

# From Purchase to Delivery: Cracking the Code to What Online Shoppers Value Most



With eCommerce sales projected to reach \$530.6 billion by 2020, retailers must continue to evolve to meet heightened customer expectations. Radial surveyed more than 2,000 consumers across the United States and Canada to gather concrete data around consumers' online shopping priorities. The following trends take this data into account, highlighting where opportunities exist and how retailers can execute strategies that will resonate in the ever-changing business of eCommerce.

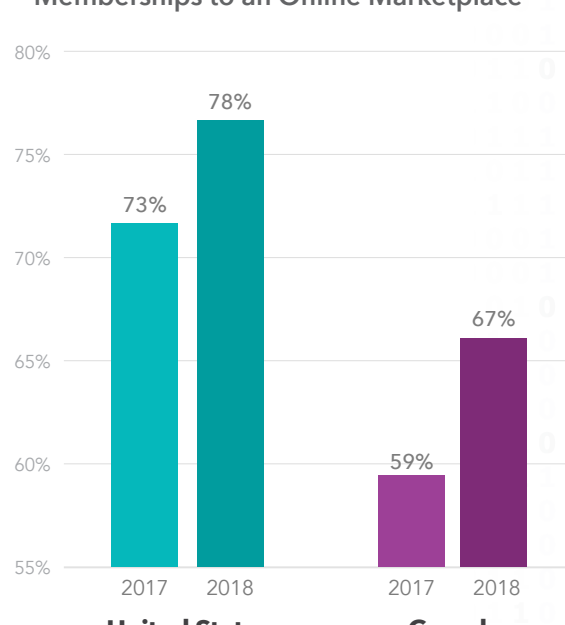
## TREND #1

### More and more consumers are shopping on marketplaces.

Consumers are increasingly turning to marketplaces for their online shopping needs, especially younger shoppers. Online marketplace subscriptions increased in 2018 by 5% in U.S. and 8% in Canada, indicating an even greater preference for quick, seamless, on-demand shopping experiences.

Furthermore, the online marketplace subscriptions among consumers aged 18-24 increased by 10.2% in the U.S. and 16.1% in Canada over the past year.

Percentage of Consumers Holding Memberships to an Online Marketplace



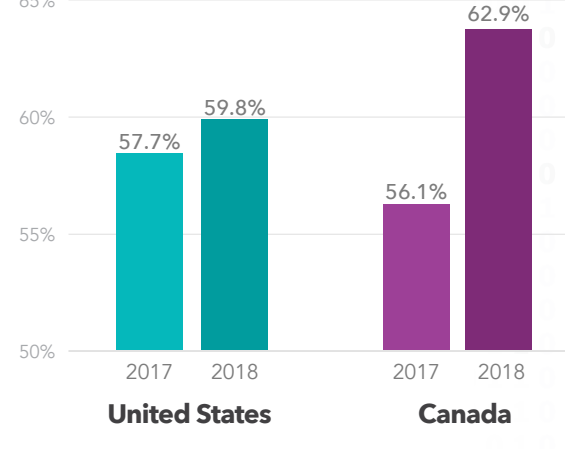
## TREND #2

### Shoppers are spending more online every month.

Not only are more and more consumers turning to the internet for their shopping needs, they're also spending more during these transactions, with the number of U.S. residents and Canadians who reported purchasing at least \$100 of goods per month online rising to 59.8% and 62.9% respectively, up from 57.7% and 56.1%. However, there are significant demographic and geographical differences when it comes to spending big online.

Younger Canadians (aged 18-24) showed the most significant uptick in purchasing (11.5% increase over the previous year). In the U.S. however, older Americans (55 and up) showed the most significant increase, with an additional 6.6% of these shoppers spending more than \$100 online.

Percentage of Consumers Spending More Than \$100 Online Monthly (YoY)

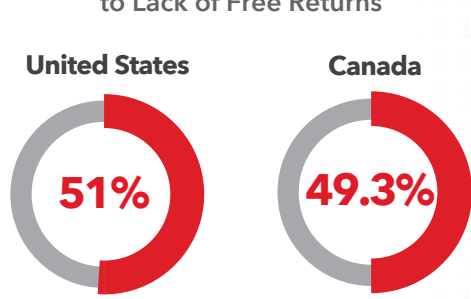


## TREND #3

### Before they make an online purchase, customers demand reassurances on returns.

A total of 51% of U.S. residents and 49.3% of Canadians reported that they will actually refrain from purchasing goods from an online retailer that does not offer free returns. This indicates that brands with a more complicated return policy are essentially forfeiting half of their potential sales at the very outset of the shopping experience.

Sales Lost at Onset Due to Lack of Free Returns



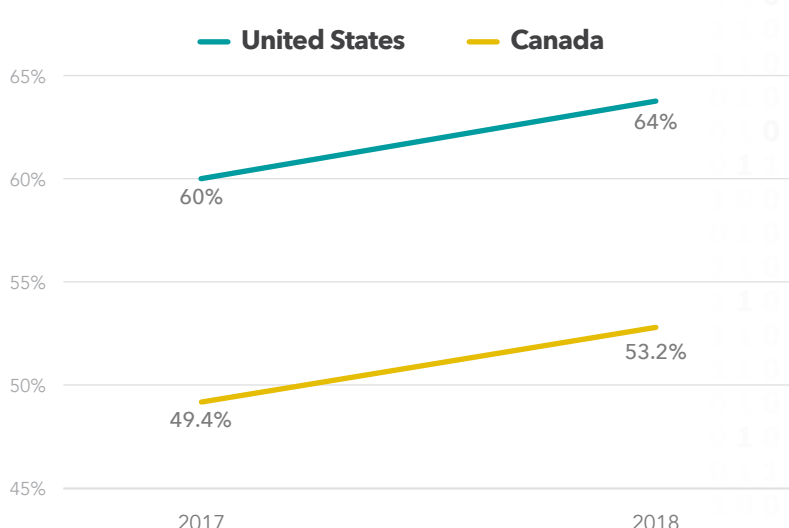
## TREND #4

### Shipping costs can make or break a sale - but consumers still want fast delivery.

Only 24.3% of U.S. residents and 25.5% of Canadians would be willing to pay up to \$10 for the delivery of items they purchased online. What's more, a whopping 64% of U.S. shoppers and 53.2% of consumers from Canada (up from 60% and 49.4% in 2017, respectively) expect FREE delivery for all their online purchases, illustrating that free shipping is becoming a bigger priority.

Radial data shows that older customers are even more demanding. 70.3% of U.S. shoppers (+7.7% YoY) and 62.9% of Canadian shoppers (+6.6% YoY) that are 55 and older expect free deliveries.

Percentage of Consumers Who Expect Free Delivery

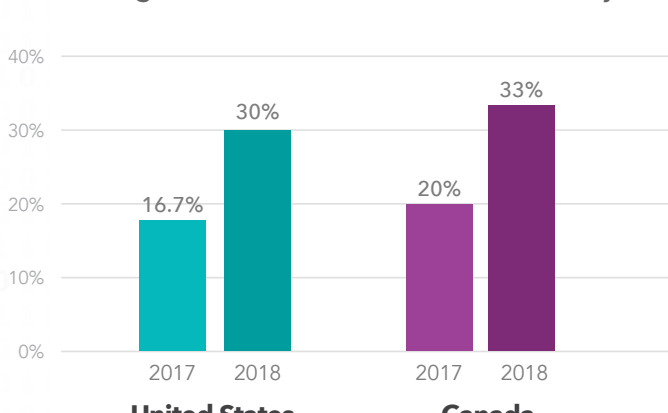


## TREND #5

### Consumer expectations on shipping speed are easing for some products.

In 2017, only 16.7% of U.S. consumers believed that delivery time expectations should vary by the type of purchase, meaning that most thought a couch should be shipped as quickly as a phone charger. Canadian buyers were equally as demanding, with only about 20% accepting differing delivery time based on items purchased. However, in 2018, these numbers shifted significantly, with nearly 30% of U.S. consumers and more than 33% of Canadians agreeing that shipping times could reasonably vary. However, this is not permission to slack off, and retailers should still prioritize fast shipping and aim to deliver goods as quickly as possible to exceed expectations and stay ahead of the competition.

Percentage of Consumers Who Believe Delivery Time Expectations Should Vary by the Type of Purchase



With consideration to these product categories:

- Clothing and Accessories
- Health and Beauty Items
- Groceries and Household Items
- Electronics
- Sporting Goods/Outdoor Equipment
- Jewelry and Luxury Items

For more insight into what online shoppers prioritize, please see Radial's full eBook, **"Cracking the Code: What Online Shoppers Value Most."**

To learn more about how Radial can help your company meet their fulfillment and transportation goals, [click here for our solutions.](#)



# Cracking the Code: What Online Shoppers Value Most



**Radial**  
a bpost company

## Introduction

As anticipated, the retail industry continued to evolve in 2018, with overall sales jumping close to 5%, online marketplaces grabbing a larger slice of the pie, and legacy brick-and-mortar retailers shifting more resources online.

The industry is ripe for even more change in 2019. With eCommerce sales projected to reach \$530.6 billion by 2020, retailers must continue to evolve to meet customer's expectations.

Not only are more consumers purchasing goods online, they're spending more per transaction. According to our research, in 2018, the number of Americans and Canadians who reported purchasing at least \$100 of goods per month online jumped from 57.8 to 59.8 percent and from 56 to 62.9 percent respectively. Based on the estimated populations of both countries, this represents a bare minimum of \$220 million spent online on a monthly basis.

Does your business have what it takes to tap into this growing market? How are you responding to market trends - the growth of marketplaces, the proliferation of free shipping, and demand for frictionless returns - that will affect the distribution of these dollars?

In this eBook, Radial examines the online shopping priorities of more than 2,000 consumers across the United States and Canada. We explore where opportunities exist, where retailers have room for improvement, and how they can execute strategies that are in line with customer expectations in the ever-changing business of commerce.

Read on to learn what we discovered.



# Online Marketplaces Are Gaining Strength





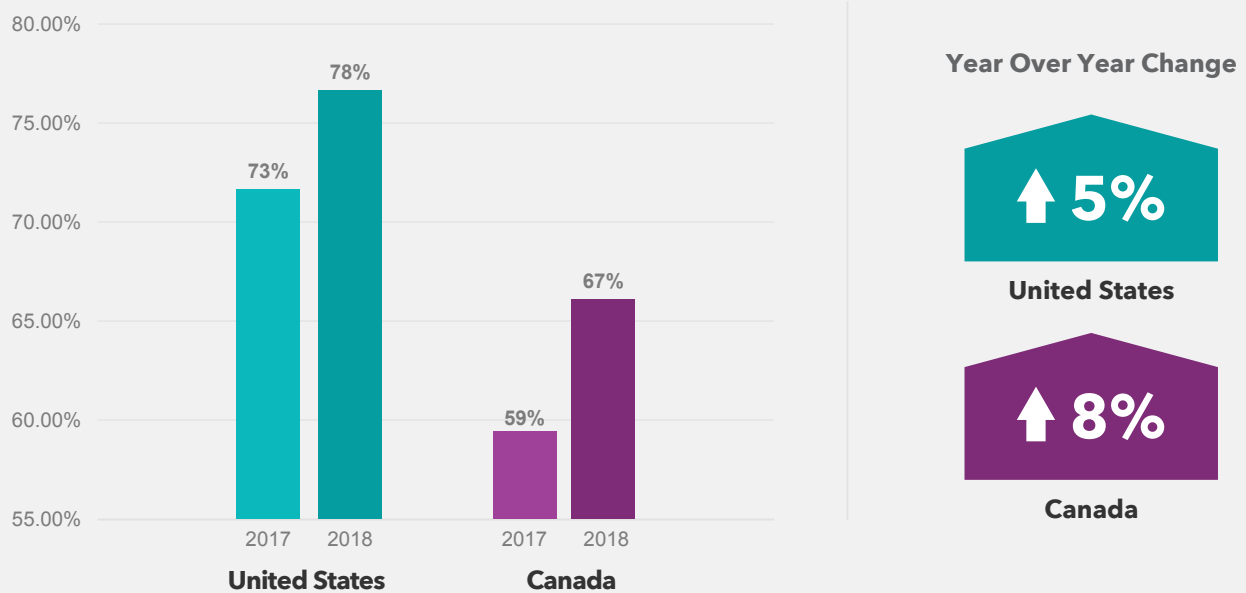
# Online Marketplaces Gaining Strength, Diversifying Across Age Groups

While marketplaces such as Amazon, Alibaba, eBay and Jet have long been popular online destinations, they gained even more clout in 2018. The percentage of consumers holding memberships to an online marketplace increased in 2018 to 78% of Americans (up from 73%) and 67% of Canadians (up from 59%), indicating an even greater preference for extensive product variation, price comparisons, and flexible payment processes.

These marketplaces are popular among shoppers of all ages. Radial research showed American millennials, baby boomers, Xennials, and generation X all make up roughly the same percentage of total subscribers (18.1 to 20.5%), reflecting the broad-based appeal of these platforms. The same holds true for Canadian consumers, with memberships relatively evenly split between age groups.

Legacy retailers have noticed the trend, and they want in. Toward the end of 2018, Lululemon and CVS both added loyalty programs, taking a page out of the Amazon Prime playbook. Other retailers, like Best Buy and DSW, are experimenting with subscription-based services, hoping to turn browsers into loyal, repeat buyers. In 2019, we expect membership-based programs to continue to expand, encouraging retailers to consider similar offerings and award loyalty.

**Percentage of Consumers Holding Memberships to an Online Marketplace**



# Consumer Shipping Expectations Shift Year Over Year



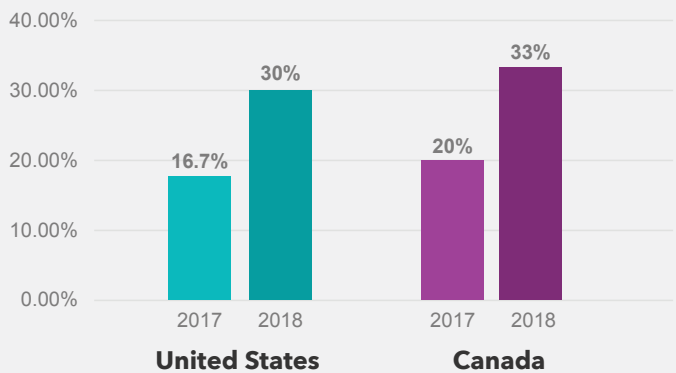


# Consumers Easing Up on Delivery Speed Expectations

As a general rule, consumers want what they want, when they want it. But this year, we've seen a shift in expectations with regard to shipping various items – and believe it or not, consumers are actually becoming more flexible. In 2017, only 16.7% of U.S. consumers believed that delivery time expectations should vary by the type of purchase, meaning that the vast majority thought a couch should be shipped as quickly as a phone charger. Canadian buyers were equally as demanding, with only about 20% accepting differing delivery time based on items purchased. However, in 2018, these numbers shifted significantly, with nearly 30% of U.S. consumers and more than 33% of Canadians agreeing that shipping times could reasonably vary based on what product is being shipped.

While the majority still expect a universal shipping speed, this is an indication that consumer expectations are shifting. However, this is not permission to slack off. Retailers should still prioritize fast shipping and aim to deliver goods as quickly as is reasonable possible to exceed expectations and stay ahead of the competition.

**Percentage of Consumers Who Believe Delivery Time Expectations Should Vary by the Type of Purchase**



With consideration to these product categories:

-  Clothing and Accessories
-  Health and Beauty Items
-  Groceries and Household Items
-  Electronics
-  Sporting Goods/Outdoor Equipment
-  Jewelry and Luxury Items

## Make Shipping Free - Or, At Least, Cheap

While consumers are expressing more flexibility in the delivery of specialty or bulk items, expectations regarding shipping costs are higher than ever. Overall, 35.1% of Americans and 19% of Canadians expect their goods to arrive in two days or less, indicating that the price of this convenience is something many are not willing to pay. In fact, only 24.3% of Americans and 25.5% of Canadians would be willing to pay up to \$10 for delivery, and a whopping 64% of U.S. shoppers and 53.2% of consumers from the Great White North expect FREE delivery for all their online purchases. These stats combined show that free shipping is a much higher priority.

Retailers are reacting to this trend. Free shipping is becoming more and more popular, and this holiday season free shipping offers proliferated to the point of practically being “table stakes.” Amazon set the pace with free shipping both ways for Prime customers, and Target joined the movement with free two-day shipping for holiday purchases.

Obviously, all consumers want their goods as fast as possible at the lowest price possible, but knowing what consumers prefer is key to prioritizing certain aspects of service.

# Eliminate Roadblocks to Drive Conversions





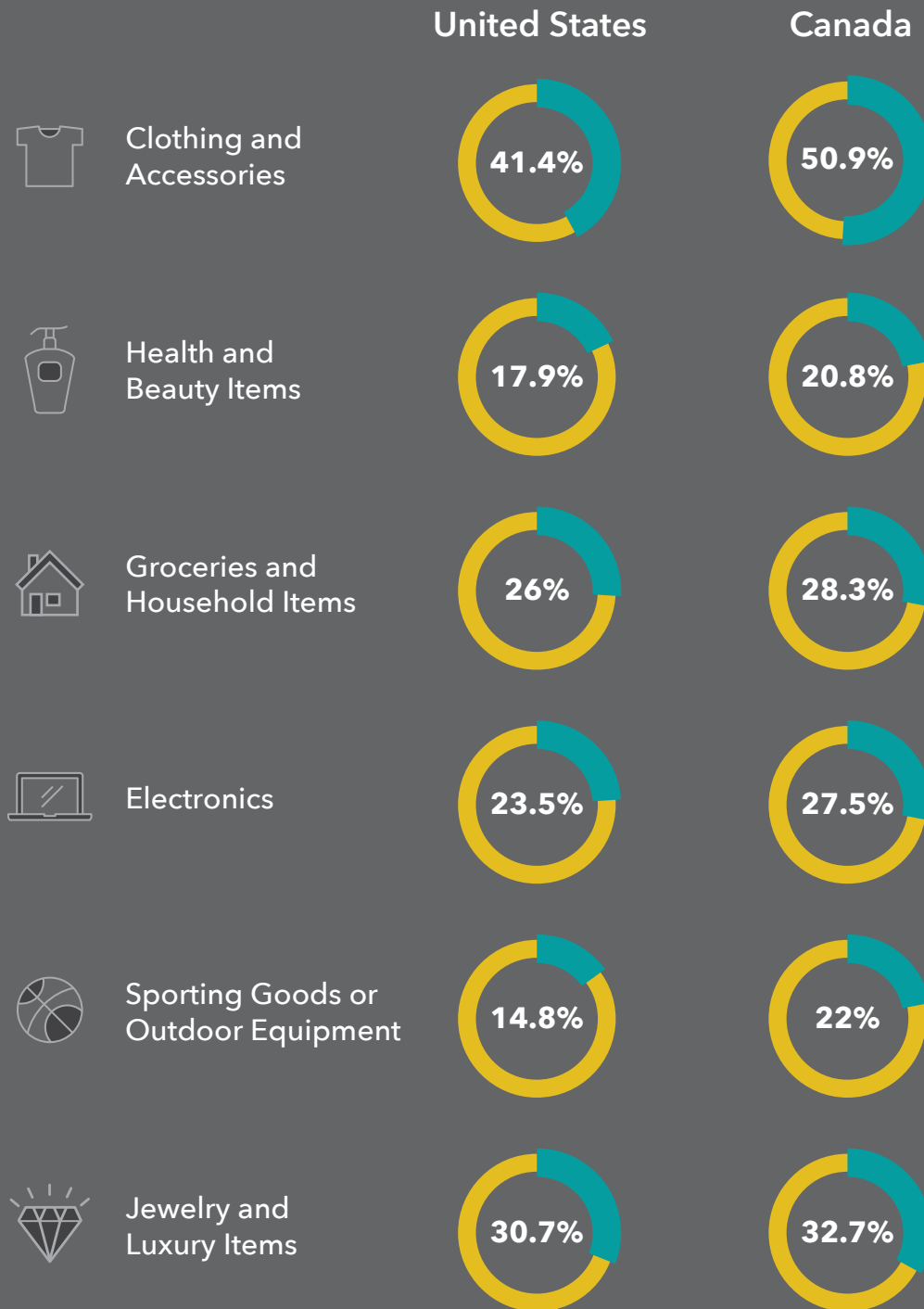
## Get It Right The First Time

As a universal rule, nobody who shops online wants to go through the hassle of making a return. That being said, some retailers are under greater pressure than others. Our data shows that consumers are much more apprehensive about returning certain types of items. For instance, clothing and accessories are shown to be the biggest segment that consumers are hesitant to buy, with 41.4% of Americans and 50.9% of Canadians purchasing these items less often in anticipation of returns. Jewelry and luxury items are second on the list for both sets of respondents as well, with 30.7% of Americans and 32.7% of Canadians opting out of buying such items online. On the flip side, consumers are far less worried about returns in other segments such as sporting goods and outdoor equipment (14.8% of Americans and 22% of Canadians) and health and beauty items (17.9% of Americans and 20.8% of Canadians). For retailers specializing in product lines where there is a greater degree of apprehension, the need to create a hassle free return and seamless experience during every transaction is more acute than ever, as consumers are already on the fence when it comes to purchasing.

Retailers in these segments need to focus squarely on ensuring customers are happy on their first try and if not that there are easy options to return or exchange products. A happy customer is a repeat customer, and with trepidation high, a single incorrectly processed item could mean a lifetime of lost purchases.

# Return Options Matter, and Even More So For Particular Product Lines

Percentage of Consumers Who Are Apprehensive of Buying Certain Products Due to Returns





## Take the Friction Out of the Return Process

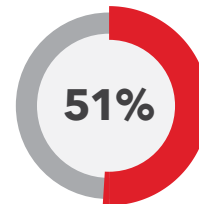
While the goal of any transaction is to get it right the first time and leave your customer feeling pleased with their order, an unfortunate reality of sales is that not every customer will be satisfied. Goods will be returned regardless, whether it be size, style, fit, etc. A small percentage of customers return items simply because they reconsidered their decisions. A larger percentage - half of Americans, according to a study by BodyBlock AI - expect to return clothes ordered online due to poor fit.

The key to retaining brand loyalty and creating a positive shopping experience is to make the returns process as easy as possible. However, many retailers have yet to optimize this aspect. As a result they lose credibility and miss out on sizable chunks of revenue.

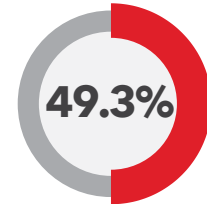
Believe it or not, the Radial data shows that ease of return is actually top of mind before a customer even makes a purchase. A total of 51% of Americans and 49.3% of Canadians will actually refrain from purchasing goods from an online retailer that does not offer free returns. This means brands that don't offer this service can lose half of their prospective customers before the real shopping experience starts. In today's market, where customer acquisition is both challenging and costly, having half the market ignore your brand on principle can be catastrophic.

**Percentage of consumers who would refrain from purchasing if an online retailer did not offer free returns**

**United States**



**Canada**



While managing the cost of returns is critical, it's also increasingly important to offer consumers multiple options for returns. For both Americans and Canadians, using pre-paid return labels and packaging is the favored method for sending back goods (51% and 39.4%, respectively). However, just because this is the most preferred method doesn't mean you should neglect those who favor an alternate route. About a quarter of American (24.6%) and Canadian (25.4%) shoppers prefer to manage their returns online and ship items back on their own, and another relatively large portion of consumers (15.5% of Americans and 20.7% of Canadians) prefer to return their items to a store location. Customers inherently value different things, and in order to make the process as seamless as possible, you need to offer a number of options that allow them to craft their own experience.

Returns can be challenging for consumers regardless of how easy you attempt to make the process, and it's important that as a retailer, you're constantly looking for ways to improve your offerings. Knowing consumers' pain points is critical. For instance, about half of consumers (49.1% of Americans and 50.9% of Canadians) have trouble physically shipping their returns; coupled with the fact that 75.6% of Americans and 64.8% of Canadians prefer shipping packages back as opposed to returning items to a physical store, this is a huge cause of concern.





Know Your Audience



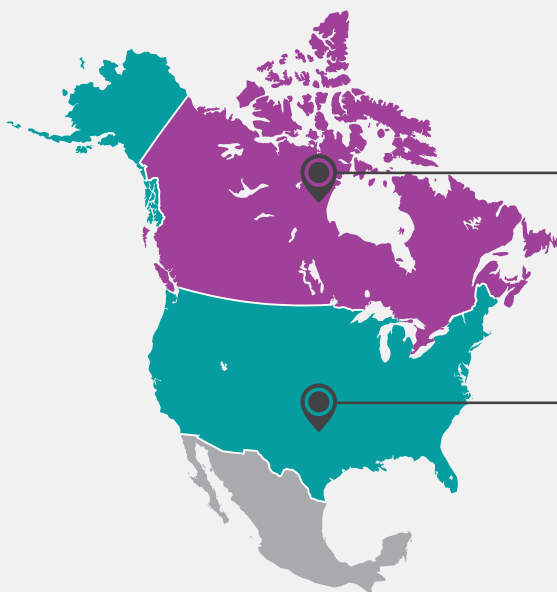


## Pain Points Vary By Region

While a frictionless experience is a must, regardless of the buyer, it's critical that retailers understand and address pain points for consumers that can vary significantly by region. For example, when it comes to speed, American shoppers have higher expectations, with 35.1% expecting two-day-or-less shipping, compared to only 19% of their Canadian counterparts.

Similarly, survey results revealed that Americans are more comfortable than Canadians making returns through online channels as opposed to physical locations. In fact, 37.2% of Canadians reported that having no physical location to return a product would impact their likelihood to make the purchase as opposed to only 28.2% of Americans. On a similar note, while it's still the most preferred method for both countries, Americans are much more comfortable using pre-paid return labels and packaging for returns than Canadians, with 51% of U.S. customers favoring the method compared to 39.4% of Canadians.

### Consumer Preferences and Pain Points Vary By Region



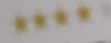
**37.2% of Canadians** reported that **having no physical location to return a product would impact their likelihood to make the purchase** as opposed to only 28.2% of Americans.

**American shoppers** have higher expectations, with **35.1% expecting two-day-or-less shipping**, compared to only 19% of their Canadian counterparts.

The one-size-fits-all approach has quickly fallen by the wayside, and moving into 2019 the retailers who succeed will be the ones who know their audience and cater to their desires. Understanding which customers prefer which methods of buying, receiving and returning goods will ensure repeat purchases and happy consumers who trust and value their shopping experience.

### BLUE NAVY JEANS

\$49



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# Conclusion





## **Lessons Learned And Emerging Opportunities**

As eCommerce grows, it will continue to exert more influence on consumer attitudes and purchasing patterns. Retailers are working to leverage the impact of eCommerce, and they will need to make more moves in this direction in 2019.

Online marketplaces are tapping into a growing preference for convenience, offering busy shoppers low prices, broad product assortment, and seamless user experiences. Retailers need to meet the challenge head on.

Customers still want fast deliveries, but they're becoming more reasonable in their expectations that certain orders will take longer than others. This is good news for retailers whose futures will depend on successfully positioning themselves as capable suppliers in an on-demand world. It may give them time to adapt. But they can't take their feet off the gas, or consumers will shift to competitors that are ready to deliver.

Consumers clearly are price conscious when it comes to shipping, and, if they have a choice, more often than not, they will opt for the free option. Retailers that understand their customers' delivery preferences and leverage their network to deliver fast will have a leg up on the competition.

Returns are inevitable, and retailers will continue to face challenges managing them and shouldering the costs. This is a situation where retailers need to play the long game, sacrificing some upfront costs to ensure they offer customers the delivery options and the user experience to encourage them to buy and keep buying.

Based on the survey findings, consumers are cost-conscious and focused on buying from online retailers that offer their preferred options. Retailers who recognize this and are willing to meet consumers on their turf will position themselves for success in 2019 and beyond.

## About Radial

Radial Inc., a bpost group 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](http://www.radial.com).

### Want to learn more about Radial's commerce solutions?

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