CREATE QUALITY TO BEAT UNCERTAINTY:

TOP RETAIL AND CONSUMER TRENDS IN 2025

Radial's Research Identifies Key Trends
Amid Ongoing Uncertainty

Radial
powering bpostgroup

2025 IS A YEAR OF CHANGES

Change defined the beginning of 2025. And that uncertainty led to anxiety across both business leaders and consumers. They faced tariff questions and economic uncertainty, as well as shifts in consumer expectations across demographics. Modern brands need to quickly assess and navigate these changes to meet customers' needs and beat the competition.

With that in mind, Radial launched a series of surveys to better understand the changing landscape of 2025—and how it will affect both brands and consumers moving forward.

RADIAL'S Q1 2025 RESEARCH

Radial launched a series of surveys designed to understand what modern businesses and consumers were navigating in the first quarter of 2025. The results illuminate both retailer challenges and consumer expectations. Ultimately, Radial's research can equip modern brands to navigate uncertainty by focusing on quality products and great fulfillment.

INTRODUCING THE SURVEYS

- **Radial Retailer Survey – March 2025**
  Radial surveyed 200 modern retailers in March 2025 on key logistics trends and strategies.
- **Radial Consumer Survey – March 2025**
  Radial surveyed 1000 consumers in March 2025 on how they evaluate and select direct-to-consumer (DTC) and modern brands.

Unless otherwise cited, the data and charts in this report came from the two March 2025 Radial surveys listed above. The report also references previous insights Radial produced where cited. Learn more by reading on or visit us at **Radial.com/insights**.

RETAILERS FACE FULFILLMENT CHALLENGES

When Radial launched a retailer survey in March 2025, we discovered one overarching theme: growing and scaling is hard to do.

- **47%** of all respondents cited the ability to manage growth and scale with their existing fulfillment strategy as a significant challenge. And **54%** of small businesses (where revenue equals $35M to $50M) cite this as their primary challenge.
- **44%** noted their limited ability to add new channels and capabilities as a primary challenge.
- **40%** face technology issues, where a lackluster fulfillment tech stack stymies them from executing their growth strategy.
- **51%** of respondents note that chargeback fraud is their biggest fraud related challenge, while **43%** struggle with returns policy abuse.

But modern brands can’t let these challenges stop them. And the first step may be to reassess how they are managing their fulfillment today.

47%

of respondents cited the ability to manage growth and scale with their existing fulfillment strategy as a significant challenge.

THE LIMITS OF IN-HOUSE FULFILLMENT

At a certain point in their growth journey, modern brands must reassess their fulfillment strategies to grow and scale effectively. But many still struggle to manage fulfillment in-house, despite operational challenges. In fact, **64%** of modern brands rely on in-house fulfillment solutions with either multiple (**70%**) or single (**59%**) facilities for at least some of their fulfillment needs. Only about **40%** or less rely on outsourcing to manage some or all of their fulfillment needs.

In-house fulfillment can work for emerging brands but creates challenges as these brands grow and operations become more complex.

The Drawbacks of In-House Fulfillment

- Highly resource intensive.
- Requires capital to scale effectively.
- Distracts brands from focusing on core competencies like operational strategy and product development.
- Creates fulfillment challenges as brands evolve to meet customers’ high expectations.

76%

of organizations with $150M-$200M in revenues outsource some or all of their fulfillment.

THE TREND TOWARD OUTSOURCED FULFILLMENT

As brands grow, rising operational complexity means they often seek a third-party logistics (3PL) partner. Though it varies somewhat by revenue size, more than half of all surveyed brands commonly outsource fulfillment once they grow to $50M+ in revenue.

» **57%** of organizations with $50-$100M in revenues outsource some or all of their fulfillment.

» **72%** of organizations with $100-$150M in revenues outsource some or all of their fulfillment.

» **76%** of organizations with $150M-$200M in revenues outsource some or all of their fulfillment.

But this comes with challenges.

WHAT ARE THE BIGGEST CHALLENGES YOU HAVE WITH YOUR CURRENT FULFILLMENT OPERATION?

Response	TOTAL	$35.1M TO < $50M	$50.1M TO < $100M	$100.1M TO < $150M	$150.1M TO < $200M
Ability to manage growth and scale	47	54	43	44	45
Limited ability to add new channels and capabilities	44	50	45	32	49
Difficult to use /inflexible technology	40	50	35	32	41
High costs, inability to manage B2B orders / requirements	33	22	35	42	33
Lack of operational reliability, poor peak management	19	14	24	18	20
Lack of AI integration	12	8	12	20	6
Environmental concerns/ sustainability	7	2	6	12	12

Small brands tend to have more issues with growing pains, like managing growth and scale combined with their own tech stack limitations. But as brands grow, challenges shift. Larger brands still deal with growth challenges, channel limitations, and inflexible technology, but they also begin to face higher costs and complexity for B2B orders, as well as dealing with more issues during peak.

To grow and scale effectively, modern brands can develop a partnership ecosystem designed to support their entire supply chain and industry-specific needs. They also need to assess partners for the right balance of technology, scalability, and operational expertise necessary to solve their specific fulfillment challenges.

TRANSPORTATION CHALLENGES EVOLVE AS BRANDS GROW

Brands of all sizes face transportation challenges—but our research shows they face them in distinct ways.

WHAT ARE YOUR BIGGEST TRANSPORTATION CHALLENGES?

Challenge	TOTAL	$35M TO $50M	$50M TO $100M	$100M TO $150M	$150M TO $200M
Slow time in transit	52	64	55	42	47
Unexpected additional charges	45	44	49	32	53
High base costs	42	58	43	24	41
Inaccurate Estimated Delivery Dates	39	36	33	52	35
Options to balance speed and cost	26	18	14	32	37
Lack of specific Estimated Delivery Dates	24	26	29	16	24
Lack of sophisticated rate shopping options	15	8	10	12	27
Poor multicarrier tracking	1	10	12	14	6
Sustainability compliance issues	5	2	4	6	6

64%

of brands with revenues between $35M-$50M struggle with slow transit times.

SMALLER BRANDS STRUGGLE WITH THE FUNDAMENTALS

Smaller brands face fundamental transportation challenges. And they are challenge that could cost them customers. The first challenge: slow time in transit. Shoppers expect fast shipping. Per Radial research, **29%** of shoppers expect 2–3-day shipping, and **45%** expect 3–5-day shipping.[1] But **64%** of brands with revenues between $35M-$50M struggle with slow transit times. Over half of brands between $50M-$100M also see slow transit times as the number one transportation issue. Slow transit times means that these brands are forced to either offer slower delivery options or run the risk of missing their delivery promises. They can't meet customers' delivery expectations. This means they can't meet customers' delivery expectations.

Smaller brands face another challenge: high base transportation costs. **58%** of smaller brands face higher base costs. They may incur them because smaller brands can't achieve the carrier discounts larger brands receive. They simply lack the volume necessary to reach higher level carrier discount tiers.

LARGER BRANDS FACE TRANSPORTATION OPTIMIZATION CHALLENGES

While unexpected additional charges affected **45%** of all respondents, it is felt acutely by larger brands at **53%**. Larger retailers also struggle to balance speed and cost (**37%**), and they often miss sophisticated rate shopping options (**27%**). These challenges may occur in part because these larger brands work with multiple carriers—something that is both resource intensive and complex. There are often paths forward to optimize transportation costs through industry partners known for their transportation solutions.

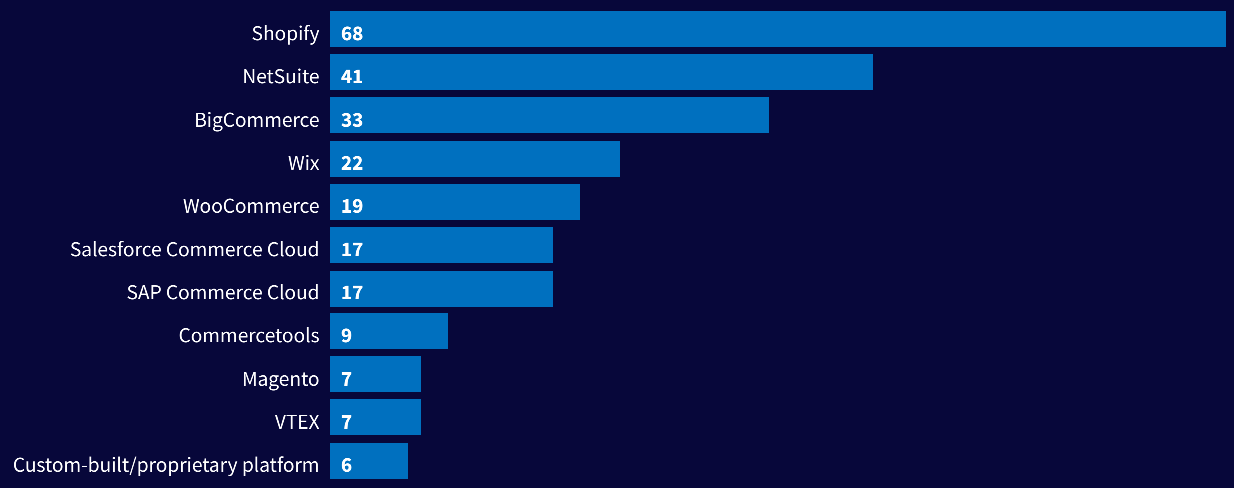
RETAILER PLATFORM AND CHANNEL TRENDS

As modern brands grow, they often seek new platforms and channels in which to connect with customers and make sales. Radial focused on key trends surrounding platform and channel expansion in 2025. We noted that **44%** of modern brands report their limited ability to add new channels and capabilities as a primary challenge, but many continue to optimize their platform and channel mix to drive scalable long-term growth.

THE TOP ECOMMERCE PLATFORMS, AND WHY THEY MATTER

As brands grow, they seek eCommerce platforms to optimize operations, connect them with relevant channels, and improve their customers' experiences. Per Radial's retailer survey, there are clear front runners:

WHAT PLATFORMS DO YOU USE TO MANAGE YOUR ECOMMERCE BUSINESS?



» **68%** of surveyed brands choose Shopify to manage their eCommerce business. While Shopify is the clear front-runner across brands of all sizes, it is selected by **74%** of small brands ($35M-$50M).

» Brands also choose NetSuite (**41%**) which includes both an ERP and CRM, and **51%** of large brands ($150M-$200M) prefer it.

» **One third** of brands work with Bigcommerce's platform, which is less app dependent.

Larger brands choose NetSuite and BigCommerce because their needs change as they scale. As another example, while Salesforce Commerce Cloud or SAP Commerce Cloud are not in the top five platforms among surveyed retailers, they are more often selected by large businesses requiring different functionality from their eCommerce platforms.

BRANDS EXPAND CHANNELS INTO DTC AND MARKETPLACES

Brands start by selling through their own websites, with **72%** of respondents indicating their website serves as their primary channel. This breaks down interestingly by industry:

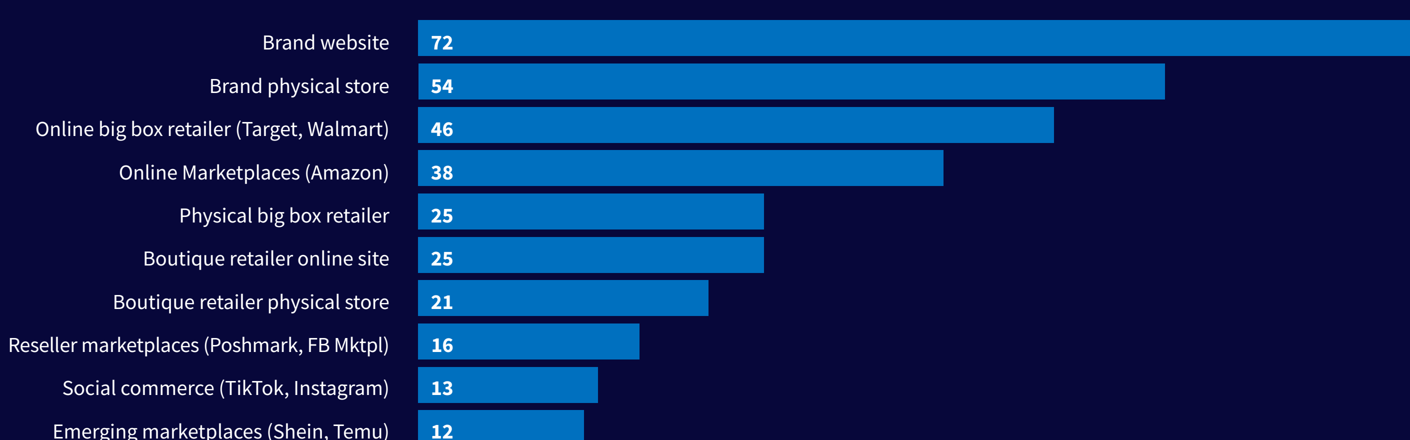
- **89%** of home furnishing brands sell primarily via their own websites.
- **81%** of apparel companies sell primarily via their own websites.
- **69%** of sporting goods brands sell primarily via their own websites. The difference between it and home furnishing and apparel may be linked to consumers' desire to shop in stores.

These category retailers establish their brand identity and promise via an owned customer experience before venturing on to new channels and selling models. Brands do seek to add new channels to expand customer bases, improve cost savings, and expand fulfillment capacity, however. This most often means working with online big box retailers or marketplaces first.

89%

of home furnishing brands sell primarily via their own websites.

WHAT RETAIL CHANNELS DO YOU SELL ON?



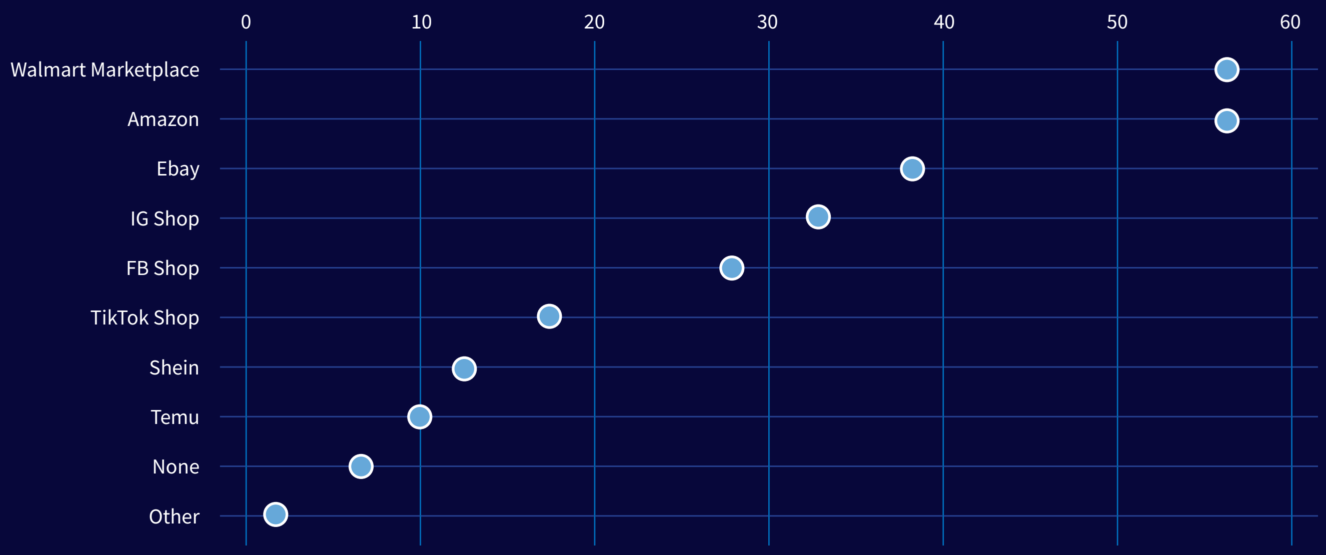
WALMART AND AMAZON MARKETPLACES TIE FOR BRANDS, BUT THERE'S A CATCH

Retailers are clear when it comes to which marketplaces they plan to add. Walmart and Amazon tied at **56%**. This makes sense: Large online marketplaces provide opportunities for modern brands to reach large audiences, and there is a trend of brands moving toward marketplaces as they grow in revenue size.

But there's a catch: Walmart and Amazon are also marketplaces brands considered shifting away from—at **49%** and **47%** respectively. While brands can grow by moving to where customers shop, many retailers are managing a balancing act. They discover new customers in large, well-established marketplaces, but they simultaneously deal with the stringent requirements and high fees often associated with these marketplaces.

We noted that smaller brands are beginning to consider Walmart's marketplace. Walmart leverages a rigorous onboarding process, but there is currently less competition in the marketplace than Amazon, driving up visibility with customers.

WHAT CHANNELS, IF ANY, ARE YOU PLANNING ON ADDING THIS YEAR?

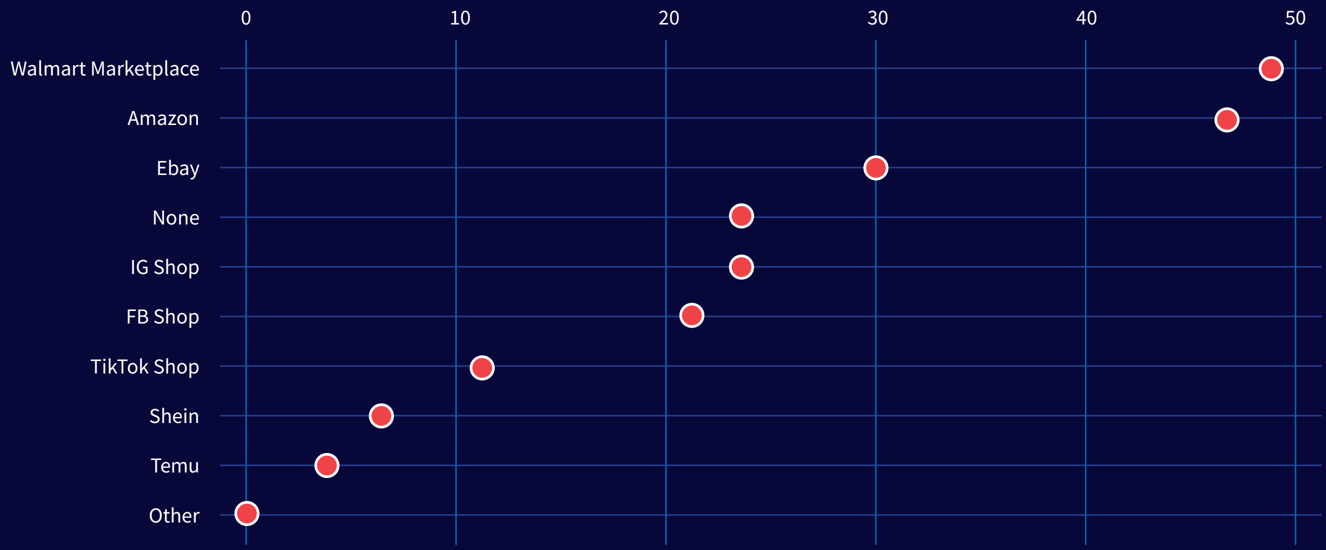


WHERE EMERGING CHANNELS FIT IN 2025

Brands are interested in newer, emerging channels—like TikTok Shop, Temu, and Shein. But in 2025, they are not prioritizing them as highly versus more established channels. Small brands (with revenues between $35M-$50M) are specifically deprioritizing emerging channels, with just **14%** selling on TikTok and **4%** selling on Shein and Temu. They show similar levels of interest in adding these channels in the future. These brands instead focus on large channels like Amazon and Walmart, where they have access to more customers.

Larger brands (with revenues between $100M-$200M) take more interest in emerging channels. More than **20%** show interest in TikTok and **14%** in Temu. Many of these larger brands already have a presence in more established marketplaces, and they are likely looking for new ways to grow.

WHAT CHANNELS, IF ANY, ARE YOU PLANNING ON PULLING BACK FROM THIS YEAR?



WHAT RETURNS MANAGEMENT LOOKS LIKE FOR MODERN BRANDS

Consumers Buy Expecting to Make Returns

According to an August 2024 Radial research study, **61%** percent of consumers returned at least one online order in the last year. Forty-three percent returned up to 5 orders.[2] Of those, apparel, shoes, and accessories are returned more often than any other products, with 64% of consumers making returns in at least one of those categories. In some categories, shoppers buy already planning to make returns. Retail Dive found that **87%** of consumers purposefully order extra apparel items to try on at home.[3] They then return what they do not want. Retailers call this trend "bracketing."

Bracketing is when a shopper buys multiple sizes, colors, or styles of a product with the intent to return most of the purchased items. For retailers, this means that margin calculations, inventory management, and operations workflows become more unpredictable.

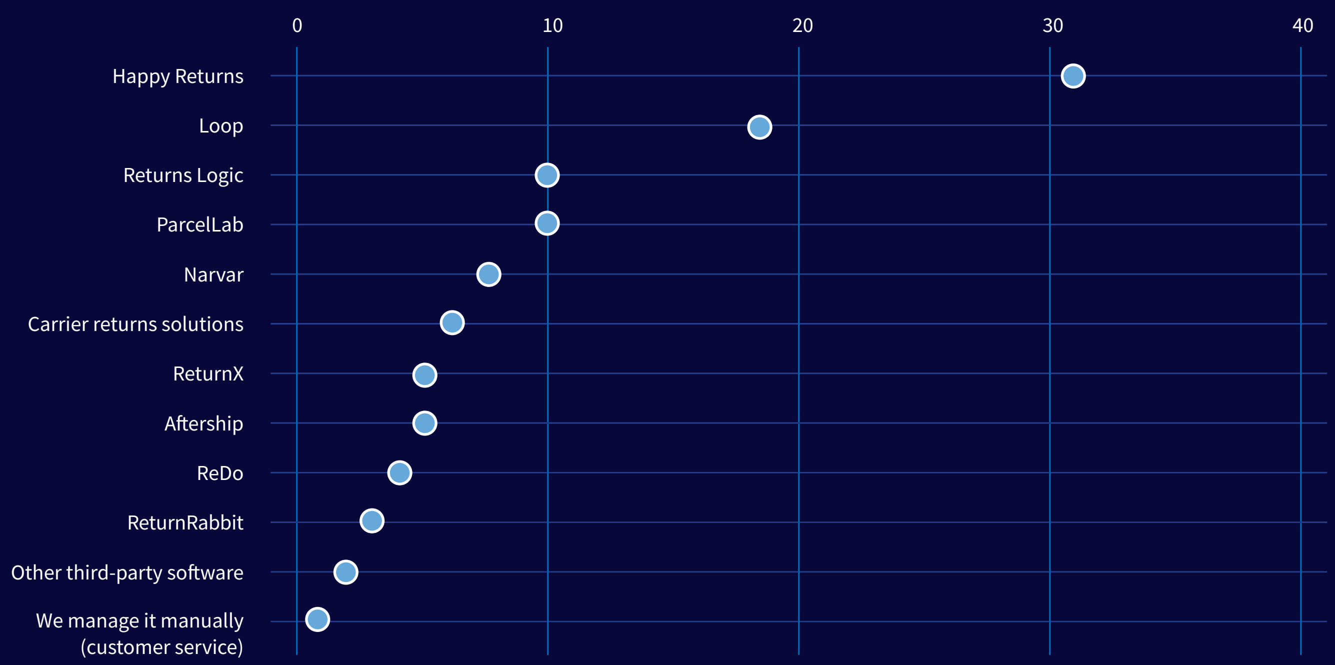
Shoppers Expect Great Returns from Modern Brands

Shoppers expect a seamless returns process—from refund through to returns drop-off or shipping. If the returns process creates friction for customers, they will notice and respond. Per Radial's research, refund processing was the top consumer complaint.[4] Packing items for return shipping was also a common issue, particularly for online apparel orders. Eighteen percent of consumers experienced issues with return packaging or labels and **16%** struggled to find return instructions.

Modern Brands Primarily Work with Happy Returns

Modern brands seek to optimize the returns management process and meet customer expectations by working with a third-party partner. In fact, nearly one third of brands use Happy Returns to support their returns management processes. A further 18% work with Loop, with **26%** of small brands ($35M-$50M) choosing it. Only **1%** of surveyed brands manage their returns manually.

WHAT IS YOUR PRIMARY RETURNS MANAGEMENT TECHNOLOGY?



CONSUMERS HAVE HIGH EXPECTATIONS FOR MODERN BRANDS

To win customers amid uncertainty, modern brands must first ask: What do consumers really want? Per Radial's research, the answer centers on quality. But this quality has two elements—and modern brands need to achieve both to win long-term loyalty.

QUALITY PRODUCTS WIN CUSTOMERS

Per Radial's March 2025 consumer survey, **32%** of consumers say product quality is the top reason they choose to buy from a brand, and **29%** are motivated by access to unique products they can't find anywhere else. Sixty-two percent of consumers say that declining product quality will cause them to lose trust in a brand. This mirrors similar trends Radial uncovered in the home furnishings and sporting goods industries.[5]

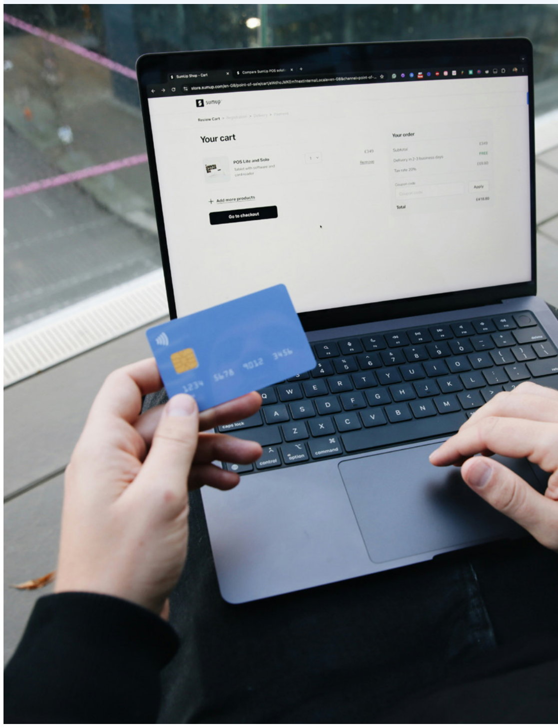
Quality provides the initial reason consumers buy from a brand. But today, that's no longer enough to earn customers' loyalty. They want more.

QUALITY FULFILLMENT KEEPS CUSTOMERS

Products alone can't make customers loyal - they must be matched with exceptional operational performance According to Radial's survey, **72%** of consumers say shipping speed and reliability are the most important factors in deciding whether to buy from a brand. Product availability (**66%**) and easy/free returns (**63%**) rank even higher than values like brand identity or personalization. While brand values resonate with **38%** of shoppers, and personalized recommendations with **25%**, the data shows that it's the full order experience—from shopping cart to delivery—that drives conversions and long-term loyalty. For modern retailers, branding drives interest, but great fulfillment builds trust.

32%

of consumers say product quality is the top reason they choose to buy from a brand.



QUALITY FULFILLMENT IS A COMPETITIVE ADVANTAGE

Nearly **40%**

of consumers stopped buying from a brand they liked because the brand couldn't keep up with demand.

At a certain point in their growth journey, modern brands must reassess their fulfillment strategies to determine how best to scale. We already unpacked retailers' challenges when it comes to growing and scaling. And **70%** of brands still rely on in-house fulfillment. In-house fulfillment often works for emerging brands but creates challenges as these brands grow and operations become more complex. Worse, it also causes modern brands to lose customers.

Nearly **40%** of consumers stopped buying from a brand they liked because the brand couldn't keep up with demand. Delayed or canceled orders (**29%**), unexpected shipping costs (**30%**), and difficult returns (**24%**) create a customer experience that contradicts the polished image many of these brands present. It breaks the fulfillment promise shoppers expect when they order.

Younger shoppers are particularly unforgiving. Gen Z (**35%**) and Millennials (**33%**) report the highest frustration with delays and lack of communication, reflecting expectations shaped by Amazon-era convenience. Baby Boomers, on the other hand, are more sensitive to price-related friction, with **33%** abandoning carts due to high shipping costs.

HAVE YOU EXPERIENCED ANY OF THE FOLLOWING ISSUES WHEN BUYING FROM A MODERN BRAND?

Issue	TOTAL	BOOMERS	GEN X	MILLENNIALS	GEN Z
Unexpected or high shipping costs	30	33	29	29	29
Delayed or cancelled orders	29	24	31	29	35
Product quality issues	24	22	27	24	25
Difficult return processes	24	26	25	24	19
Poor customer service	23	17	22	27	27
Poor communication	23	18	21	24	33
Limited payment options	17	13	17	19	19
Lack of trust in the brand	17	13	18	21	12

The next chapter for brands isn't about reinvention—it's about reinforcement. As brands mature, they need logistics infrastructure that matches the pace of their growth.

Radial's survey data illuminates the challenges and opportunities ahead for modern brands. Change presents challenges, but brands can maximize their success with the right strategies. They can develop strategies focused on positioning products in the right channels, with seamless fulfillment and distribution. The result: Brands can meet their customers' expectations, create long-term trust, and elevate their products in highly competitive markets.

THE RADIAL DIFFERENCE: DRIVE QUALITY FULFILLMENT WITH RADIAL FAST TRACK

The evolution of DTC requires a new kind of infrastructure—one that matches the changing needs of the brand while providing the reliability of enterprise-grade operations. Radial has the solution: **Radial Fast Track**. Radial Fast Track provides scalable, cost-effective fulfillment for modern brands, without upfront costs or long-term contracts.

Radial Fast Track can help modern brands solve fulfillment bottlenecks and provide fast, reliable, and cost-effective fulfillment to customers:

» **Transition from in-house fulfillment to outsourced fulfillment:** Onboard fast, with the ability to launch in as little as a week—minimal resources required. We streamline fulfillment so that brands can focus on what they do best, knowing their customers get the experience they deserve.

» **Faster, cost-effective shipping:** Simplify delivery with Radial's last mile solutions. We work with carriers to find the best balance of speed and cost.

» **Expand your brand, grow, and scale:** Connect with hundreds of DTC and B2B channel partners quickly and distribute seamlessly.

» **Ditch returns headaches:** Leverage streamlined technology and processes. Make returns easy.

Connect with our logistics experts and learn more about **Radial Fast Track** today.

ABOUT RADIAL

Radial is the industry's largest 3PL fulfillment provider that offers integrated payment, fraud detection, and omnichannel solutions to mid-market and enterprise brands. Leveraging over 30 years of industry expertise, Radial rejects the one-size-fits-all approach, instead tailoring its services and solutions to align strategically with each brand's unique needs.

Our team supports brands in tackling common eCommerce challenges, from maintaining delivery consistency to ensuring secure transactions. With a commitment to fulfilling promises from click to delivery, Radial empowers brands to navigate the dynamic digital landscape with the confidence and capability to deliver a seamless, secure, and superior eCommerce experience.

Learn about our solutions at **radial.com**.

Citations

1. "Radial Research: 3 Takeaways from Radial's Holiday Shopping Consumer Survey," Radial.com, October 22, 2024, https://www.radial.com/insights/radial-research-3-takeaways-from-radial-holiday-shopping-consumer-survey.
2. "Radial Research: Returns Create Challenges for Both Consumers and Retailers," Radial.com, September 12, 2024, https://www.radial.com/insights/radial-research-returns-challenges-consumers-and-retailers.
3. Tatiana Walk-Morris, "Return policies sway customer behavior: survey," Retail Dive, March 21, 2024, https://www.retaildive.com/news/return-policies-sway-purchasing-decisions-survey/710951.
4. "Radial Research: Returns Create Challenges for Both Consumers and Retailers," Radial.com, September 12, 2024, https://www.radial.com/insights/radial-research-returns-challenges-consumers-and-retailers.
5 "Key Consumer Trends in the Home Furnishings Industry," Radial.com, December 5,2024, https://www.radial.com/insights/radial-research-key-consumer-trends-in-the-home-furnishings-industry
6. "Discover Top Trends in Sporting Goods in 2025," Radial.com, January 3, 2025, https://www.radial.com/insights/discover-top-trends-in-sporting-goods-in-2025.

Radial
powering bpostgroup