

eCommerce Delivery Benchmark 2020

Fast-track to the All-Delivery Era



METAPACK

Executive summary

Based on our survey of 8,500 global consumers, we've identified four key trends that are redefining the way people shop. These trends started building well before the coronavirus drove large numbers of consumers online, and we expect them to endure well after the virus dissipates.

1 Rising expectations beyond the buy button – Page 5

The lockdown-driven shift online has added further noise to an already crowded digital marketplace. Retailers are under pressure to differentiate their offering through convenience and personalization. In particular, brands are scrutinizing their experience “beyond the buy button”, which has long been overlooked and is ripe for improvement.

2 The hunger for control – Page 8

Buying decisions in a crisis become increasingly stressful, and shoppers will return to the brands that give them confidence online. Trust is particularly important now, but the unpredictability of ecommerce has long been a barrier for shoppers considering the switch to online. We predict that the coronavirus will encourage brands to take a well-overdue look at the way their own shopping experience could be turning off consumers.

3 A peak season like no other – Page 11

eCommerce has been running at peak levels since May. Supply lines have struggled to keep up and delays have ensued – leaving behind a trail of broken customer promises. Meanwhile, actual peak season is coming, and our analysis suggests this one will be bigger than ever. The best brands are acting now to build the automation, intelligence, and partner ecosystems they need to fully capture this unprecedented opportunity.

4 International expansion beckons – Page 14

As more shoppers head online, many brands have seen their reach become instantly global. However, international expansion requires the right operational setup and carrier ecosystems to serve these new markets – a setup which is not always there, especially for those who have de-prioritized digital.

Retailers must find a way to provide the post-purchase experience consumers demand, despite the additional complexities of shipping internationally.

¹ Participants surveyed were from Australia, Canada, China, France, Germany, Japan, the Netherlands, Russia, Spain, the UK, and the US.

This report is based on a survey of more than **8,500** consumers from around the world¹ conducted online in June – July 2019. We've supplemented these results with insights from our everyday dealings with clients – some of the world's largest and most successful online retailers and brands – as well as recently published reports and data from Accenture, McKinsey, and others.

Introduction

Welcome to an era where ecommerce is the only way to connect with customers.

At the end of January 2020, a strange new virus started spreading around the world. By March, infections were skyrocketing, and many countries had been thrown into lockdown. The virus, which has since become known as COVID-19, has caused an impact on human life that has been both immense and devastating. But its effects haven't stopped there. COVID-19 has disrupted virtually every aspect of our lives, including the way we shop.

The coronavirus has changed the way we shop.

Many stores have been forced to close their doors and many more have been driven into bankruptcy. Even where they have re-opened, additional sanitary measures have impacted the in-store experience, and foot traffic has ultimately remained sparse. Meanwhile, online orders have soared to astronomical heights. Global ecommerce has been running at peak levels since May, and supply lines are struggling to keep up.

Welcome to the All-Delivery Era.

We are witnessing an age where the majority of shopping takes place online, and nearly all order fulfilment is via home delivery. This is a momentous shift, and it's shining a bright light on the delivery experience – the stage from purchase through to fulfilment that sets ecommerce apart from in-store shopping.

In the All-Delivery Era, it's the experience beyond the buy button that will determine whether you grow your customers... or lose them.

All of a sudden, it's not just the shopping experience that counts — or even the product itself — but also the process of waiting for the order to arrive. It's just as important to offer speedy delivery, easy-to-follow tracking, as well as options for returning the item. This is a stage that has long been overlooked by retailers. But in the All-Delivery Era it counts for everything.

Reinvent your ecommerce experience.

The shift to online shopping has been as sharp as it has been swift – but it hasn't come completely unannounced. No one could have predicted April's sudden migration online, and yet the trend towards ecommerce has been steadily building for the last decade. Our analysis, built on a pre-coronavirus survey bolstered with current data, suggests that today's ecommerce surge was bound to happen eventually – virus or no virus.

The All-Delivery Era has arrived. The only question that remains is how you will adapt your business to take advantage of it. In this report we will look at the four key trends redefining the way people shop, along with practical steps your company can take to respond.

We predict the most successful brands will be the ones that differentiate their online offering through convenient, personalized and reliable experiences from the buy button and beyond. These experiences must be scalable, both laterally – across borders, and literally – as volumes rise in the lead up to peak.

In the All-Delivery Era, it's the experience beyond the buy button that will determine whether you grow your customers... or lose them.

Trend 1

Rising expectations beyond the buy button

Pandemic-fueled lockdowns and store closures have driven a consumer shift towards online. Supply chains have struggled to keep up, and while shoppers were initially forgiving, they are quickly losing patience. Meanwhile, increased noise in the digital space is putting even more pressure on retailers to differentiate their offering online.

Shoppers want just as much ease and convenience through tracking, delivery, and even returns, as they do at checkout. Once they reach the product page, our analysis shows that shoppers will abandon their cart if they aren't convinced a retailer can provide the smooth process they want – no matter how good their experience was up to this point.

The incentive for improving this crucial stage has become all the more enticing in pandemic-era shopping. And yet, the desire to receive goods in a convenient and personalized manner is as old as commerce itself. This stage of the online shopping journey has been long overlooked, but the improvements we're seeing now will serve retailers well into the future.

Increased noise in the digital space is putting even more pressure on retailers to differentiate their offering online.

27%

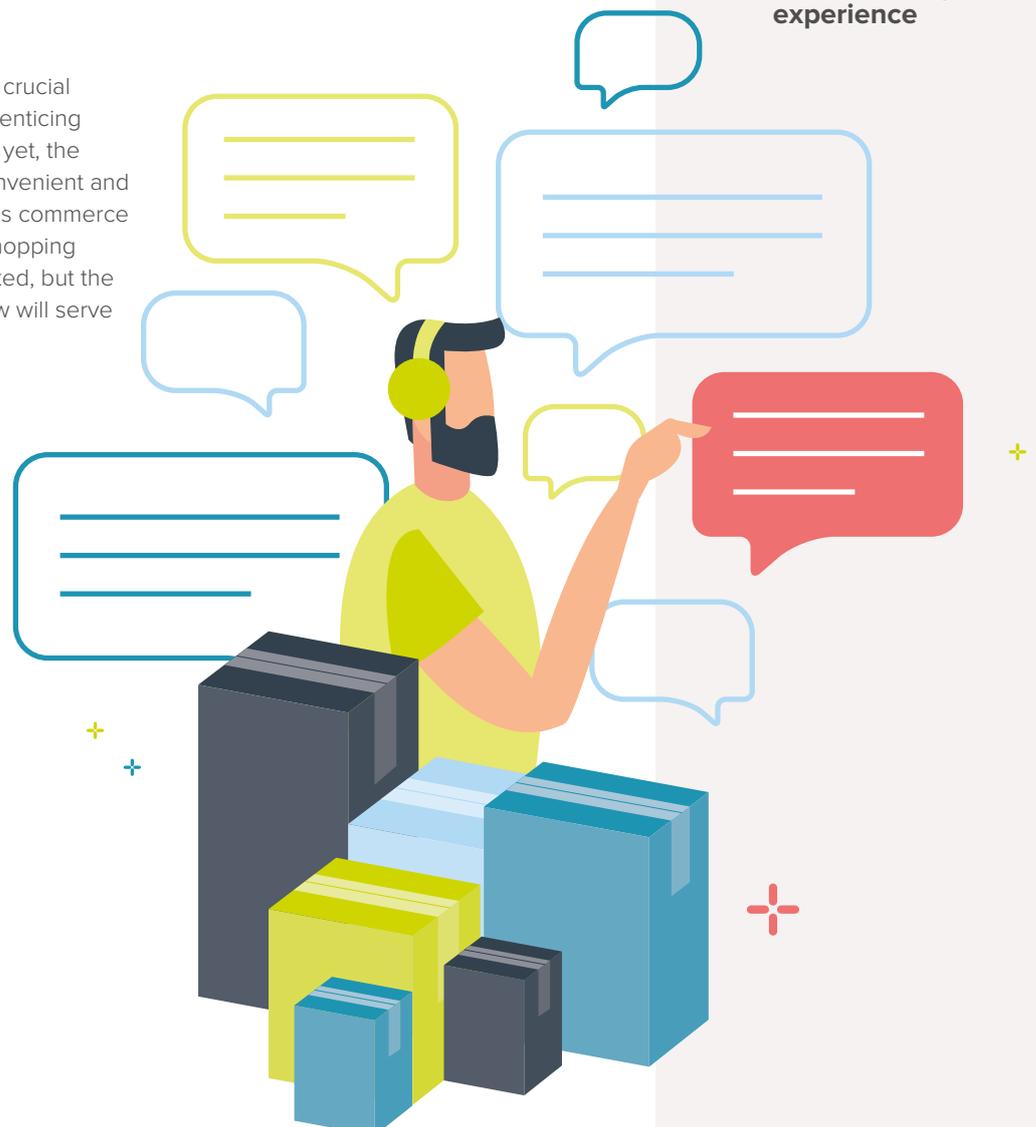
Bought from one retailer over another because they had **better delivery options**

67%

Say **convenience** is the most important factor when buying online

37%

Would not return to a retailer following a **bad delivery experience**



Future focus: Is the online surge here to stay?



Brody Buhler

Global Managing Director
– Post and Parcel, **Accenture**

With ecommerce demand surging amid the COVID-19 pandemic, many are seeking answers to the question “when do volumes go back to normal?”. Well, the short answer is never. Our analysis suggests that delivery companies will retain between 30% and 50% of the peak increased volumes they experienced in the lockdown. Here are a few reasons why:

Ongoing challenges for Brick and Mortar

Months after re-opening, retail foot traffic is still lower than pre-lockdown levels. For example, as of the end of August, foot traffic in the largest 50 metros in the US is still 42% lower than pre-pandemic levels. A combination of inventory challenges, restricted access and lingering virus fears are creating persistent challenges for brick and mortar retail that make ecommerce their focus.

Consumers have changed

Buying patterns of consumers have permanently changed. This has been most pronounced among infrequent ecommerce users defined as those who purchased less than 25% of their items online. Our research shows a 169% increase in online buying in this segment, moving from buying on average 1 in 20 items to 1 in 6. Both the base and the frequency of online purchasing have changed.

Retailers have changed too

Out of necessity, retailers rapidly invested to use their stores for ecommerce. Those investments accelerated omnichannel transformations that were already underway. Stores will become more ecommerce focused. For example, in some markets Buy Online Pickup in Stores (BOPIS) is up 195%. These investments also enable ship from store capabilities and we are already seeing retailers grow that channel.

Accenture analysis suggests that **delivery companies will retain between**

30-50%

of the peak increased volumes they experienced in the lockdown.

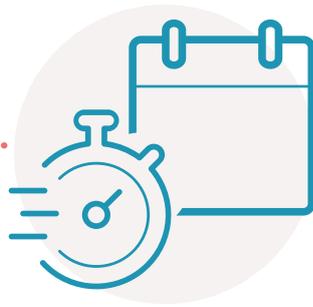
Delivering convenient and personalized experiences beyond the buy button



Step 1: Offer dynamic delivery options

Online shoppers want to receive their parcel in a way that suits them, whether that's next-day delivery to their door, pick up in-store, or at a PUDO point on their way to work. Customers want delivery options to match their priorities – whether it's speed, cost, or even environmental impact that matter most.

The brands that succeed in the All-Delivery Era will be those with a breadth of options that span all of these preferences, as well as the ability to serve shoppers the specific modes that suit them best.



Step 2: Provide clearly specified delivery timeframes

Despite the advantages of online shopping, one factor that continues to deter consumers is the anxious wait between purchase and delivery.

Customers are hugely reassured by specific and accurate delivery timeframes conveyed directly on the product page. Not only does this communicate a clear promise to shoppers, it also helps them weigh up their other options against factors like cost and environmental impact.



Step 3: Ensure convenient returns options

Retailers may have historically preferred to bury their heads in the sand when it comes to online returns, but the fact remains – consumers won't buy from you unless they know they can easily return items that don't work out.

Customers want to choose the way they return their items, in much the same way as they want to choose how they receive them. The most successful retailers will have the infrastructure for customers to make returns in the way that's most convenient for them.

Trend 2

The hunger for control

Consumers are living through a crisis, and buying decisions have become stressful as a result. Accenture reports that 64% of consumers are worried about their health, and the same proportion (64%) is anxious about their job security.

At the same time, social movements erupting in parallel to the virus have added an extra dimension of scrutiny to buying decisions, as consumers ask themselves if the brands they shop with align to their values. The bottom line is that shoppers are more likely to return to retailers that help them feel confident – both in the service they provide and the values they espouse.

The current situation is an excellent opportunity to win and retain shoppers, but there is also a risk of alienating disappointed customers for good. For example, fulfillment errors – a surefire way to detract customers – have increased alongside demand this pandemic season. A study from Wharton School’s Baker Retailing Center and WisePlum found that 66% percent of US customers suffered at least one mishap in their last shopping experience, up by 10% from Q1 March.

Trust is particularly important now, but customers have long craved more predictability online. The brands that succeed in offering more control to customers will reap the rewards well into the future.

The current situation is an excellent opportunity to win and retain shoppers, but there is also the risk of alienating them for good.

57%

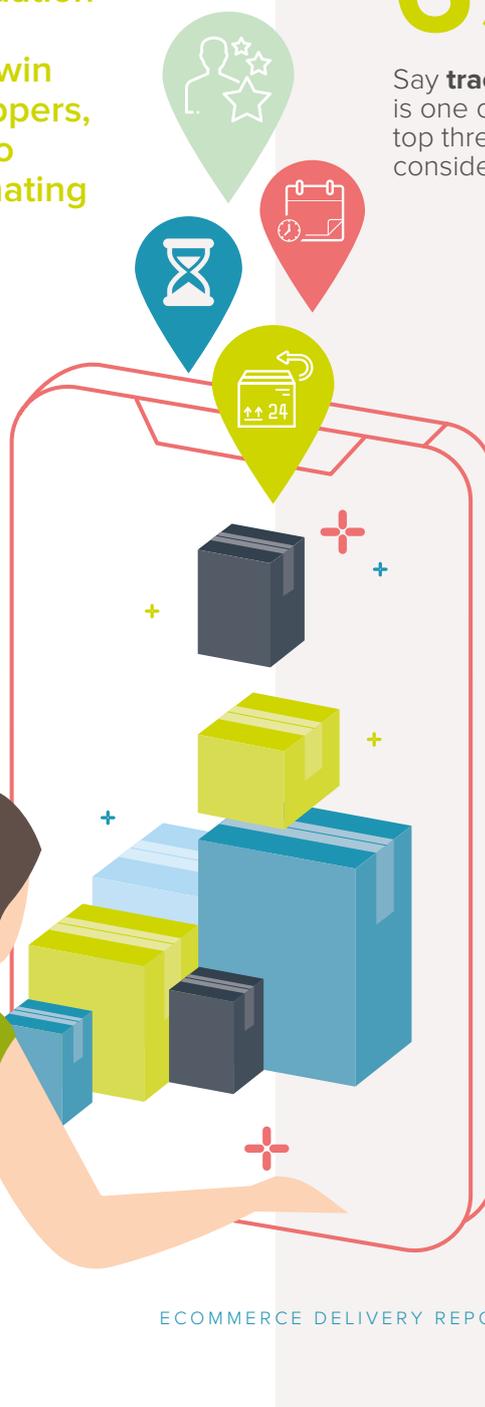
Would be more likely to shop with a retailer offering an **easy returns policy**

46%

Have been put off buying due to an **unfavorable returns policy**

69%

Say **tracking** is one of their top three buying considerations



Regional snapshot: American consumers want more choice

In the US, as elsewhere, the coronavirus has led consumers to change the way they shop. According to McKinsey, 75% of American consumers say they have tried a new shopping behavior in response to economic pressures, store closures and changing priorities².

The pandemic has provided greater incentives for consumers to try new ways of acquiring products. But even before the outbreak, our analysis showed that American shoppers were already demanding a wider range of delivery options. Home delivery is still the most popular option, with 91% of shoppers having previously opted for this mode. However, 54% have picked their order up in-store, and 21% have tried PUDO collection.

² McKinsey, 'The great consumer shift: Ten charts that show how US shopping behavior is changing' 

75%

of American consumers have recently tried a **new shopping method**

Source: McKinsey, 'The great consumer shift: Ten charts that show how US shopping behavior is changing'

34%

Have **increased phone calls** to companies during the COVID-19 outbreak

Source: Accenture, 'COVID-19 Consumer Research'



The rise of the WISMO call

Customers get nervous about their orders during a crisis, and are much more likely to call customer service lines in a bid to reassure themselves. In the case of this current crisis, the strain has been exacerbated by the supply chain delays many retailers have experienced as they struggle to keep pace with demand. Cue the rise of the so-called WISMO, or Where Is My Order, call.

Fielding a rise in WISMOs can quickly become both costly and time-consuming. For one major high street chain we work with, customer service calls cost \$5 apiece. Brands with an optimized post purchase experience will significantly reduce the burden on customer service hotlines, and ultimately improve their end-to-end shopping experience.

Catering to the emotional needs of pandemic-era shoppers



Step 1: Provide easy-to-understand tracking

One of the simplest ways to reassure customers is by providing easy-to-follow tracking. The mechanism itself is fairly widespread these days, but the quality of execution remains hit-and-miss. Many retailers send their customers to third-party websites where information can be fragmentary and confusing.

This a frustrating experience for shoppers, and it often merely encourages them to call customer service hotlines – generating additional work for your team in the process! Not only that, it's also a missed opportunity to maximize brand value and drive additional revenue streams. The most successful brands are moving to centralize tracking on their own branded portals where communication is simple and easy to understand.

Step 2: Turn their homes into dressing rooms

The 'home as dressing room' phenomenon, already a rising trend before the coronavirus, is quickly gathering pace in the All-Delivery Era. Customers may be willing to acquire items through home delivery, but they also want to be able to try them before they commit – and send them back with ease should they change their mind.

The most successful brands are hard at work to streamline the returns process – for example by offering a returns portal, or even by including a returns label in the original delivery. Not only does this provide a better experience for shoppers, it also helps brands retain greater visibility over returns, and ultimately get stock back online faster and more intelligently.

Step 3: Keep your delivery promises

There's too much at stake to disappoint customers right now. Offering convenient options is one thing, but actually delivering on them is something else entirely. As demand continues to rise, reliability becomes even more indispensable – but even more challenging to achieve!

Help your operational team meet your customers' expectations by reducing the margin for error. Make it easy for them to engage the right carriers to get orders where they need to be, by implementing delivery management software. The best solutions can help you synch your supply chain with your front-end, ensuring operations can flex to meet the diverse needs of customers around the globe.

Trend 3

A peak season like no other

220%

Increase in online orders with Hema during the world's first pandemic-era peak season, China's Spring Festival

Source: Source: Sixth Tone 'How COVID-19 sparked a silver tech revolution in China' 

Ecommerce has been running at peak levels since May. As we start to approach actual peak season, our analysis suggests that volumes will reach never-seen-before heights. One large department store we work with is forecasting YoY growth rates of 50-60% during this period.

You only need to look to China to gain a sense of the volumes that await us. The world's first example of a pandemic-era peak season was China's Spring Festival, which took place in January. Alibaba's online supermarket Hema reported an order increase of 220% year-over-year, while Miss Fresh and JD.com were up 350% and 470% .

The time is now for retailers to build the automation, intelligence, and partner ecosystems they need to fully capture this unprecedented opportunity.

Peak season outside China will undoubtedly offer an equally compelling opportunity for retailers. However, the delivery delays and customer hotline meltdowns we saw in the first stages of the pandemic show that this year's peak season could easily spiral into the same missed opportunities and failed customer promises. In the US, both UPS and FedEx have announced holiday surcharges, which could further derail retailers' efforts to provide the competitive delivery experience that all-delivery consumers expect.

Many retailers have continued to view online as a secondary channel, and now lack the infrastructure to properly seize the opportunity. The time is now for retailers to build the automation, intelligence, and partner ecosystems they need to fully capture this unprecedented opportunity.



March April May June July

60%

Growth in online orders between March and June 2020

Source: Metapack Home Delivery Volumes Index



Future focus: The biggest uncertainty is carrier availability

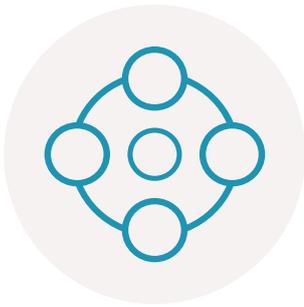
The biggest risk for retailers is finding themselves with freshly mobilized sales channels, high demand... and no carrier availability to get orders to customers! Many enterprise retailers rely on one or two carriers, which is a huge liability going into peak season, when many providers reach full capacity. Our analysis suggests that this year's peak will drive volumes to never-seen-before heights, compounding the risk even further for retailers without carrier redundancy.

The most successful retailers are building diverse carrier ecosystems now so they can flex their operations to meet future demand. This is essential ahead of this year's peak season, but also in the long term as online establishes greater market share in busy shopping periods.

Home Delivery Volumes Index: Rise in order volumes

- 2020
- 2019
- 2018
- 2017

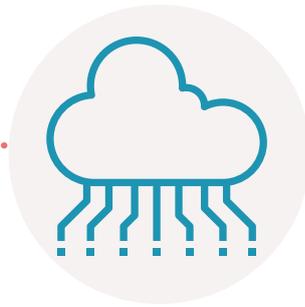
Optimizing and scaling your fulfillment



Step 1: Build the right carrier ecosystem

Relying on one or two carriers is a huge liability going into peak season, when suppliers can quickly reach capacity. Carrier integrators with a strong network in your key markets can be leveraged to instantly boost availability – especially during busy periods.

Varying the ways you deliver to consumers – for example by offering collection at PUDOs and/or lockers – enables more solutions to serve during periods of high demand. And if you're still scrambling to meet current demands, maybe it's time to consider outsourcing some or all aspects of your supply chain to instantly boost capacity heading into peak.



Step 2: Achieve intelligent fulfillment

Even at the best of times, one small delay can quickly unravel your delivery promise. In peak periods, when supply chains are already at full capacity, the stakes are infinitely higher. Only the most integrated and optimized operations will be able to maintain – and scale – the fulfillment experience that shoppers expect.

Build automation and integration into your fulfillment to enable tactics like 'ship from store' to meet fluctuations in demand, or to intelligently manage an influx of returns.



Step 3: Flex your supply chain

Sometimes, drastic times call for new measures. During the lockdown, many retailers have been met with the same frustrating situation: online orders are booming while much-needed inventory remains tied up in stores.

Several of our customers have responded by converting their stores into mini warehouses in a tactic known as 'ship from store'. This solution helps retailers make the best use of their available inventory, while offering shoppers the most efficient delivery option possible. Brands that have built automation and integration into their fulfillment will be best placed to pivot their last mile ahead of peak season, and in the lead up to other busy shopping periods.

Trend 4

International expansion beckons

As more shoppers head online, many retailers have seen their reach become global overnight. This is an exciting prospect, especially for brands looking to recover lost offline sales. And yet, there are several factors that deter consumers from shopping with international brands. For example, consumers typically perceive that delivery will cost more and take longer when the brand is headquartered overseas.

What's more, many retailers find that the most convenient delivery options in one geographical market aren't necessarily the best fit for another. Home delivery is a popular way to receive parcels around the globe, but beyond this consistent first choice, opinion is divided. In the US and the UK, in-store pickup is the next most popular choice, whereas in France it's PUDO collection. In Germany, nominated day delivery is the next favored, while in China it's lockers.

In the All-Delivery Era, retailers wishing to expand across borders must find a way to optimize the post-purchase experience despite the complexities of international shipping. This requires a sensitivity to local preferences in different geographies, in order to deliver the convenient and personalized experience that shoppers crave.

Typically, consumers perceive that delivery will cost more and take longer when the shipper is headquartered overseas.

30%

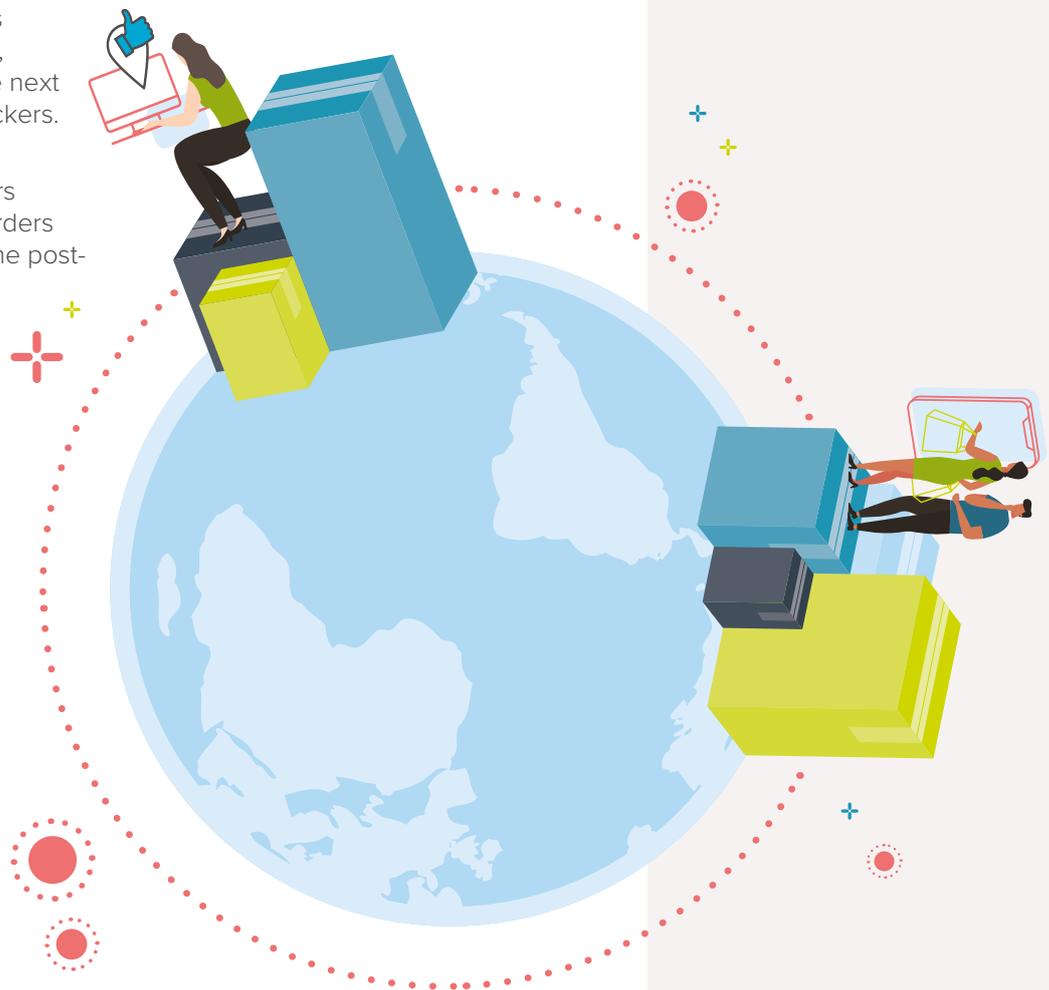
Bought goods online **from overseas brands** in the last 12 months

46%

Say **expensive international shipping** is the biggest deterrent

28%

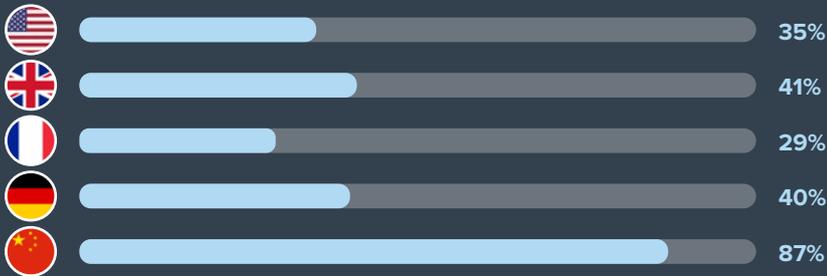
Say **slow delivery** puts them off international shopping



Delivery preferences around the world

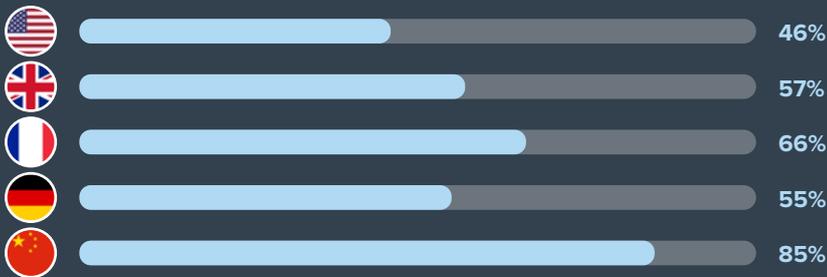
Frequency of online shopping

Have shopped weekly or more:



Popularity of international online shopping

Shopped online with an international brand in the last 12 months:



Most popular mode



Most important factor



Adapting to serve new cross-border markets

1 Step 1 – Tap into a global carrier network

Expanding your online offering overseas is enticing, especially in times when your home market isn't reachable in the usual ways. Despite the allure, many brands have hesitated to expand internationally as this has typically involved setting up and managing bespoke carrier integrations all over the world – a costly and time-consuming endeavor.

The most successful brands have chosen to overcome this hurdle by partnering with a carrier integrator whose delivery services library spans the globe. This allows retailers to automatically allocate the fastest and most cost-efficient route to serve international customers.

2 Step 2 – Flex your fulfillment

Scaling your fulfillment operations across borders can quickly become a drain on resources – especially if your team is tasked with manually processing activities like carrier allocations or international shipping documentation.

Retailers with intelligent infrastructure can automate these processes to scale more efficiently as they expand into new markets. At the same time, these capabilities allow brands to build personalization into the front-end, catering to local delivery preferences all over the world.

Partner with Metapack to reinvent your ecommerce experience

Metapack is the leading provider of ecommerce solutions from checkout through to delivery, and beyond. We work with many of the world's largest and most successful retailers and brands, so we know what it takes to deliver addictive ecommerce experiences. We empower our customers with the high-quality insight and solutions they need to deliver these experiences to their own customers, no matter where in the world they are.

We know that the battle for customer loyalty doesn't end at the buy button – it's only just beginning! Increasingly, shoppers expect just as much ease and convenience through tracking, delivery, and even returns, as they do at checkout. Integrated with the world's largest library of over 400 carriers and 4,900+ delivery services, our solutions allow retailers to provide their customers with a fulfillment experience to suit each customer's needs.

But we also know that a standout ecommerce experience relies on a strong operational backbone. That's why our solutions make it easy for retailers to continue offering choice to their customers, no matter how challenging the demand. Our solutions eliminate manual and time-consuming processes in the warehouse, while also reducing strain on customer call centers.

We're on a mission to help retailers and brands make online shopping simpler and more enjoyable. In other words, we're here to help them provide online shopping experiences that convert customers, and keep them coming back for more!

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