Is DTC retail delivering on sustainability promises?

DTC brands must improve their sustainability efforts or risk damaging customer relationships. Here’s how.
DTC brands must focus on sustainability throughout the entire buying journey or risk greenwashing customers

Sustainability in online retail often feels like a marketing ploy. With so many different ways that brands claim to be ‘green’, it is not immediately clear which of their efforts have the biggest environmental benefit. As a result, consumers are no longer satisfied with a brand claiming to be sustainable, they want this information validated.

Proving sustainability is even more important for DTC brands, where the pressure to be green is much higher. This, coupled with the fact that 6 in 10 customers are willing to change their purchasing habits to reduce the negative impact to the environment¹, means that in order to succeed, DTC brands need to be putting their money where their mouth is when it comes to being green.

So, how sustainable are the UK’s top DTC brands when it comes to delivery, packaging and returns? Whilst many are vocal about their aims to be carbon neutral in the next few years or about their use of recycled fabrics, are they innovative when it comes to shipping the items?

The second report in our DTC series, we focus on whether DTC brands in the UK have made the small changes during delivery that have a big impact on sustainability.

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¹ Based on findings from IBM’s ‘Meet the 2020 consumers driving change’

What you’ll learn:

• Whether DTC retailers are delivering on sustainability promises
• What the findings mean for this sector
• Innovative solutions to environmental delivery issues
• Tips for becoming more sustainable during delivery

“Sustainability is such an important topic for brands, both on- and offline. We have been studying the UK’s top retailers for several years now and I’m still surprised to see how far they have to go to hit their green targets. For me, the DTC space is particularly interesting as they are renowned for being innovative, yet we’re finding this isn’t the case when looking at the basics. I’m looking forward to seeing how these results influence the sector.”

Julian Krenge – CTO
Methodology

To get a better understanding of the performance during checkout of the UK’s top DTC brands, we placed test orders with 50 of the largest brands. All orders were delivered to a London address using standard delivery where possible. Data was collected across checkout, shipping, delivery and returns.
Sustainability options at checkout

4% of retailers offer carbon neutral delivery as an option

96% of retailers do not offer carbon neutral delivery as an option

Source: parcelLab
Basic DTC top 50 retailers and parcelLab data June 2020-May 2021, data in percentages
Sustainability options at checkout

6% of retailers offer less packaging as an option at checkout

94% of retailers do not offer the customer the option for less packaging

Source: parcelLab
Basic DTC top 50 retailers and parcelLab data June 2020-May 2021, data in percentages
What do these findings tell us?

DTC retailers have a long way to go when it comes to offering sustainable delivery and packaging options at checkout. With so many of these businesses focusing on their carbon footprint it is surprising to see just 4% and 6% respectively offer carbon neutral delivery and reduced packaging.

It’s not to say these retailers are not working with carriers who are themselves reducing carbon emissions – for example, DPD now deliver many parcels carbon neutral. However, the retailers themselves need to take responsibility for this too. Initiatives such as promoting their carbon offsetting information or asking if the customer wants recyclable or branded packaging are easy ways for these DTC retailers to become more sustainable.

Key takeaways:

- Despite promoting a more sustainable approach to online retail, DTC brands are not giving their customers eco-friendly options at checkout
- Partnering with businesses that offer carbon offsetting at checkout would set DTC brands apart

Solution provider highlight: Ecocart

Ecocart provides businesses with a checkout plug-in that allows customers to carbon offset their purchase with just a click of a button. They also allow brands to track and share the impact that has been offsetted so they can prove they are contributing positively to prevent climate change.
Key findings

82% of retailers use cardboard packaging

18% of retailers use plastic packaging

Source: parcelLab
Basic: DTC top 50 retailers May 2021, data in percentages
We believe in the afterlife.
At least for our boxes – we’re still not sure about humans. Please reuse the box to give it a happy ever after. And when you are done, recycle it.

Key findings

32% of retailers promote sustainability measures on packaging

30% of retailers include plastic packaging in the parcel

52% of retailers include a branded insert in the parcel

Source: parcelLab
Basis: DTC top 50 retailers May 2021, data in percentages
What do these findings tell us?

Whilst the majority of the retailers studied use recyclable cardboard packaging (82%), DTC brands still have a long way to go to make their packaging more sustainable. 30% of the retailers still have plastic packaging inside the parcel and 50% include a branded insert – both of which can be easily removed to reduce materials.

Whilst branded inserts are great from a marketing perspective, often they are thrown away almost instantly. This information could instead be included in delivery communications, where open rates upwards of 80% are seen.

In addition, the DTC retailers should review the packaging they are using. Just 32% promoted sustainability messaging on the packaging, such as that it is recyclable. These retailers should not only update their packaging to include this, but they could also go one step further and include content in their delivery communications on how to dispose of the parcel.

Key takeaways:

- DTC retailers still have a long way to go to remove unnecessary packaging
- Promoting sustainability measures such as recyclable on the packaging will encourage customers to dispose of packaging correctly
- Brands should consider investing in reusable packaging

Solution provider highlight: Boox and RePack

Solutions such as Boox and RePack offer brands the option to invest in reusable packaging. The item is shipped and then the customer can return the packaging (which is RePack’s case folds down to the size of a letter). Whilst the upfront carbon footprint is higher to make this packaging, each time it is returned the need to create new packaging is eliminated. Plus, it stops us filling our landfills with waste. Win, win!
Key findings

- 45% of retailers promote paperless returns

- 0% of retailers include sustainability messaging in their delivery communication

Source: parcelLab
Basis: DTC top 50 retailers May 2021, data in percentages
What do these findings tell us?

Delivery communications are the most engaged with channel. When we reviewed the open rates of our customer’s communications, we found they were upwards of 80%. Compare this to usual marketing emails, which see 20-25% open rates, and the benefits of having control of this channel from an engagement standpoint are clear. The fact that 0% of the DTC brands had any sustainability messaging in their delivery comms is surprising when this topic is so important to most of these retailers. As a result, the DTC retailers are missing out on a key opportunity to engage with their customers and encourage green behaviours, such as this infographic used by Beauty Bay on how to recycle the packaging.

Key takeaways:

• DTC brands should take control of their delivery communications so they can embed sustainability messaging throughout

• Paperless returns should be considered in order to reduce unnecessary materials in parcel
8 quick sustainability tips for DTC retailers

1. Educate customers on carbon footprint of order

   By displaying the carbon footprint of the order at checkout, DTC brands can prove to their customers that their sustainability efforts are not just for marketing. Many customers may not know the environmental impact of ordering online, so those brands that educate on this will stand out.

2. Offer customers the option to carbon offset at checkout

   Now that they know the footprint, brands should go one step further and make it as easy as possible for customers to offset this. Solutions such as Ecocart offer plugins that do just that. Reward those customers who are making this choice with discounts or loyalty schemes.
8 quick sustainability tips for DTC retailers

3 Audit packaging sizes and give customers option to reduce packaging/opt for unbranded packaging

It’s happened to us all. We’ve ordered a small item and received a box five times the size. Not only is this wasted packaging, but the courier that delivered it will have been able to fit less boxes in their van. Audit packaging sizes and ensure the right box is available for all products.

4 Give customer options for unbranded packaging and add sustainability messaging

The need for branded packaging divides retailers, but the argument remains that the branding comes at an additional expense to the environment. Give customers the option to opt for unbranded packaging at checkout and ensure you always display sustainability messaging such as recyclable on the box – branded or not.
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5. **Remove branded inserts and include information in delivery comms instead**

Whilst branded inserts are a great way to engage with customers, most throw these away immediately. Plus, they are additional materials that are not necessary. Instead, include this information in your delivery communications, which see open rates upwards of 80%. Not only are you combining the footprint of the comms and insert, but your customer is highly engaged with the content.

6. **Improve first-time delivery likelihood with up-to-date order status page**

Hosting your own order status page which is kept up-to-date at all times is a great way to improve first-time delivery attempts. Where possible, include a timeslot for the delivery too – that way your customers knows exactly when their order is arriving. Go on step further, and give them the option to rearrange the delivery on this page. This means no wasted journeys for the courier and happy customers who are always home to receive their parcels – win win!
8 quick sustainability tips for DTC retailers

7. Include recycling and sustainability information in delivery comms
   As aforementioned, delivery communications is the most engaged with channel available to you. So why not use this opportunity to include sustainability and recycling information with your customers to ensure they know how to dispose of the packaging. We all remember IKEA’s innovative idea to encourage children to repurpose the packaging as toys. Think big!

8. Promote paperless returns
   Paperless returns are becoming the norm in e-commerce. They are a quick and easy way to remove unnecessary materials from the parcel. Plus, with so many drop-off locations going paperless, the need for printed labels is no more. When going paperless, ensure your customer still knows how to return the parcel easily by including information on returns in the delivery comms.
As more people choose to buy online, brands around the world are feeling the pressure to perfect their e-commerce journey. Every element of the end-to-end experience is under the spotlight. In order to be competitive, all operations must be well-managed. Brands are eager to streamline and enhance their processes – especially after checkout.

What is Operations Experience Management?

There are countless operational processes throughout each customer journey; occurring in warehouses during fulfillment, on delivery trucks, during repairs and returns, under warranty and more. During these processes, customer experience is rarely well managed. That’s largely because the amount of complex data that needs to be gathered, analyzed, cleaned and harmonized to deliver relevant, real-time value is too overwhelming.

But the reality is that leveraging operational data is key to outperforming competition and impressing customers.

Operations Experience Management is the combination of operational processes with customer experience, further enhanced by personalization and relevance.
Operations Experience Management is retail's undiscovered tool for improving sustainability

How Operations Experience Management can make your business more sustainable
By Katharine Biggs

Make the small changes and educate customers

Many DTC retailers included in the study pride themselves on their sustainability efforts but sadly the results show that when it comes to the basics, they haven’t made these changes yet.

All of the retailers we studied missed the opportunity to highlight these measures and initiatives in their delivery communications and order tracking pages. Furthermore, the majority failed to carry this sustainability focus into their returns and refund experiences.

Operations Experience Management is a new channel where retailers can promote sustainability – both what they are doing themselves and what consumers can do. Sharing a how-to to inform a customer about recycling or reusing their packaging isn’t just good for the environment, it’s also good for your customer experience.

Product Circularity

We are shifting away from the ‘make, take, waste’ mentality. Some day the term ‘consumer’ may even be outdated. Shifting towards a circular economy creates an entirely new set of customer touchpoints beyond post-purchase and returns.

These touchpoints will need customer communication and are new transactional emails you can leverage. Brands can use this opportunity to inform and engage with customers – creating an Operations Experience that is truly unparalleled.

Build sustainability into your brand

As consumers carry their personal beliefs and values into their spending decisions, brand values align with consumer values. Consumers will spend more with brands that make them feel taken care of and align with their own sustainability beliefs.

Using Operations Experience Management, brands can leverage these customer touchpoints to build their brands as one that is sustainable, while simultaneously deepening their customer relationships with branded, white-labelled notifications and in-store order status pages.
About parcelLab

The Leading Operations Experience Management Platform

Together, we can create outstanding customer experiences every day.

At parcelLab, we help brands take control of customer communication. We don’t do out-of-the-box solutions, we empower brands to deliver end-to-end real-time communication that embodies their brand identity and complements their business goals.

We transform complex operational data into a customer experience of your own design. In other words, our advanced data platform can be fully customised to suit your needs. We’ll work with you to create impressive customer focused experiences that manage expectations, build trust and prolong engagement.

And over the years, we’ve become pretty good at it. Worldwide we’ve integrated over 300+ partners. It’s this that sets us apart and enables us to deliver truly tailored experiences to our 500+ global brands.

Learn more: parcElab.com

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