



# Shipping, Delivered

BEST PRACTICES + EXPECTATIONS

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2019



# Shipping Through Shifting Expectations

In 2018, [global ecommerce sales hit nearly \\$3 trillion](#), pushing online's share of total retail sales over 15%. Though online purchases still represent only a fraction of all retail sales, it continues to rise at a steady clip, bringing ancillary industries, like shipping, along for the ride. Last year, [UPS](#) alone delivered more than 5.2 billion packages and documents!

The growth of ecommerce places an ever-growing burden on global carriers. But, how does ecommerce shipping impact the average consumer? And, moreover, what are merchants doing to ensure shipping and logistics practices align with customer expectations? BigCommerce conducted a global survey of nearly 3,000 digital consumers and 800 merchants to find out.

Though respondents vary by age, income and region, one thing is certain: online shipping shows no signs of slowing down, and consumers increasingly expect speed and convenience at all costs. Merchants need to capitalize on this growing opportunity – and treat shipping as a critical piece of their business success – or risk being left behind.



# A Make or Break Relationship

Ecommerce and shipping share a synonymous relationship, yet shipping often becomes an afterthought for busy retailers. For customers on the other hand, a brand's shipping experience can carry just as much weight as the product it sells, or the marketing doing the selling.

It's not surprising then, **an alarming 77% of global survey respondents have abandoned a purchase due to unsatisfactory shipping options**, while another 58% have actually stopped shopping with particular retailers as a result of a negative shipping experience. This is especially important for US consumers, as they were most likely to stop shopping with a retailer due to a negative shipping experience (39% of US consumers, compared to 38% of Australian consumers and 35% of UK consumers).

The data doesn't lie. Consumers care about shipping – so much so that it can make or break their long-term

perception of a retailer. **But here's the problem: there's very little merchant recognition of shipping's impact on sales.** Forty-seven percent of merchant respondents were unaware of their online cart abandonment rate, let alone the percentage of cart abandonment that's caused by shipping. If merchants can't connect the dots between dissatisfied customers and shipping operations, how are they expected to make the changes needed to improve customer experience and recoup those lost sales?

Retailers need to take into account a number of critical factors to make a meaningful difference in ecommerce shipping, and finally bring it to a level playing field with the rest of the ecommerce experience. In a world that's inundated with competition, the shipping experience can – and should – be a way for brands to stand apart.

**“An alarming 77% of global survey respondents have abandoned a purchase due to unsatisfactory shipping options”**

Have you ever stopped shopping with an online retailer due to a bad shipping experience?



# The Amazon Effect: Consumers Expect Amazon-Like Shipping Experiences

With a [market cap nearing \\$1 trillion](#), Amazon owns a staggering 49% of online spend in the U.S. — roughly 5% of all U.S. retail sales. It's no secret with this kind of market penetration, Amazon has the sweeping influence to shape the ecommerce ecosystem into one that benefits its business. This year alone, Amazon announced free one-day shipping for Prime members after its groundbreaking two-day offering no longer turned heads.

**Even before this move, 68% of survey merchants felt that Amazon's shipping practices put unfair pressure on independent retailers.** With shipping timelines getting shorter, that number is expected to increase significantly.

Amazon's breakneck pace becomes even more challenging for the 80% of merchant respondents that

handle their own product fulfillment. As an independent retailer, it can be really difficult to keep up with the expectations defined by Amazon, especially when not using a third-party logistics provider (3PL). Currently, only 8% of merchant respondents are outsourcing fulfillment to a 3PL, putting added strain on internal shipping operations.

Amazon, on the other hand, is a world-class logistics company that has spent more than two decades perfecting its operational practices. In North America alone, [Amazon boasts](#) 75 fulfillment centers and more than 125,000 full-time employees – not to mention, its own fleet of delivery vehicles, aircraft carriers and drones. With a scale like that, it's no wonder merchants find themselves struggling to keep up.



## What is a 3PL?

A Third Party Logistics Company, or 3PL, is used by retailers to warehouse and ship their products to the end-consumer. They are logistics experts which means that they help with inventory planning, warehouse optimization, localization of products and delivery coordination.

# Two sides to selling on Amazon

Today's commerce world is an omnichannel one; an ecosystem where a majority of shoppers make purchases in whatever channel works best for them in that moment of need. And with [54% of product searches beginning on Amazon](#), there's a lot of business value in being part of that third-party marketplace. Even so, nearly 70% of merchant survey respondents admit to not selling on Amazon. There are a number of different factors at play – bandwidth, Amazon product restrictions, low Amazon adoption in countries like Australia, high costs and fees to be an Amazon seller - but for nearly one-third of global merchants (29%), the ability to own their customer data is more important than selling on Amazon's marketplace. Another 27% felt that Amazon doesn't align properly with their brand.

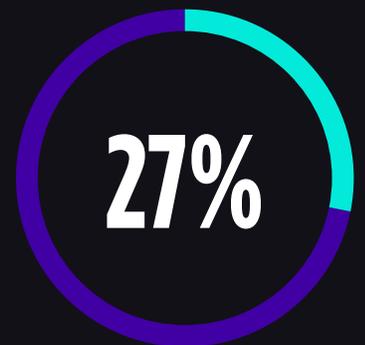
Together, these are important considerations. **Your brand – and how that brand is represented through your business decisions, marketing and products – is the only thing that truly sets you apart from competitors.** This is particularly true for merchants in commoditized product industries. Amazon, for all its perceived advantages in offering mass customer visibility, removes your brand element in favor of its own. From the customer perspective, the sale comes from Amazon, not from you. As does the fast and free shipping and returns, low product cost and simple user experience. For all intents and purposes, your customer is now Amazon's customer – and with Amazon's strict guidelines on brand building within the platform, there is no way for you to develop a lasting relationship.



Want the ability to have branded packaging



Want to create a more branded product page experience



Does not align with our brand

# Why do you choose not to sell on Amazon?



# Striking the Balance of Branded Packaging

If you've paid any attention to the rise in direct-to-consumer businesses, and the things that play into their success, branding takes the top spot. These companies – Andie Swim, Allbirds, Rollie Shoes and Glossier to name a few – are defined by their brand personas. From the marketing and social media tone to their site copy, all the way down to their packaging and overall customer experience. Every aspect of the company is guided by the brand personification. But what about shipping – should your brand be reflected in your shipping practices?

Yes and no.

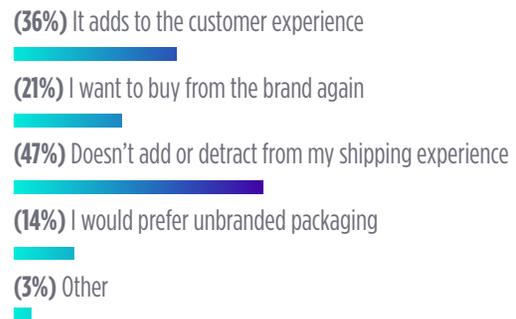
Every single aspect of your overall customer experience should reflect the brand you are looking to portray. This includes shipping. After all, as noted earlier, the holistic shipping experience factors into a customer's overall perception of a brand; it can even influence their decision to repeat purchase. But interestingly enough, there's a limit to the level of branding consumers want reflected in a shipment.

Should the process be quick and convenient? Yes. Should there be elements of the shipment that direct your customer to engage with you on other channels and buy again? Definitely. Should your shipping packaging be easily identifiable as coming from a particular brand? Ehh, not so fast.

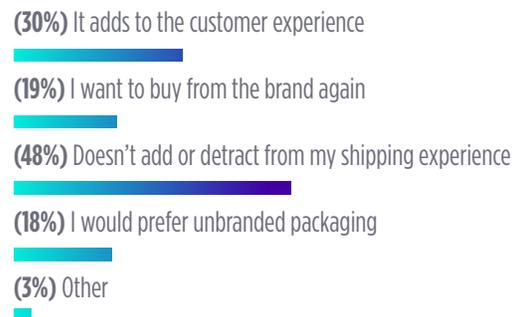
Half of global consumers had neither positive nor negative feelings about shipping packaging, but more surprising was that more than one-fifth of consumers (22%) would actually prefer to receive their items in brand-neutral packaging. The same goes for the Baby Boomer generation, which is 2X as likely to prefer unbranded packaging than a Gen Z shopper (29% to 14%, respectively). For this group, a clearly-branded package makes it easier for a would-be thief to assess the value of the product inside and they care more about deterring theft than the initial joy of receiving a beautifully-branded box.

## How does each generation feel about branded packaging?

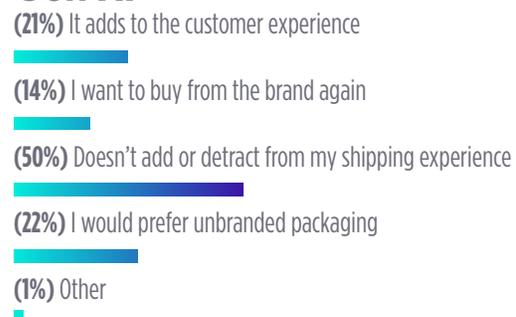
### Gen Z:



### Millennial:



### Gen X:



That's not to say that a retailer should entirely forgo company branding in the shipping process. It's important to understand the specific preferences of your target market. For example, UK consumers seem more amenable to receiving branded packaging – 29% feel that a branded package adds to the overall customer experience, and one-quarter (24%) indicate that the personal feel of a branded package makes them want to buy from that retailer again. Additionally, Gen Z consumers are highly influenced by branded packaging, with 36% saying that a branded package adds to their overall customer experience and 21% expressing a desire to purchase from the retailer again.

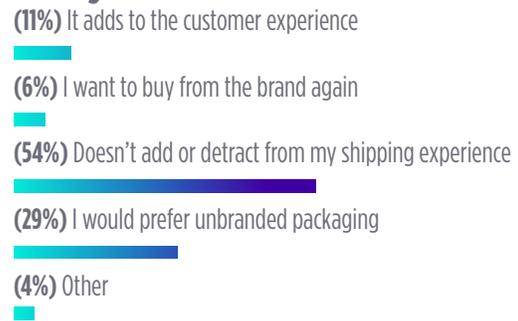
## In fact, Gen Z are 4x more likely than Baby Boomers to make a repeat purchase from a retailer because of its packaging,

perhaps because younger generations are more inclined to seek opportunities where they can share their experiences on social media and a beautifully branded package enables just that!

More than that, part of the reason merchants opt out of selling on Amazon is to own their brand. But remember, plastering logos on the side of your shipment is not the only way to communicate who you are as a brand – it can be injected into the overall experience in more subtle ways. Consider altering the inner packaging to offer customers an exciting, personalized unboxing experience or incorporating additional marketing materials within the packaging that drive cross-channel engagement on social media. The key is finding a balance between what really resonates with your consumer and what drives repeat purchase and loyalty as a brand.

## How does each generation feel about branded packaging?

### Baby Boomers:



### Seniors:



# Two-Day Shipping Takes The Lead

As few as five years ago, most consumers wouldn't bat an eye if it took an online shipment a week or more to arrive at their doorstep. Back then, extended delivery times were just an accepted part of the process, and while Amazon has offered free two-day shipping to Prime members since its launch in 2005, the feature was available on a limited number of eligible items. It's only been the last few years where the mass adoption of Amazon Prime's free two-day shipping – and the follow-on effort by many big box retailers to remain competitive – has led to a transformation in customer expectations.

made a purchase from an online retailer specifically because they offered free shipping. Maybe even more telling, half of respondents said they will avoid shopping with a retailer that does not offer free shipping, and another 24% will only buy from that retailer if there is no other option.

Free shipping has become so important that consumers would choose that particular convenience over many of the others we've become accustomed to in our daily lives.

**Now, consumers expect online purchases to ship fast – and they don't want to pay for that convenience.** In the past 12 months, 84% of global survey respondents

**“Now, consumers expect online purchases to ship fast – and they don't want to pay for that convenience.”**

Which of the following would you be willing to give up for one year in exchange for free shipping on all online orders?



# Keeping up with the Amazons

The fact that consumers expect free shipping doesn't automatically translate into a merchant imperative.

**Currently, only 60% of merchant respondents offer free shipping to their customers.** And only one-fifth of those merchants (22%) offer free shipping on all purchases. The majority (64%) offer free shipping on purchases over a designated dollar amount. The latter isn't a bad idea considering in the last 12 months, 84% of consumers have added an item to their cart in order to meet a minimum threshold price for free shipping.

It's also worth noting only 6% of merchants currently offer free two-day shipping, and only another 4% plan to begin offering it to customers this year. As a reminder, Amazon offers this nearly 100% of the time to its Prime members – but Amazon isn't worried about eating the cost of its shipping in order to harness its reputation for fast and free. Merchants just can't compete with that effectively. According to our data, merchants are five times as likely to offer free standard shipping (3-5 business days) than 2-day shipping. Often local Post offers the best merchant discounts for using this shipping option, which makes it easier for merchants to pass those savings on to their customers.

But does free standard shipping still align to customer expectations today?



# Turning free shipping into revenue

In certain instances, consumers are willing to pay for shipping, particularly when dealing with overnight shipping but even then, they expect that shipping fee to be affordable. One-third of US merchants are willing to pay up to \$10 to receive a shipment overnight. A slightly larger percentage of UK consumers (38%) will spend up to £10 for an overnight delivery. Australian consumers are most willing to pay for overnight delivery, with 29% willing to spend up to AU\$20, but there's a significant drop-off after that.

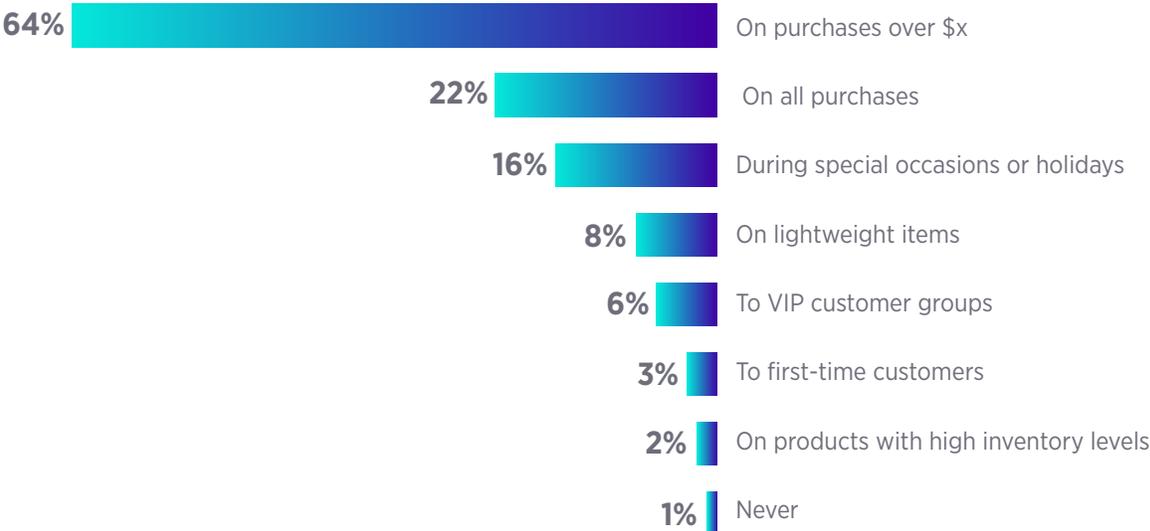
With two-day shipping, the number of consumers willing to pay for shipping is even smaller. Four out of 10 US consumers refuse to pay for two-day shipping, likely due to the shipping expectations created by Amazon. Even in Australia, where Amazon just got its start last November, only one-quarter of consumers are willing to spend more than AU\$10 to receive two-day shipping.

There's something about the phrase "free shipping" that consumers latch onto; for them, it feels like they're getting a deal – even if it means spending more to get it. **Eighty-four percent of global consumers have added items to their cart in order to receive free shipping.** In the UK, it jumps to nine out of

10 consumers. Taken a step further, half of global consumer respondents will not shop from a retailer that does not have a free shipping option. From a generational standpoint, Gen Z (ages 18-21) and Millennials (ages 22-37) are most likely to add an item to their cart to get free shipping – nearly 90% of Millennial respondents and 85% of Gen Z respondents indicated they have added items to their cart in the last 12 months to hit a minimum threshold for free shipping, with 33% of Millennials doing this all the time.

With consumer spending habits so wholly focused on this idea of free shipping, it's in a merchant's best interest to find a way to offer it in some capacity. Rather than taking a loss on shipping, many merchants will find creative ways to help offset that cost. Whether that's increasing the cost of the product to include shipping costs, encouraging consumers to add just one more item to meet a free shipping threshold, or in Amazon's case, convincing customers to join a paid membership group to access free shipping, there are tools in the merchant toolkit that make it easier to align business operations with customer desires.

## In what situations do you offer free shipping?



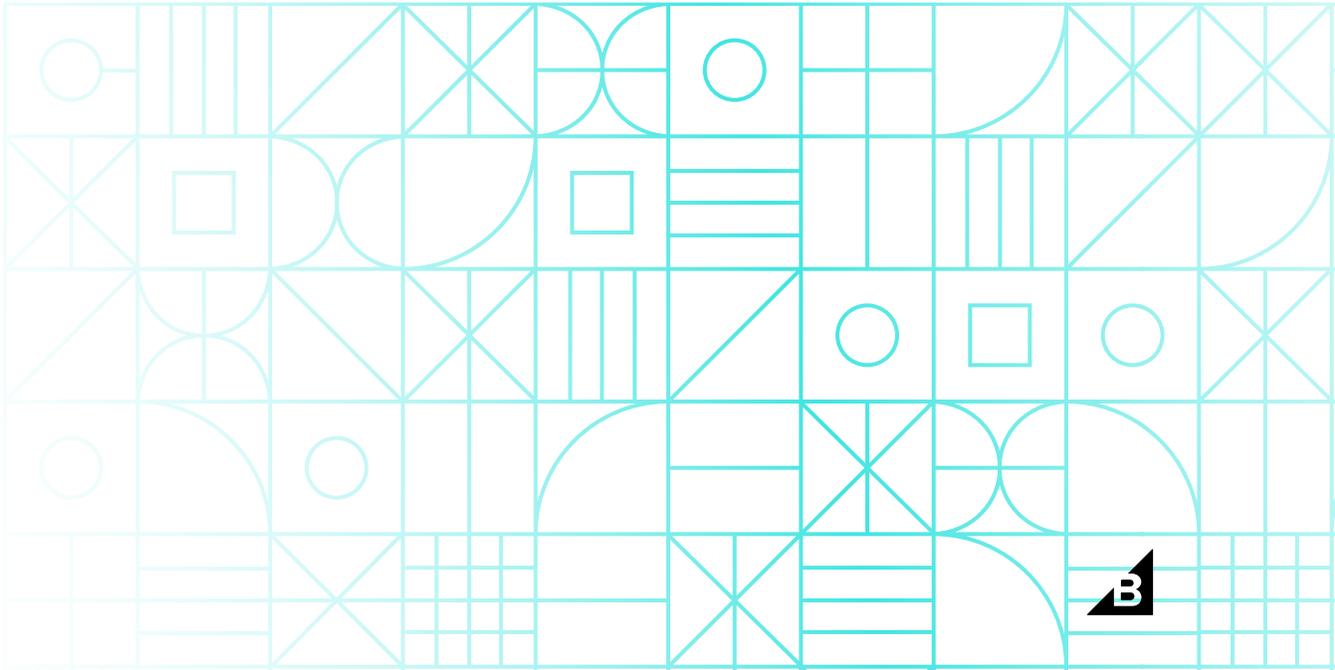
# Convenience Trumps Sustainability in Shipping

There's been an influx of news coverage about the burden that online shipping has on the environment. A study from [Future Market Insights](#) found that nearly 170 million tons of corrugated boxes worth \$112 billion sold globally last year; and that's predicted to grow 3.9% this year.

Increasingly, consumers are expressing concerns about the impact online shopping and shipping has on our environment. In response, some big box retailers have made commitments to company-wide changes to help decrease their specific environmental impact. For example, in 2016, Walmart increased its array of shipping boxes from 12 sizes to 27 to cut down on packaging waste. And just earlier this year, after calculating 98% of its carbon footprint comes from shipping, global online market [Etsy committed](#) to becoming the first ecommerce company to completely offset its emissions generated from shipping.

But when it comes down to it, do consumers and independent retailers share that same commitment to sustainable shipping practices? As it turns out, not entirely. While only one-quarter (24%) of merchants think about shipping's environmental impact 'some of the time'; a larger majority (37%) 'never' think about it.

Similarly, 23% of consumers try to buy from companies that use recycled packaging, but almost 40% admitted to not even thinking about the environmental impact of online shopping. As expected, there are regional differences in the way consumers view shipping sustainability. Based on our survey results, Australian consumers think about sustainability the least, with 44% 'never' thinking about the environmental impact of online shipping. UK consumers, on the other hand, are leading the way in socially-conscious ecommerce shopping. Sixty-five percent of UK consumer respondents 'often' or 'almost always' recycle shipping packaging, compared to 60% in the US and 57% in Australia. Further, UK consumers are twice as likely as Australian consumers to only buy from online retailers that use recyclable packaging (30% vs. 16%, respectively). Generationally, Gen Z also seem more environmentally-minded than older counterparts, with only 32% of Gen Z consumers 'never' thinking about the impact of online shipping. This is compared to 39% of both Millennials and Gen X, 42% of Baby Boomers and 50% of Seniors.



# Bringing shipping sustainability top of mind

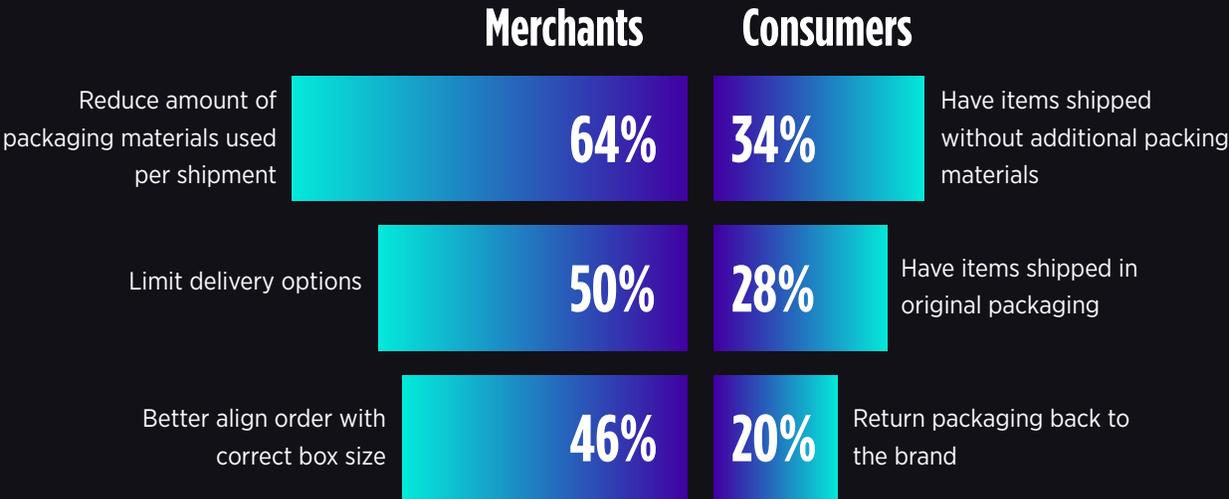
While consumers aren't overly invested in the effects of shipping on the environment currently, they are open to making changes to ease some of the environmental burden. Already, 60% of global consumers recycle packaging from an online shipment 'often' or 'almost always'. In addition, nearly one-third of consumers would be open to actually driving to a physical location to pick up an online shipment rather than have it delivered directly to their house. Again, UK consumers lead the way here - one-third of UK respondents indicated they would pick-up in store if given the option (vs. 29% of US respondents and 25% of AU respondents).

Beyond that, consumers are predominantly focused in making environmental adjustments when the change requires very little additional effort from them. Thirty-four percent would be open to having items shipped without additional packaging materials like bubble wrap or butcher paper, and 28% would be willing to

have an item shipped in its original box. A shocking 29% of consumers have no interest in making any changes to the current shipping process.

Similarly, less than one-quarter of merchants (23%) are considering changes to their shipping and logistics practices in the next 12 months to decrease their environmental footprint. Those that are exploring changes are focusing efforts on alterations to packaging - either in reducing the amount of packaging materials in a shipment or exploring reusable or biodegradable shipping options. While there are other options available to retailers - many of which, like updating delivery fleets to include more fuel efficient vehicles, are already being tackled by larger brands - independent retailers are more heavily focused on making smaller, more concerted updates that, when examined holistically, can make a meaningful impact - and align more directly to the things their consumers care about.

## Top 3 Considerations to Offset Shipping's Environmental Impact



# Further Examining The Global Shipping Opportunity

One of the most celebrated aspects of ecommerce is that it tore down the borders consumers and merchants previously experienced. With no geographic restrictions, merchants were able to exponentially expand their addressable market – and many took advantage of that blatant opportunity, making sales to customers in other states, countries and continents. In our own survey, 58% of merchants ship internationally.

Of the 42% of merchants that currently do not offer international shipments, expensive international shipping costs seem to be the prevailing barrier to entry for the majority (52%). Additionally, 42% of merchant respondents were apprehensive about dealing with foreign taxes. This doesn't come as a surprise. International shipping is a small percentage of a merchant's overall business – on average, less than 10% of merchant shipments are international – yet it often represents one of the most costly kinds of shipments. Combined with the mixed feedback from many consumers, merchants are left to wonder whether shipping internationally is worth it.

In short: yes. [Forrester Research](#) predicts that by 2022, cross-border ecommerce sales will reach \$627 billion, up from \$284 billion in 2017, and account for 20 percent of total ecommerce sales. Shipping internationally presents an incredible growth opportunity for all merchants, and in today's ecommerce environment, there are solutions available to help solve for primary merchant pain points, helping to remove previous blockers for merchants looking to expand on a global level.

There is a bright spot for merchants worried about how international shipping will impact their customer experience. More than half of consumer respondents (54%) indicated their shipping expectations changed when ordering from an international brand. Of those consumers, nearly three-fourths (73%) said they are more flexible with the delivery timeline, and 30% are willing to pay more for shipping. Australian consumers were the most likely to have altered shipping

expectations for international purchases – 57% vs. 55% of US consumers and 50% of UK consumers – likely due to the fact they have to buy internationally more regularly.

On the other hand, not all changes in expectations are in the merchants' favor. Thirty-nine percent of respondents expect that international brands enable them to pay in their local currency. While not impossible, this does add a level of complexity to a merchant's experience, especially in Europe where borders between countries are much closer and we often see more international purchases. Similarly, some consumers just expect their experience with an international brand will be worse, whether that means slower shipping times, more expensive shipments, broken items, or substandard customer service. Brands that invest in an international shipping policy need to clearly communicate the expectations to their consumers in advance in order to help mitigate any negative feelings they might associate with international purchases.

## Tips for effective international shipping:

- ▲ **Make pricing transparent:** Shoppers want to know the true cost of shipping at checkout, meaning you need to display taxes and duties at that time.
- ▲ **Offer a fast, cheap and reliable shipping service:** Shoppers want to get their package quickly without paying an arm and a leg. Services like DHL Express are fast, reliable and offer tracking updates.

# Adapting to the New Normal of Ecommerce Shipping

Whether it's fear of the unknown, higher costs needed to invest in changes or concerns about customer impact, merchants are often reluctant to make changes to their shipping practices. But, a solid understanding of what works – and how to combat major obstacles – makes the investment worth it.

The ecommerce ecosystem shows no signs of slowing down, which means shipping will only continue to take center stage in influencing consumer's overall brand experience. We know exactly what consumers are looking for in this regard; how Amazon has changed the game, how they want to handle environmental impact, and how they think about international purchases. The ball is firmly in the merchant's court to align with these expectations, or risk alienating the very business they rely on.



## Survey Methodology

BigCommerce's consumer survey was conducted between April 25 – April 28, 2019 and was distributed to online consumers at least 18 years of age via SurveyMonkey. Responses were collected from 2,933 individuals living in Australia, the United Kingdom, or the United States. BigCommerce's merchant survey was conducted between April 20 – May 10, 2019 and distributed to BigCommerce merchants through email and their BigCommerce control panel. Responses were collected from 776 BigCommerce merchants that have made at least \$1 in sales in the last six months.

