of trust from the customers when they use the courier service. The result shown that 52.4 % (11 people) choose high level of trust and 14.3 % (3 people) choose very high. The others 4 people choose low and 1 choose very low. By these result, mostly customers trust the courier services.

Next, the question is about how important the courier services to them. The result from the survey show that 3 people choose really important, 8 people choose important, 4 people choose neutral. The remaining 6 customers choose not important and really not important.

Third, the question is about how often they will use the courier services. The option for this question are once a day, once a week, once a month, few time a day, few time a week, few time a month. The result from the survey shows that 0%(0 people), 9.5%(2 people), 42.9%(9 people), 9.5%(2 people), 38.1%(8 people) respectively.

Fourth, the question is about have they encountered any problems with the others courier services. The highest problem that we get from the survey is long delivery time by 13 people. Next is hassle delivery process (3 people) followed by low quality services and unfriendly delivery person (2 people). One people vote for difficulty in payment process.

Fifth, the question is about what items that they always send through courier services. They are given five options and can choose more than one option. The options are food, gadget, groceries, letter and money. From the outcome of the survey, food, gadget and groceries vote are same which are 15 vote followed by 1 vote for letter and 0 vote for money.

Sixth, the question is about would they like to pay extra money for instant delivery and the result shows that 76.2 % (16 people) choose yes and 23.8 % (5 people) choose no.

Seventh, the survey ask about are they willing to pay extra for the same day delivery. The result shows that 81 % (17 people) vote yes and 19 % (4 people) vote no.

Eighth, the question is about would they work as a runner to get side income. From the result, we get 13 people vote yes and 8 people vote no.

Lastly, if Run & Roll have its own application, would it be convenient for you as a user rather than contacting via WhatsApp or other social media? And the result shows that 14 people choose very convenient, 6 people choose less convenient and 1 people choose not convenient.

What is your level of trust when using courier service(s)?

21 responses

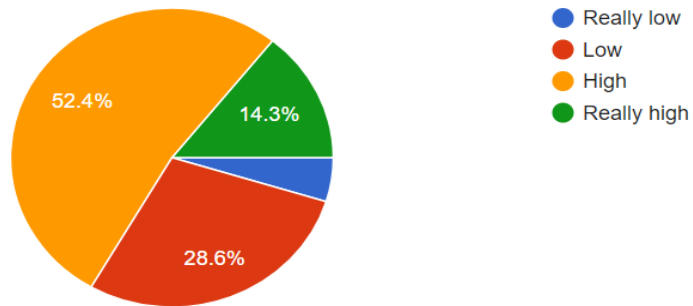


Fig. 14

How important is courier service to you? (1 - 5)

21 responses

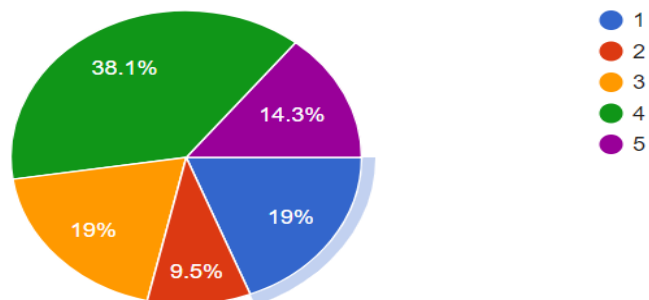


Fig. 15

How often would you use courier services

21 responses

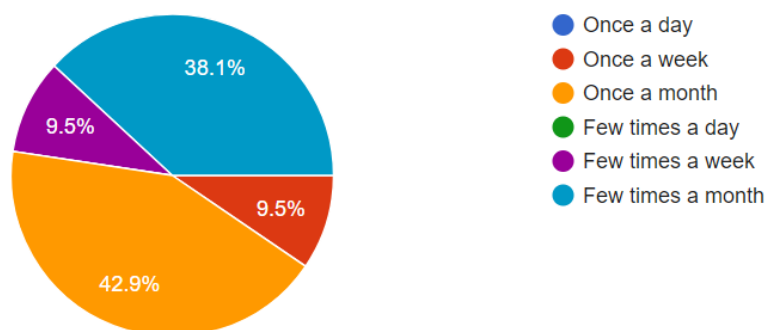


Fig. 16

What are the items that you always want to send through our runner services?



21 responses

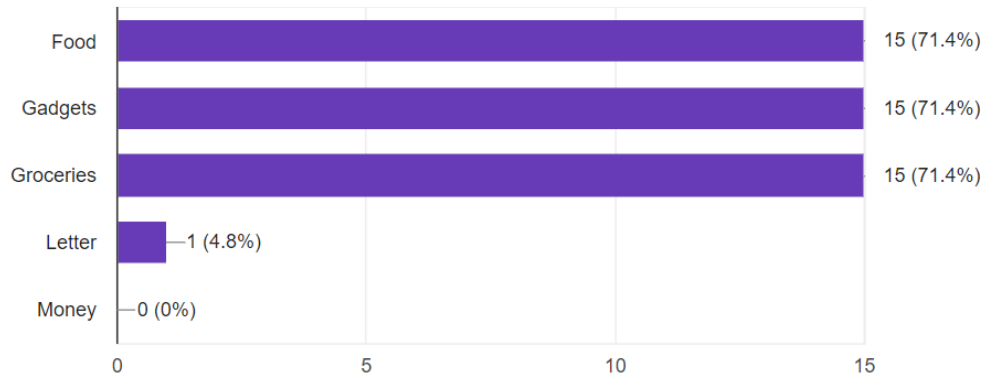


Fig. 17

Would you pay more for instant/fast delivery item?

21 responses

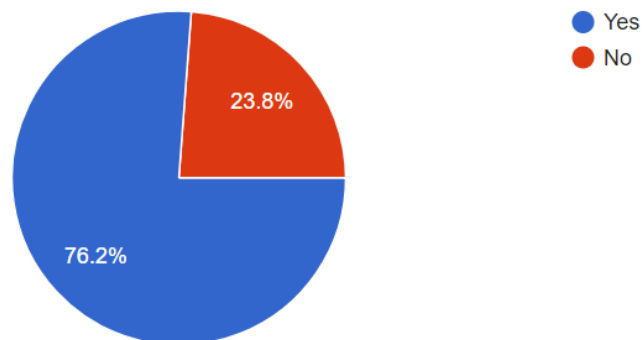


Fig. 18

Are you willing to pay extra for same-day delivery?

21 responses

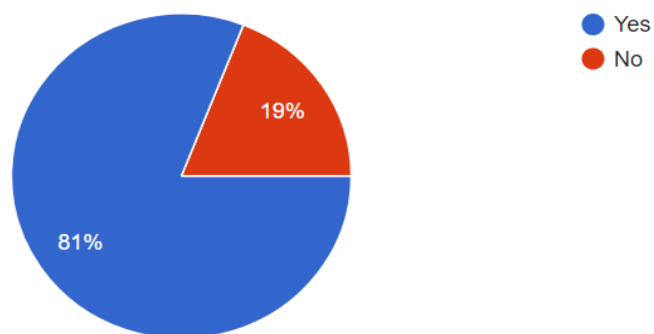


Fig. 19

Would you work as a runner to get some side income?

21 responses

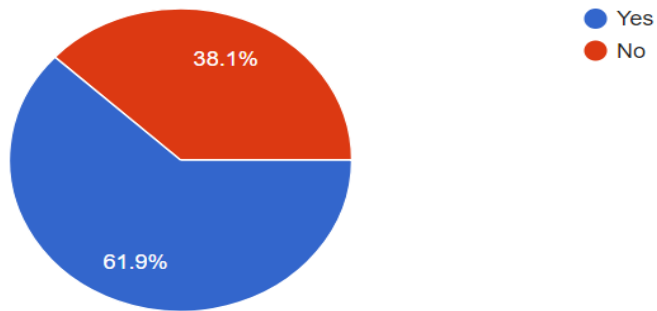


Fig. 20

If Run & Roll have it own application, would it be convenient for you as a user rather than contacting via WhatsApp or other social media?

21 responses

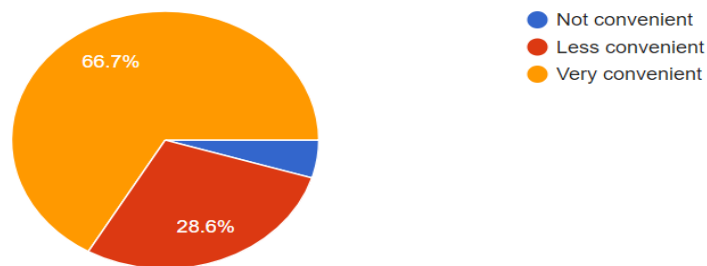


Fig. 21

VII. CONCEPTUAL SOLUTION

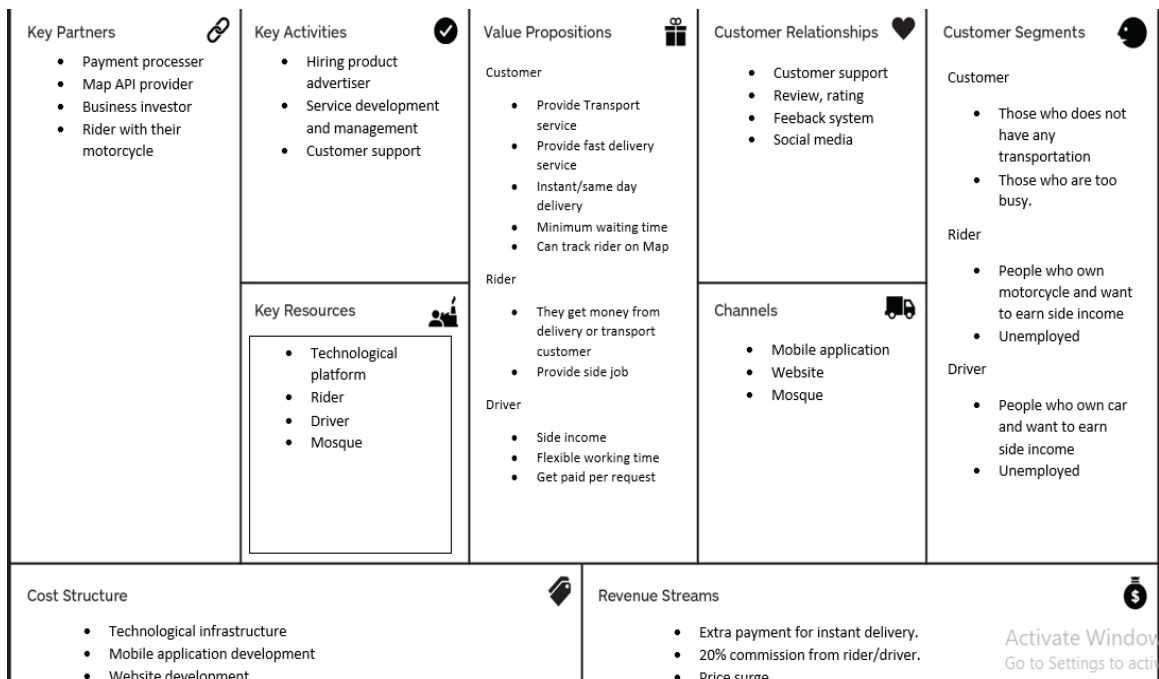


Fig. 22: Enhance Business Model Canvas for Run&Roll.

A. Customer segment

This service is for people who need delivering and transportation service. Also, this business target the employees as our worker rider. For the customer, it is known that some people need to deliver or buy item but does not have a transportation. Next, some people also too lazy or busy to go delivering or take stuff from other place. So, by implementing this service, they can use the service to do their work. Next, for the riders, there will be a work opportunities to gain money by easily become our riders and gain income. Lastly, for the drivers, they will be recruit as a driver for the transportation service. This is because they own a car.

B. Value Proposition

For value proposition, there are several ideas of implement this. First, the convenience delivery service and a transportation service will be provided for our customer. The service is a fast delivery services. Also, it make the customer less effort in buying and deliver stuff. Next, rather than waiting for a long time for public transportation, they can use our transportation service that available mostly everywhere.

For drivers, they can get income by doing this work. Job opportunities will be provide for them. It also a flexible working schedules and can work at any time. Driver got paid per runner request.

C. Channels

Run&Roll will be using mobile application and website as the channels for the product services. Also, by utilising the network of mosque [6].

D. Revenue

Revenue is important on every businesses. Run & Roll get the revenue from the delivery and transportation services. Next, it will gain money from the fees payment from the employees.

E. Cost structure

The production cost for this project is low cost. This is because these services will be using the cost to build mobile application. Also, the collaboration with the GPS system company for the location detection. Lastly, the cost to build website and maintenance.

F. Key Partnership

Key partnership are important in business. Our partnership is payment processor. This is for the transaction that has been made. Next is the map API provider for providing the map location collaboration. In addition, network of mosque is one of the key partnerships for this program [6]. Lastly, the driver and rider that work as employees.

G. Customer relationship

Run&Roll customer relationship are via social media. It also provides a customer support segment to take care of the customer problem regarding its services. Lastly, the review, rating and feedback system that has been provided for the customer.

H. Key Activities

The activities are product development and management. Customer support also included because it is important to deal with the customer. Lastly, the customer acquisition.

I. Key resources

The key resources is the technological platform. Run&Roll uses mobile device and website as the medium for the services. The other key resources needed is skilled rider or drivers.

Enhanced Value Proposition Canvas

After conducting the survey, we found out that the customers would agree to pay more for faster delivery services. As for this, we thought that not all customers would use the service as it will be expensive for them. Therefore, we provide a weekly discount to customers, riders and drivers. On Fridays, as to respect the congregational Friday prayers, rather than we take from the customers, we give back to the customers in order to gain trust and get more users.

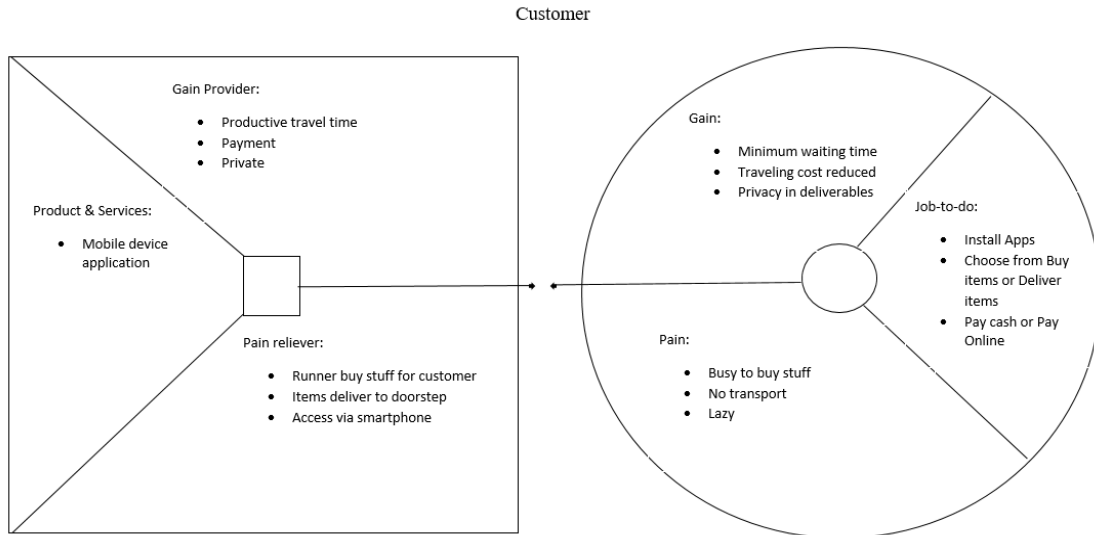


Fig. 23: Value Proposition Canvas for Customer

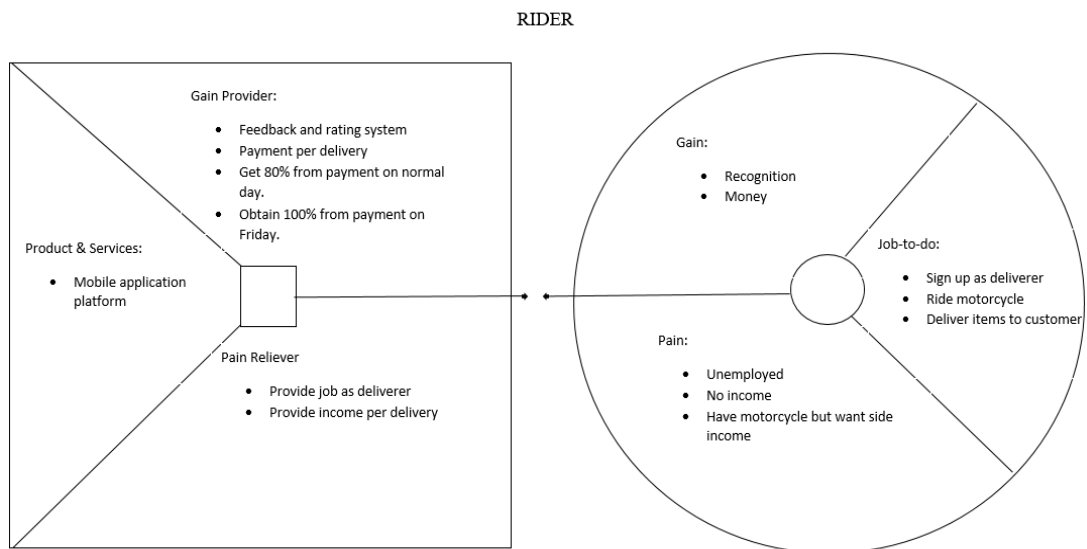


Fig. 24: Value Proposition Canvas for Rider/Runner

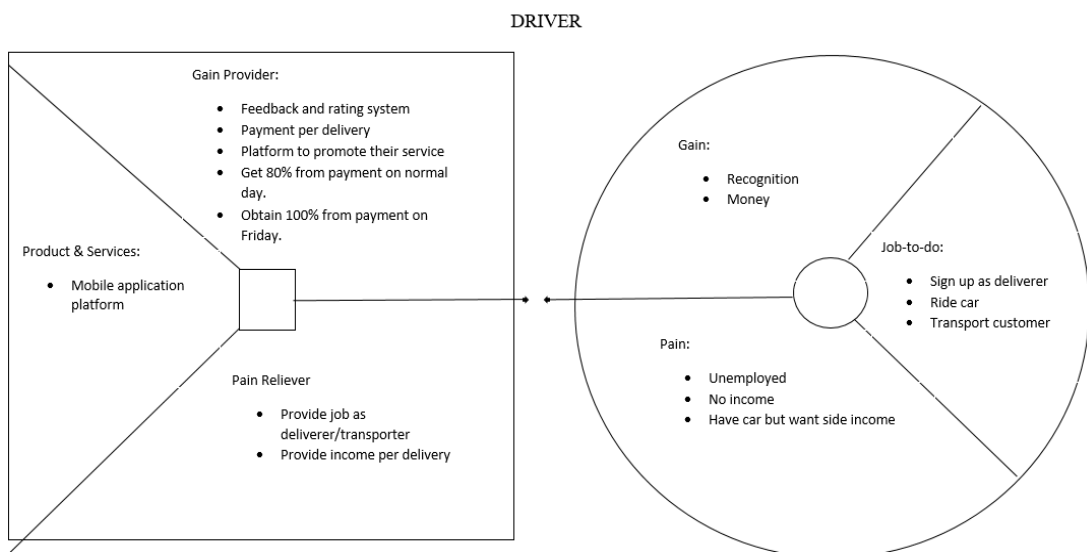


Fig. 25: Value Proposition Canvas for Driver/Transporter

VIII. CONCLUSION & FUTURE WORK

In conclusion, this paper proposes Run & Roll aim to assist those that do not have time to buy for themselves or deliver items to others. Other than saving their precious time, this services is also help them in saving their energy as they were too busy with their work and those do not have any transportation. Run&Roll not only offer delivery services but also can be used as transporter if the customer need to go somewhere. It is a big opportunity as these services is on demand and even though there are many competitors, Run & Roll will strive to be the best among others.

Future work for this paper, customer's validation will be conducted to the possible target user. From the validation, an enhanced business model will be created. A business plan will be created. Based on the business model, the development of the application for Run & Roll will be conducted.

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