



The Consumer Concerns on Online Orders That Could Cost You

Introduction

eCommerce opened up a whole new shopping experience decades ago, and in recent years new channels like mobile have taken shopping to a new level. Creating a frictionless process for buying products and having them delivered wherever the shopper wants, omnichannel has refined the experience and introduced a whole new set of consumer expectations.

eCommerce is only going to grow and diversify. Based on a 2017 survey by ASCI, more than 40 percent of U.S. consumers purchased items online several times per month. The same survey projected U.S. ecommerce sales will double from 2016 to 2020.

More online orders will mean more deliveries. And with more delivery options and more competition than ever before, consumers are paying more attention to where their packages are shipped and when they receive them.

Already, consumers are raising questions about a variety of fulfillment-related issues including the cost, speed, reliability and eco-friendliness of the fulfillment process.

In this ebook, we explore these questions. We surveyed 3,000 consumers in the U.S., the U.K. and Canada to better understand issues relating to retail fulfillment and delivery trends. Read on to learn what we discovered.

3000

Consumers
Surveyed

Younger Buyers are the Most Critical

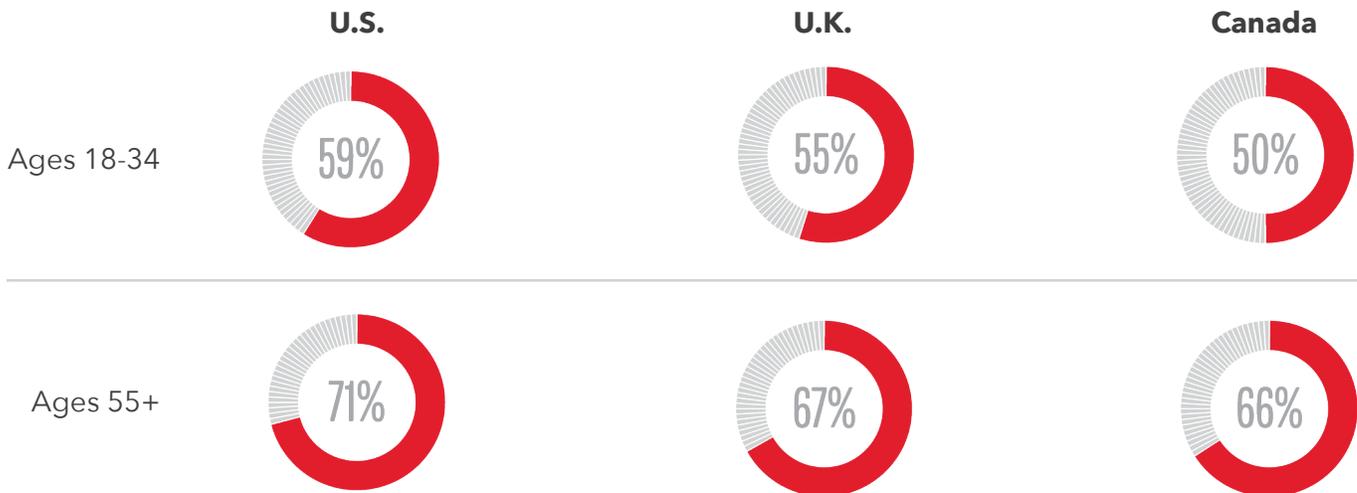
No one would argue that online shopping offers clear and obvious benefits. It's more convenient than a trip to the store and choosing from the vast selection of online offerings gives the consumer more choice than one particular retail store.

But convenience doesn't always translate into a positive experience. In our survey, well over a third of respondents reported at least occasional challenges receiving their online orders. These numbers were high in the U.S. (35.2 percent), and even higher in the U.K. (40.7 percent) and Canada (43.2 percent).



Generally, younger consumers were more critical of delivery and fulfillment orders than their older counterparts. In the U.S., only 59.2 percent of individuals between the ages of 18-34 reported that they receive their orders on time and in perfect condition, while 71.9 percent of those 55 and older expressed satisfaction with the delivery process. This is consistent with survey results in Canada (half of the 18-34's and 65.7 percent of the 55+ group being satisfied) and the U.K. (55 percent for 18-34 vs. 67 percent of 55+).

Orders On Time and in Perfect Condition



The results show that issues with delivery execution - cost, speed, reliability -- are bubbling under the surface. They also likely reveal a pattern where younger consumers, who grew up more willing to engage in ecommerce, have higher expectations for the quality of the delivery experience. These results should send a signal to retailers to optimize their fulfillment and delivery processes to meet the rising demands of today's consumers.

Cost and Speed are Top Concerns

So, why is the younger generation so concerned about online deliveries? The answers are important to retailers whose business vitality will depend on their success catering to a group that defines the future of ecommerce.

The biggest concerns from the youngest and most critical audience (18 to 24 year olds) are with the speed and value that online delivery offers. In the U.S., this Millennial group was especially frustrated with the time it takes to receive their orders (33.5 percent). The group also contended that high costs for standard delivery weren't worth the convenience (20.6 percent) and raised concerns about items getting stolen (12.6 percent).

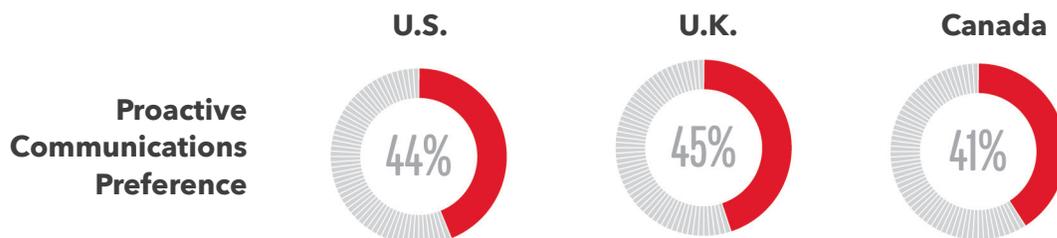


In the U.K. and Canada, 18- to 34-year-old consumers also listed speed and value as their top two criticisms, with Canada coming out especially strong about the length of time it takes to receive orders (56.6 percent). Unlike the U.S., which worried about items getting stolen, British and Canadian counterparts listed products arriving damaged or tampered with as their third-highest concern.

That said, even with expectations growing and concerns rising, respondents of all ages still prefer that their packages get delivered to their doorstep rather than a different location (74.9 percent for U.S., 58.1 percent U.K., 62.3 percent Canada). For those that preferred to receive packages in locations other than their doorstep, respondents in each region listed their office for delivery (with preferences ranging from 11.4 percent in the U.S. to 18.2 percent in the U.K.). In either case, convenience is the key driver.

Delivery Convenience	Doorstep Delivery		Office Delivery	
	U.S.	74.9%	U.S.	11.4%
U.K.	58.1%	U.K.	18.2%	
Canada	62.3%			

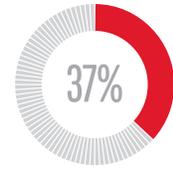
When it comes to delivery communications, consumers want -- and expect -- to be kept in the loop. A near majority expressed a preference for proactive communications for the entire shipping process (44.1 percent for the U.S., 45.6 percent U.K., 41.6 percent Canada). These responses were followed in order by preferences for proactive communications only when a package arrives, only providing the estimated delivery date, and no proactive communications but providing access to get status information at their convenience.



Environmental Friendliness is an Added Bonus

Overall, a majority of consumers prefer to order from retailers that package products in an environmentally friendly manner. Some consider eco-friendliness a top priority. Others prefer to deal with green retailers under certain circumstances. A third group didn't consider the topic a priority at all.

The biggest percentage of respondents (an average of 36.8 percent) across all three locations said they are more likely to order from a retailer if it ships goods in environmentally friendly packaging. Consumers in the U.K. (38.1 percent) and Canada (38.8 percent) came out stronger than their American counterparts (33.5 percent). Another 22 percent said they preferred shopping with eco-friendly retailers - provided it doesn't impact the delivery of the product.



Average no. consumers who prefer environmentally friendly retailers

On the age front, younger Millennials and Baby Boomers - well known for their sense of activism -- showed the highest concern with environmentally friendly packaging. In the U.S., 18 to 34 year olds were most likely to prioritize environmentally friendly retailers (45 percent) while the older group registered highest (42 percent in the U.K.).

Concern With Environmentally Friendly Packaging



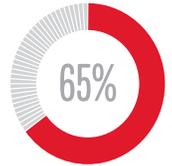
Middle-aged respondents were split between the safe delivery of their packages and skepticism of environmentally focused messaging. In the U.S., nearly half of respondents (44.5 percent) were unconcerned with environmental packaging, and 26.2 percent were only concerned with quick and safe delivery of their packaging.

Automated Delivery Gaining Traction With Younger Consumers

If convenience is king, one would assume that consumers would prefer that a large percentage of their purchases come through automated deliveries. Turns out, that's not exactly the case.

Most respondents said they are uninterested in automated deliveries through subscriptions. More than 65 percent of those surveyed across regions said they prefer to order their products manually.

Prefer to Order Their
Products Manually



A small percentage of Americans (8.7 percent) said they would consider automated delivery if it was based on IoT sensors and other technology based tracking devices, but that percentage sky rocketed among the younger group (18-24) who said they are more willing to consider it (35.2 percent).

Those who would consider automated fulfillment and replenishment said they'd want to limit these types of orders to certain items. In the U.S., non-perishable food (23.2 percent) and household supplies (25.7 percent) were the first choices for automated delivery. Men's and women's preferences were pretty consistent across regions, but they varied when the data was cut by age group. For example, the 18-to-24 group ranked household supplies (41 percent), beauty & wellness products (30.5 percent) and non-perishable food items (28.6 percent), while 35 to 54 year olds prioritized non-perishable food items, household supplies and pet care and foods.

Types of Automated Delivery Items Preferred

All Ages

**Non-Perishable
Food**

23%

**Household
Supplies**

25%

Ages 18-24

**Household
Supplies**

41%

**Beauty and
Wellness**

30%

**Non-Perishable
Food**

28%

Ages 35-54

**Non-Perishable
Food**

26%

**Household
Supplies**

23%

**Pet Care
and Foods**

16%

Pickup in Store is a Growing Option

The process of online ordering, of course, hasn't eliminated the store's role in the retail process. Consumers still enjoy browsing, comparing products side by side and making impulse purchases. And, as it turns out, some still prefer to pick up orders at the store even if they order them online.

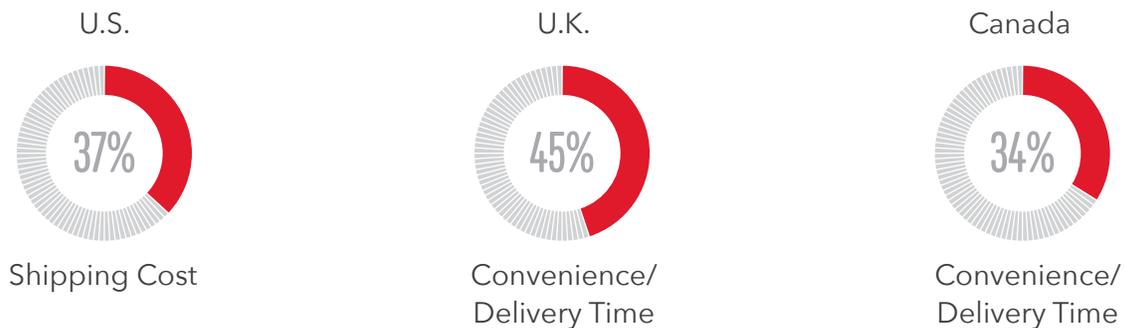
Nearly half of all respondents said they choose to pick up some of their goods ordered online in the store. The numbers were especially high in the U.K. (54 percent), followed by Canada (40.7 percent) and the U.S. (37.7 percent). These are significant numbers of shoppers, further forcing the issue that retailers need to provide in-store pickup as one of their delivery options.

Choose to Pickup In Store



Those that do pick up items in store have different reasons for doing so. In the U.S., the biggest reason was to avoid expensive shipping costs (36.7 percent) followed by matters of convenience/delivery time (29.8 percent). Customers in Canada (34.7 percent) and the U.K. (45 percent) ranked convenience/delivery time first followed by concerns about shipping costs.

Reasons for In Store Pickup



Conclusion

In the coming years, ecommerce retailers will continue to face a steady series of challenges that will test their mettle and define their places on the industry landscape. Competition from existing players, including Amazon and Walmart, will continue to increase, and new rivals will enter the market. Consumer attitudes will shift, forcing retailers to react quickly to keep pace with emerging trends.

Based on the results of our survey, it's clear that convenience will remain a top priority for tomorrow's consumers. They prefer to shop online and across channels, and they place value on a seamless delivery experience. To remain competitive, retailers will need to pay close attention to their fulfillment operations and evolve to meet consumer demands.

Customers are looking for speed and convenience in the fulfillment and delivery process. Retailers need to respond by optimizing processes throughout the whole fulfillment cycle, from the packaging of products to transportation and delivery. They'll need to invest in technologies to drive improvements in warehouse automation, inventory accuracy and other processes in the chain.

While consumers value environmental friendliness, they still want costs to stay low. Implementing process and packaging programs that follow strict environmental standards while also reducing, or at least maintaining costs. Programs include moves to use materials that are easier to handle and eliminate redundant packing supplies -- resulting in faster packing, faster processes, less waste and more efficiency in the supply chain.

Contrary to popular opinion brick-and-mortar store are not obsolete. It's imperative that retailers rethink their storefronts to make "pick-up in-store" options both easy for the customer and help to benefit their bottom line. Retailers can benefit from the preference because it drives foot traffic to their locations, exposes consumers to a wider array of products and helps sell-through of inventories in store.

And though it may take a while, consumers are showing signs that automated replenishment might become more popular in the future. Retailers should prepare for that day - and encourage behavior -- by identifying the goods consumers want delivered regularly, marketing the capability and investing in technologies such as tracking devices.

Retailers have their work cut out for them. But they also have an opportunity to drive change in the industry by committing to excellence in their fulfillment operations.

About Radial

Radial, a bpost company, is the leader in omnichannel commerce technology and operations, enabling brands and retailers to profitably exceed retail customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud detection, payments, and tax systems, and personalized customer care services. Hundreds of retailers and brands confidently partner with Radial to simplify their post-click commerce and improve their customer experiences. Radial brings flexibility and scalability to their supply chains and optimizes how, when and where orders go from desire to delivery. Learn how we work with you at www.radial.com.

This study surveyed 3,000 consumers across the United States, Canada and the United Kingdom. The study was conducted in May 2018.