Consumer Home Delivery Review 2020/21

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Foreword

IMRG

Welcome to the IMRG UK Consumer Home Delivery Review 2020/21, a survey tracking levels of customer satisfaction and expectation regarding online delivery over a 12-year trend line. The review has become a vital tool for helping retailers shape their delivery proposition, keep on top of changes in consumer behaviour, and anticipate future needs.

Over the past 12 years this 'deep-dive' review has established a unique place in the area of online delivery research, asking more than 50 questions consistently focussed around online fulfilment and delivery. With over a decade of trend data for many of the questions, this body of work shows the evolving delivery landscape as well as providing valuable context for the new questions we pepper into the survey each year.

IMRG has worked hard over the years to ensure any new questions added are neutral and independent, to ensure the answers received are as meaningful and non-leading as possible.

In 2020, the retail industry and the delivery sector supporting it was disrupted like never before. As we discuss in the review, this could be a watershed year in terms of online fulfilment – it is very possible we will look back on this 12 months as the start of new trends, or the end of previous patterns in consumer behaviour. Either way, it is useful to have such a comprehensive review that documents this unique period for the industry.

This year's review is sponsored by parcelLab whose highly appreciated support and input into the research throughout enables us to continue this important barometer of shopper sentiment. We are also grateful to our research partners Maru/Matchbox, who have been involved with curating the shopper feedback from the very first edition of this review.

Ben Sillitoe, Retail Journalist and Editor

Sponsor Foreword

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2020 will forever be remembered as the year that shook e-commerce and changed it for good. This huge growth has created challenges and highlighted areas that need improvement though. Customer expectations are higher than ever at the same time as confidence in delivery times plummets. So, brands need to adapt to survive.

This research is incredibly useful for benchmarking where customer expectations lie and whether the first lockdown positively or negatively changed how they feel about shopping online. The next challenge is how retailers can utilise these invaluable insights to invest in creating the best possible experiences online.

Dora Birna, Director of Marketing and Growth, parcelLab

Methodology

Over the life of the review, we have been careful to retain the same questions and maintain the same structure to the survey. This allows us to develop consistent trend information as a foundation for forward-looking insight.

We can see how consumer perceptions and behaviours have changed and how expectations and future needs for online delivery are evolving. To keep the survey current and relevant we make minor changes to a few questions and add a small number of new ones each year to ensure that we capture consumer opinion of more recent developments.

The survey was completed in August 2020, based upon 1,000 UK respondents.

Executive Summary

It is an interesting year to publish the IMRG Consumer Home Delivery Review. Inevitably, many of the consumer responses have been influenced by the wider health crisis that turned the world upside down in 2020.

On a basic level, the coronavirus pandemic meant more people were at home to receive deliveries than ever before, while rendering less important some of the convenient fulfilment options that have grown in popularity in recent years. A buzz-phrase of 2020 was "contactless delivery", as retailers and their carrier networks did their bit to fulfil goods to people's homes in the safest way possible.

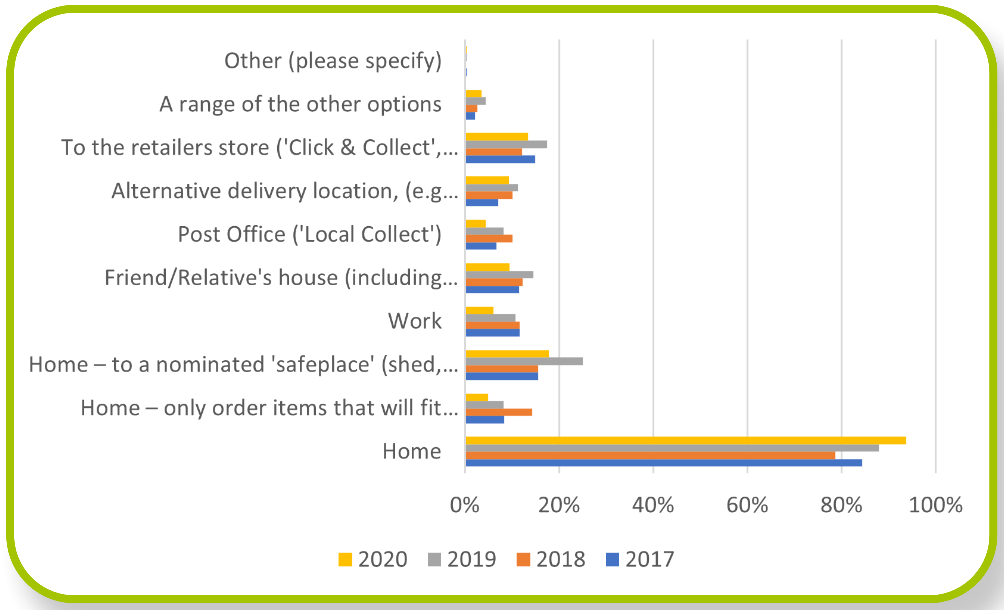


Chart I – Where do you normally have items delivered? (Tick all that apply)

Previous promises about rapid delivery, quick returns turnarounds and up-to-date parcel tracking were impacted by dwindling resources in warehouses and sorting offices across the UK. Consumers had to accept their orders might be delayed, and they were given longer to hold on to unwanted items as shop closures impacted reverse logistics.

Only time will tell us if findings from this year's consumer survey are a Covid-19-influenced anomaly or the start of more long-term trends triggered by the coronavirus. It could be that we look back at this year as the end of deliveries to the office (see chart II on page 4 for how that was impacted in 2020), or it might be the 12 months that reshaped click & collect's role in the fulfilment ecosystem.

One thing for sure is that ecommerce ballooned beyond all expectations in 2020, with online retail sales up by 37% year on year, according to IMRG and Capgemini's Sales Index. Electricals and home & garden were the stand-out sectors, with sales leaping by 91% and 74% respectively compared to 2019.

This was the backdrop against which the delivery networks had to operate. More people shopping online, categories with bulky goods among the most popular, and the need to maintain safe operations in the face of fluctuating workforce availability.

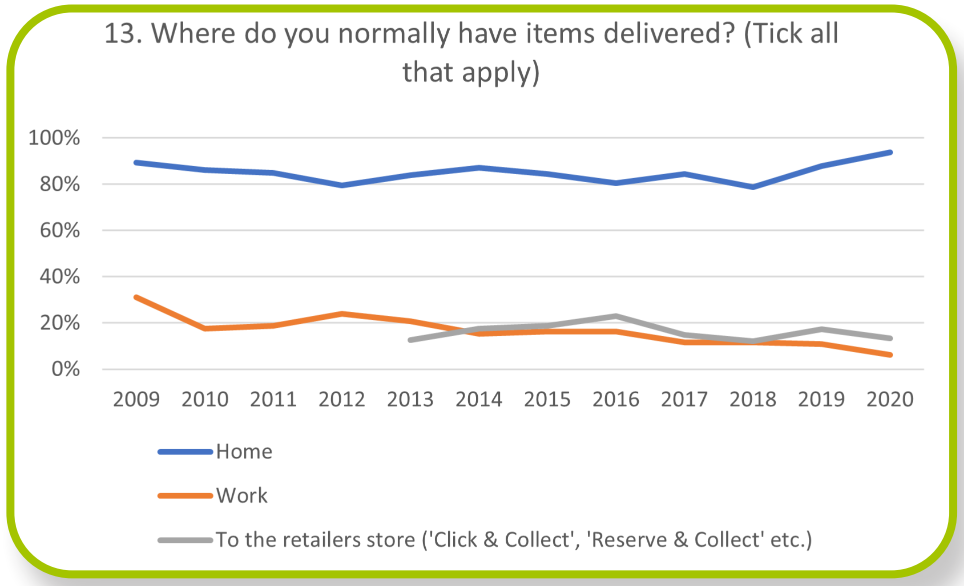


Chart II – Where do you normally have items delivered? (all home, work and other options combined)

It is to the sector's credit consumers are still generally satisfied with delivery standards in the UK. As this report shows, there were several positive metrics related to people's attitudes to online delivery as a whole – although convenience, flexibility and transparency of service will need to be maintained for this to remain the case.

This research provides a useful barometer of customer perception, but it is essential to understand that this does not necessarily correlate with actual behaviour. As we all know by now, what a consumer says they are going to do isn't necessarily how they actually proceed in their actions.

Read on for the full findings.

Introductory thoughts from parcelLab

It's encouraging to see that in a turbulent year, customer satisfaction remains high, despite a wider demographic than ever shopping online. Interestingly enough, the report highlights key areas that retailers need to invest in to meet their customers' expectations. With more time on our hands, and a new and expanded audience shopping online, people are much more likely to complain when things go wrong, so experiences need to be better than ever.

Communication is the most useful tool in any brands toolkit. So many still fail to utilise potential across the buying journey and rely heavily on carriers to keep their customers informed. Speed and cost of delivery remain important, but the report clearly shows that customers want to know exactly where their parcel is at any given moment. A truly great experience only comes from easy to find tracking links, proactive delivery communication via both email and SMS and up-to-date delivery windows.

In addition to these, as we're all forced online, community has never been more important to us. If retailers take control of their entire customer journey and create an end-to-end branded experience, this online community will grow. Schemes such as social hashtags for content sharing and loyalty programmes are great things to add in communication during shipping to further engage with customers during the most emotional time of the shopping experience.

Returns remain a major pain point for retailers. Customers are wanting convenient and hassle-free returns which are hard to deliver when parcel drop-off points often have queues or are far away. Returns collections are coming into their own here and it'll be interesting to see if their popularity remains post-Covid. Speed of return is most important to customers and it's doubtful this will ever change. It's here that returns portals are a great differentiator as refunds can be processed much quicker and tracking can be followed.

What e-commerce will look like once we go to our 'new normal' is yet to be seen, but customer expectations remain high and the retailers that are thriving are those that are investing in even better experiences.

Dora Birna, parcelLab

Introductory thoughts from IMRG's research partner Maru

There is no doubt that 2020 saw relentless growth for ecommerce.

Insights from this study demonstrate that the online retail sector not only met the challenge of rapid growth, but also played a crucial role in enabling both essential shopping and an escape from the physical and emotional constraints of 2020 through online 'retail therapy'.

Results, coupled with Maru's unique heritage in digital customer experience, demonstrate that an experience is about how customers feel, not just what they rationally think. Proprietary Maru research software has enabled us to uncover the emotional experience of delivery and fulfilment for the first time. These emotional results show that recipients expect to feel informed and are yearning for a feeling of control.

For retailers and carriers, this means creating an experience where customers feel they are in a balanced partnership with everyone involved in the delivery process. They need proactive, accurate and timely information to supporting in helping them to feel reassured and in control.

In order to thrive in the new digital normal, brands must ensure a leading customer experience across the end-to-end ecommerce customer journey; from landing on the homepage through to delivery and customer support; in other words look at your business the way a customer shops to ensure you deliver on your brand promise at every touchpoint.

Delivering an exceptional post-purchase experience has never been so important.

And a final thought on sustainability. This report and our insights on shopper attitudes indicate failure to invest in environmentally conscious fulfilment strategies could result in this issue becoming a future hot topic for shoppers. Consumer expectations are shifting from being grateful of the service towards demanding action on environmental performance.

Overall Perception, Satisfaction and Loyalty

It is always positive to start a report of this nature with some positive news, and that is exactly what we can do by revealing overall satisfaction in UK households about online delivery rose for the second consecutive year to reach 92%.

And only 24% of respondents said that delivery concerns have prevented them from making an online purchase.

Fewer people (37%) than at any stage in the last five years said they had abandoned an online purchase at the checkout, which suggests retailers have been clear in their messaging and they are meeting fulfilment promises.

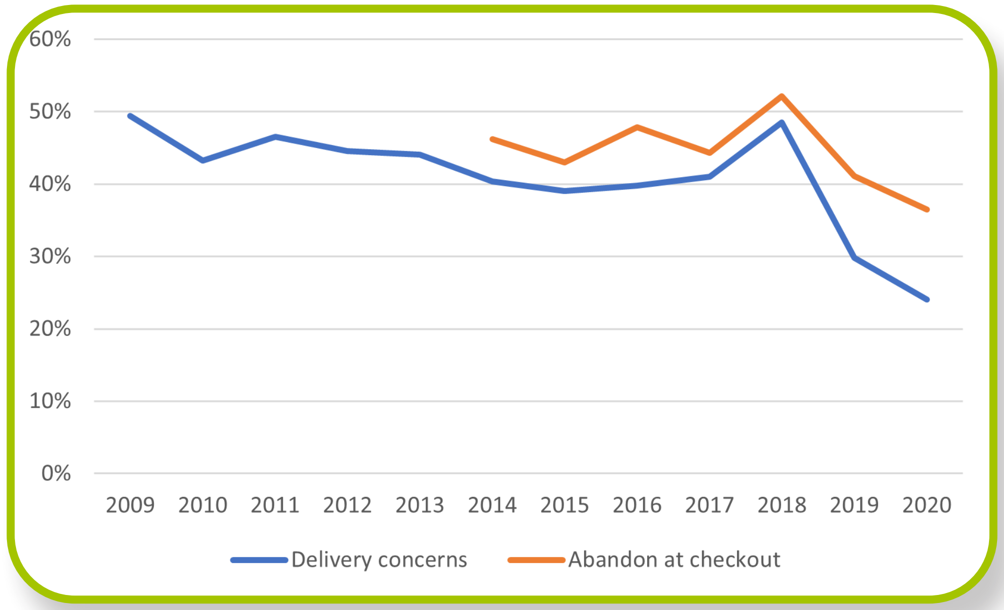


Chart III – do delivery concerns sometimes prevent you from shopping online (blue line), or make you abandon your basket at the checkout (orange line)?

The main reason for people having delivery concerns in 2020 was the additional cost associated to such services. This rose year on year, which would indicate personal finance concerns have become more prevalent, as uncertainty over jobs, the furlough scheme, and general economic unease became widespread.

For those abandoning purchases at the checkout, the key reason cited was also the additional cost of delivery.

"It's promising to see delivery satisfaction remain high. However, just because customers are satisfied, does not mean retailers should become complacent. Many consumers do not know that the journey could be better and once the market becomes more informed these expectations will shift. There's a huge opportunity here for retailers to invest in going above 'satisfactory' to stand out and wow their customers.

Free delivery, or lack thereof, remains the biggest conversion blocker at checkout. We can all debate until the cows come home whether delivery should be free or not, but the fact remains that many customers see paying for delivery as a big ask. If a retailer decides they are going to charge for delivery, they need to make this cost worthwhile to their customer.

Both these points come down to experience, or rather above average experiences. Retailers who invest in standing out during delivery will continue to overdeliver on customer expectations."

Dora Birna, parcelLab

Covid-19 engulfed every aspect of life in 2020, and it is therefore no surprise that 29% and 34% of consumers, respectively, said they were less likely to collect items from a retailer's store or a third-party pick-up point because of the pandemic.

Compared to last year, there was no significant difference in the percentage of consumers signed up to delivery loyalty schemes such as Amazon Prime and Tesco Clubcard Plus. However, these particular retailers – and others – reported increases in paid-for subscription services, in 2020.

Chart IV – Following the outbreak of Covid-19, are you more or less likely to use the following delivery options?

Indeed, a growing number of retailers – including Lush, Hotel Chocolat and Morrisons – ramped up their subscription offerings in 2020, as they looked to lock customers in and drive recurring income. It will be interesting to see what impact this has on overall delivery loyalty scheme usage in next year's Delivery Report, as they gain traction.

Shopper Motivation

While 59% of consumers say a good delivery experience has encouraged them to order again from a retailer, the clear downward trend tracked over the last nine years continued in 2020 (from a high of 77% in 2012). As we suggested last year, this is perhaps the result of standards generally getting better over time across the board, so the ability for one service provider to really stand apart is reduced accordingly.

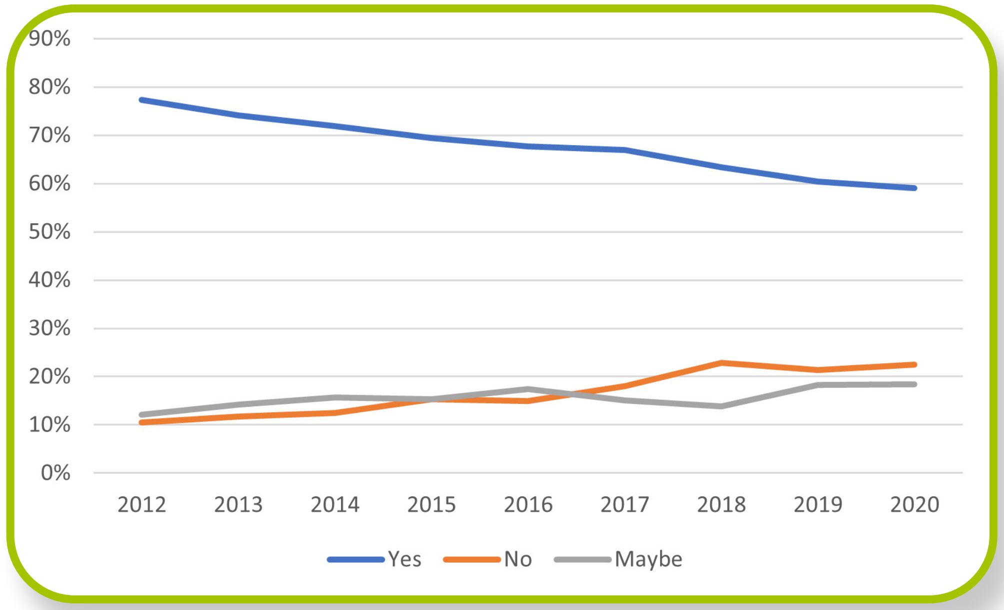


Chart V - Has a good delivery experience directly encouraged you to order again from a particular retailer?

"The 'Prime' effect has resulted in customer expectations online increasing in the past 10 years or so. And we've seen retailers and carriers strive to offer similar experiences collectively. However, very few have succeeded in fully owning their customer journey – something that they must now commit to.

As stated, it's much harder now for one service provider to stand apart as standards are better across the board. However, those that do take full control of the delivery journey, rather than relying on carrier communication, will thrive."

Dora Birna, parcelLab

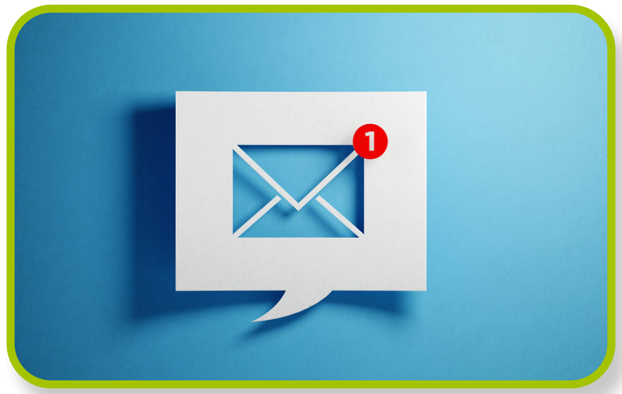
Only 28% of consumers said they had been influenced to use a particular delivery company by a customer review on a retailer's website or social network such as Twitter or Facebook. Shopper motivation to use retailers with specific delivery options is felt more in relation to returns.

Retailers are required by law to offer a 14-day 'cooling off' period to allow consumers to return any item they purchased from them. Some 61% of our survey respondents said an extended returns policy of longer than 14 days was important, with this promise having quite an impact on how consumers shop.

Two-thirds (66%) said they were likely to purchase more items from the same website if there was an extended returns policy in place, while 57% said it would likely make them buy something when they initially intended just to browse. And 60% said an extended returns policy would likely make them buy more of the same item (to ensure right fit).

Chart VI – How likely is an extended returns policy to influence your purchases in the following situations?

Cost, Convenience and Speed



In-transit communication via SMS or email, and the ability to track orders online are the two services related to ecommerce delivery that, more than any other, would enhance convenience for customers. This suggests control and certainty are key requirements among UK online shoppers, although both were deemed less crucial than last year.

Close behind in the priority list for enhancing convenience are clear delivery information prior to ordering and the ability to choose a specific time slot.

“The ‘Prime’ effect has resulted in customer expectations online increasing in the past 10 years or so. And we’ve seen retailers and carriers strive to offer similar experiences collectively. However, very few have succeeded in fully owning their customer journey – something that they must now commit to.

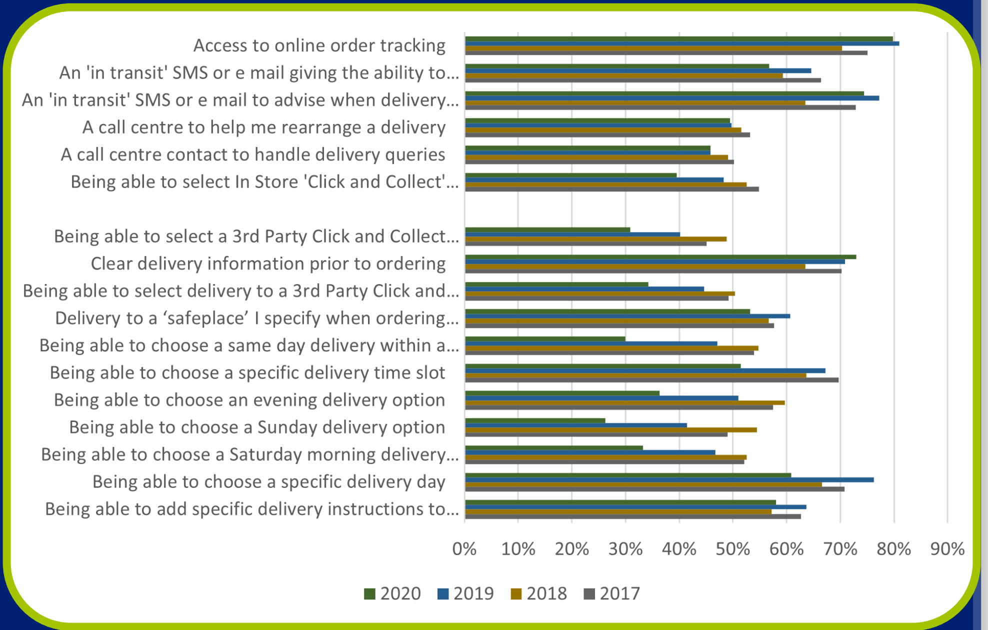


Chart VII – What would make receiving online orders more convenient

As stated, it’s much harder now for one service provider to stand apart as standards are better across the board. However, those that do take full control of the delivery journey, rather than relying on carrier communication, will thrive.”

Dora Birna, parcelLab

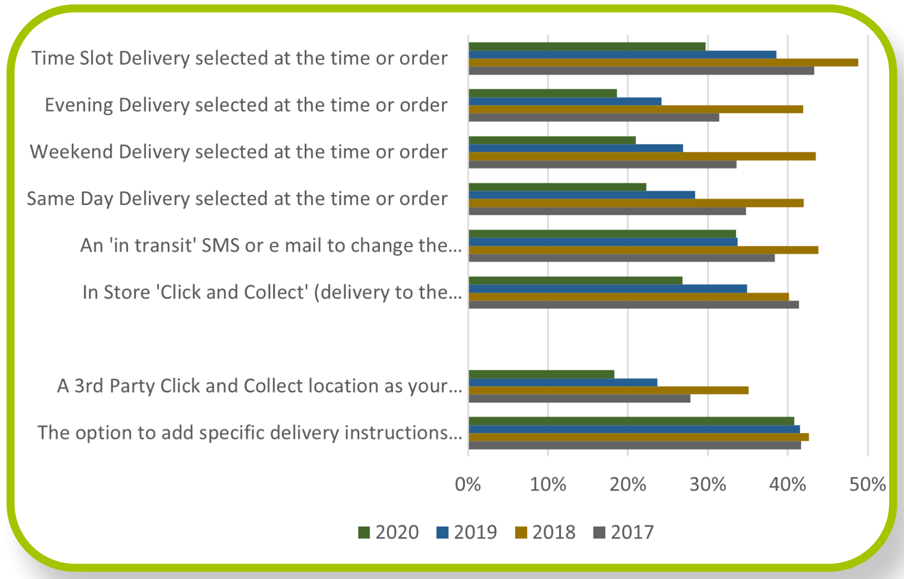


Chart VIII – How often have you used the following delivery options?

More than any other option in 2020, consumers said they took advantage of adding specific delivery instructions to their order. This reflects the psyche of the nation in 2020 – in a world seemingly out of control due to the coronavirus, it was crucial for people to exercise control wherever possible, and it was also important clear instructions were given to delivery agents due to the need for contactless drop-offs.

2020 was a year when most retailers told consumers to expect delays with their orders, as online volumes escalated, and warehouses operated with skeleton staff due to the virus.

And customers ordering ‘late’ delivery were generally happy to wait, not expecting next-day delivery as much as in previous years.

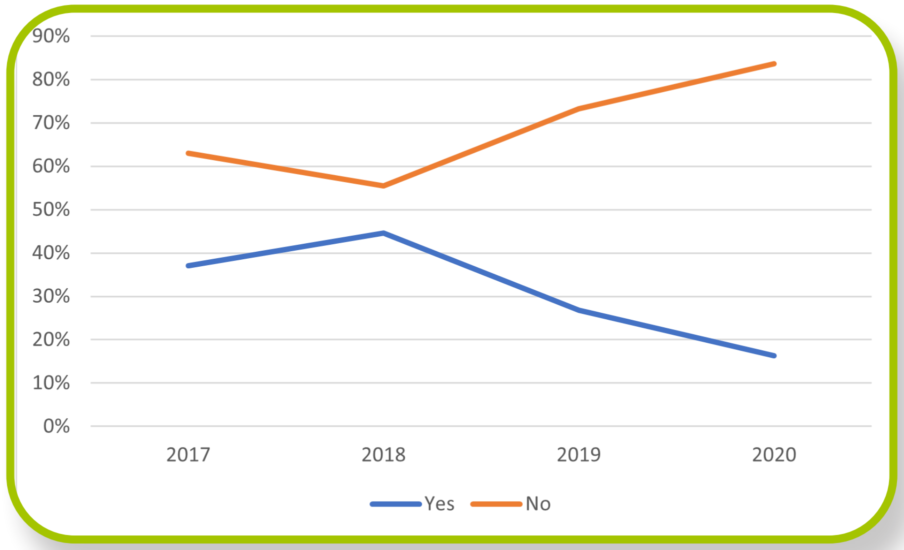


Chart IX – When making a ‘late’ order do you expect next day delivery as standard

A new question for 2020 allowed us to understand what consumers perceive to be an adequate time for a standard delivery to arrive at their door. The overwhelming majority (68%) said between two and three days – with most saying three days.

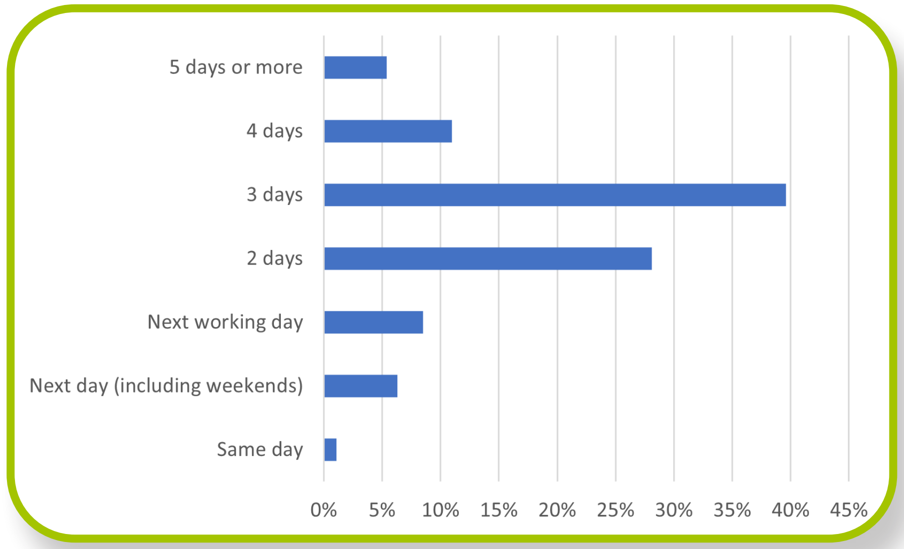


Chart X – Think about when you place an online order. What is your expectation for how long standard delivery options should take to arrive?

Although this is certainly some advance on the “allow 28 days for delivery” promise of catalogue retailers in a bygone age, this figure shows the rise to prominence of same- and next-day delivery options in today’s retail market has not raised shopper expectations for that to be the norm.

In 2020, the feeling among consumers that they should not pay for click & collect was as strong as ever. 82% said they would not be willing to pay anything for the service, which is something for retailers costing up their online operations should bear in mind.

Black Friday

Despite the noise around Black Friday lasting the whole of November now, rather than a single day or weekend at the end of the month as in previous years, fewer people in 2020 said the discount event had prompted them to make an online purchase. It is a continuation of a direction of travel which began in 2019, and is arguably because consumers know deals are readily accessible all year round.

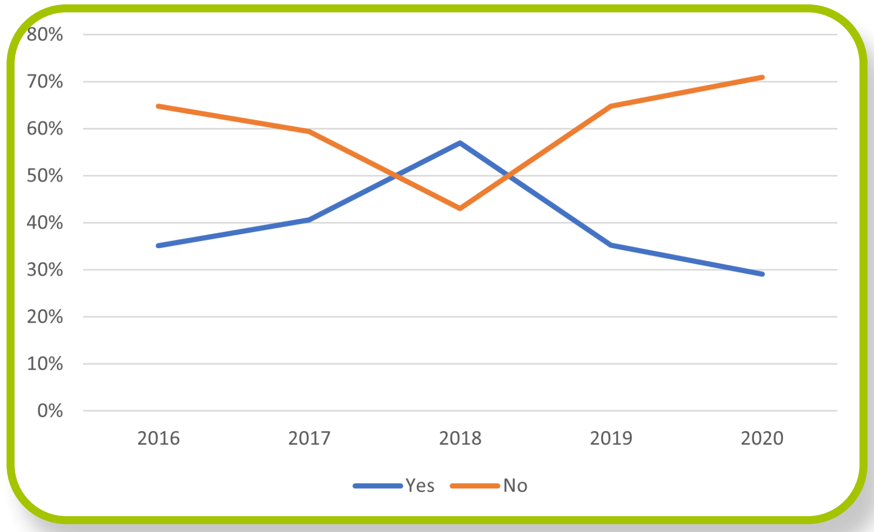


Chart XI – Have you made an online purchase specifically as a result of a Black Friday discount

IMRG data shows Black Friday Week represented 33% of sales in November, down from 44% one year before. Retailers are increasingly extending deals throughout November but they are not always labelling them as “Black Friday” deals.

They are doing this partly because they feel they need to get in early with their discounting to stay competitive, but also because they want to spread sales over a longer period of time so delivery networks do not jam. This was especially important in 2020 because lockdowns meant more people shopped online during the final quarter.

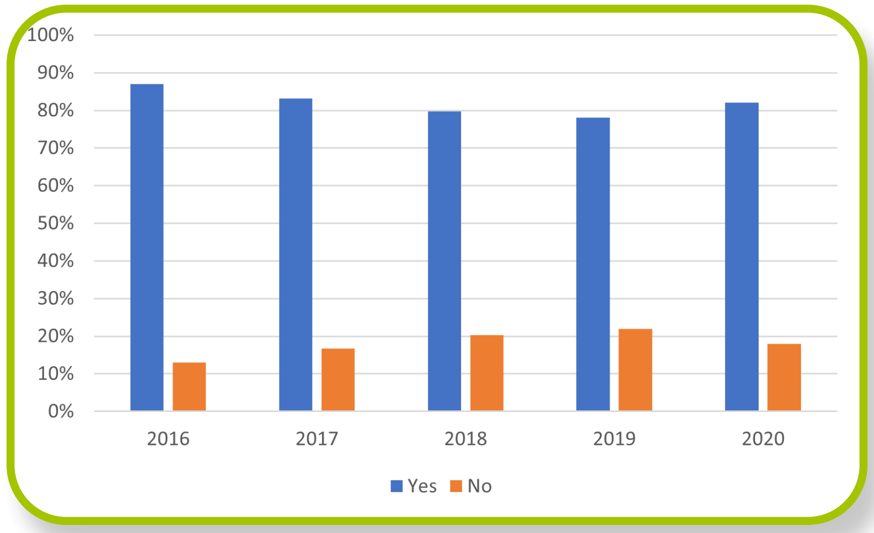


Chart XII – If Yes - Were you prepared to accept an extended delivery time

Our research shows consumers were generally willing to accept a delay to their delivery around Black Friday.

Consumer Home Delivery Review 2020/21

Delivery, Destination and Location

Over the last few years, a plethora of new fulfilment options have been added to give consumers online delivery choice. However, as we’ve discussed, in 2020 delivery to home was the dominant channel, as the UK reduced unnecessary travel.

We asked where people usually get their parcels sent to, and “home” jumped in popularity, while retail stores, other collection points, and friends or family’s residences all dropped in usage having risen consistently over the previous three years.

Delivery to the workplace was already in decline, with several organisations clamping down on this practice. Perhaps Covid put pay to it altogether.

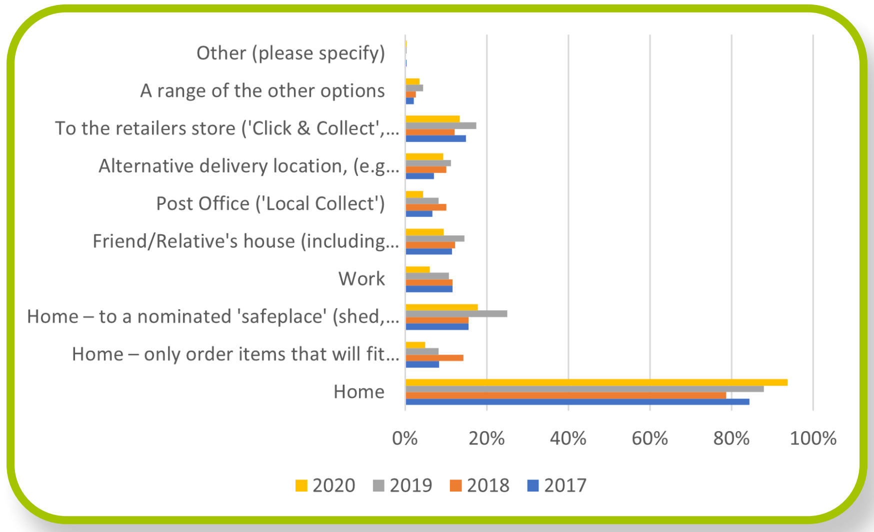


Chart XIII – Where do you normally have items delivered? (Tick all that apply)

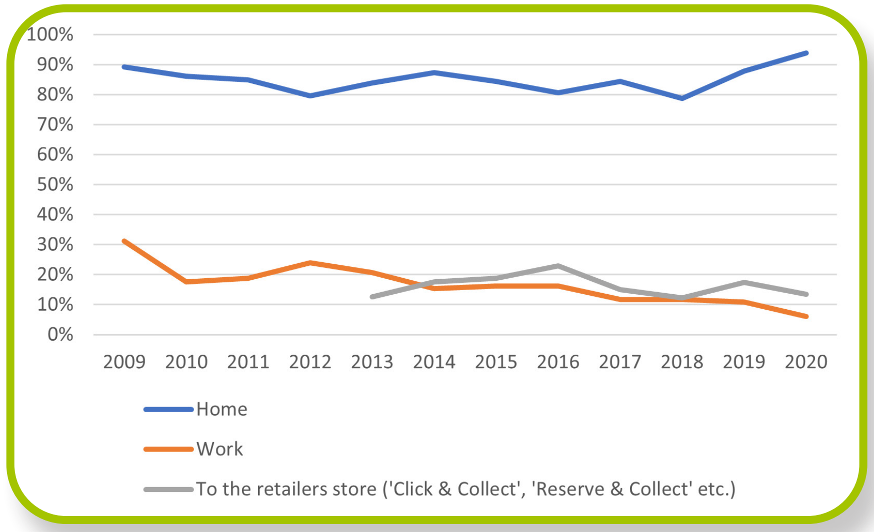


Chart XIV – Where do you normally have items delivered? (home, work, other options combined)

The next graph hardly needs explaining – it neatly illustrates the extraordinary situation the majority of the UK found itself in. Never before have people spent as much time at home, making it a suitable environment for parcel delivery direct to people's doors.

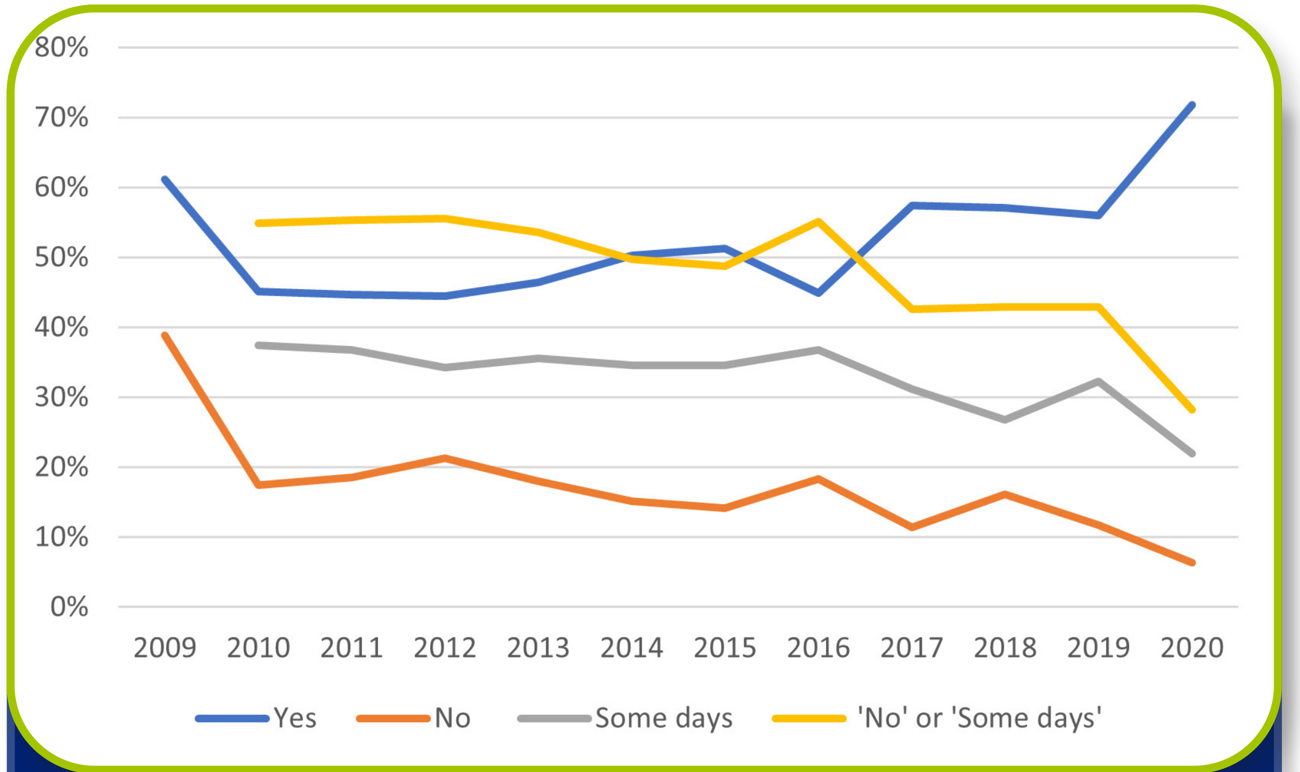


Chart XV – Is there normally someone at home to receive deliveries during normal working / delivery hours?

"When we eventually start to navigate our 'new normal', the way we consume, and shop will be altered for good. It's likely that people will split their time between the office and home and accurately predicted delivery windows will be vital. People will mostly still order to their home but will plan their working week around the delivery. So, if the promise is not kept, there are going to be some seriously disgruntled customers."

Dora Birna, parcelLab

Consumer Home Delivery Review 2020/21

Specified Safe Place and Neighbour

Perhaps in line with consumers becoming seasoned online shoppers in 2020, more people reported having a "safe" place for parcels to be left when no-one is home. This has been a constant year-on-year pattern for the last five years apart from a dip in 2016.

The most popular safe place for people in 2020, as it has been consistently over the years, was with a neighbour.

Consumers generally would like to be able to specify a particular safe-place or neighbour to leave parcels if they are not at home, but if trends over the last three years continue into next year people will be just as happy for delivery agents to use their discretion. Familiarity breeds contentment, it would seem – as online shopping continues to grow, people are growing increasingly trusting of those delivering the goods.

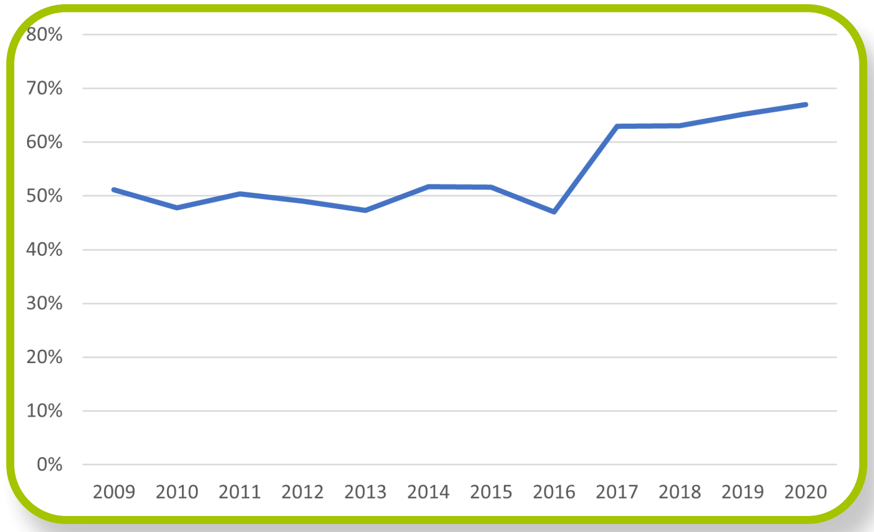


Chart XVI – Do you have somewhere safe that parcels can be left when no one is home

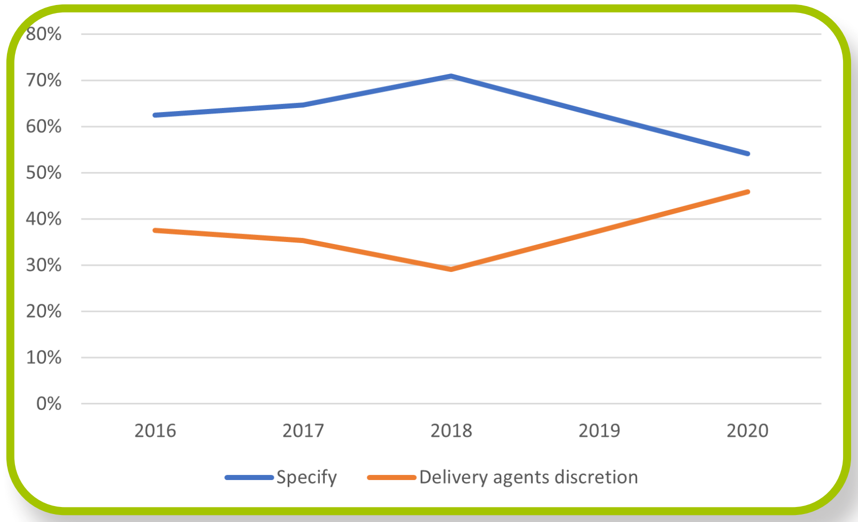


Chart XVII – Would you like to be able to specify a particular safe-place / neighbour at time of order or are you happy for the delivery agent to use their discretion

Delivery Performance

2018 aside, consumers have received a better delivery service every year for the last six years, regarding orders arriving when they were expected.

In 2020, 94% of consumers said online orders fulfilled to their household were typically delivered successfully and on time – the highest figure since IMRG started monitoring delivery service.

The main reason reported for delivery failures over the years is that the customer was not at home to receive the goods. That was still the case in 2020, but the number of people saying that was a problem was down from 45% to 35%, reflecting the fact more time we're housebound.

Most shoppers say they have to travel between one and five miles to collect their parcel if their delivery fails, which typically takes up to 30 minutes. Getting delivery right the first time is clearly more convenient for the customer, avoids unnecessary traffic on the roads, and prevents adding extra layers of administration to the fulfilment process.

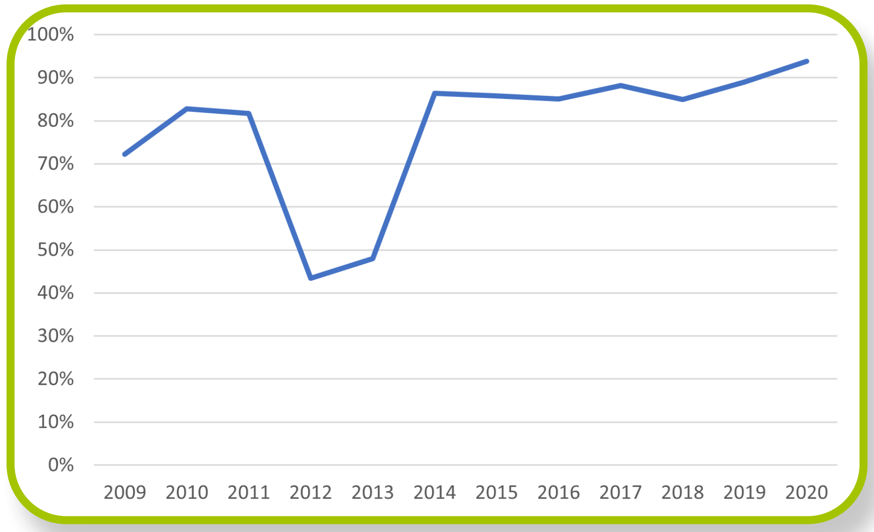


Chart XVIII – In your experience are online orders for your household typically delivered successfully on the first attempt / expected day?

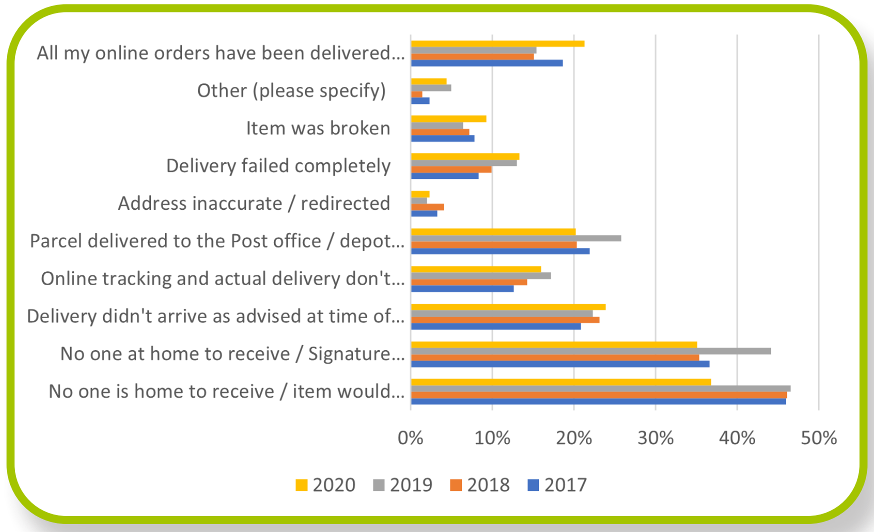


Chart XIX – If orders have not been delivered to your expectation, what have been the most common reasons?

Delivery Information

Updating customers about delivery is non-negotiable, with 90% of people wanting such information. Shoppers want to be kept up to date with all aspects of the parcel journey, although failed delivery and dispatch date & tracking are the most sought-after details.

While email used to trump SMS as the preferred method of communication regarding delivery status, the two platforms now have equal value to consumers. Both are heavily preferred to tracking apps or seeking updates on individual retail websites, suggesting shoppers want information to be incoming rather than to have to actively search for it.

Consumers would prefer to receive delivery information on the morning it is due accompanied by a specified time slot.

Some 55% of respondents to the survey said they would or might be willing to pay a small fee (10p) for more specific delivery information, which could be a motivation for carriers and retailers to provide it.

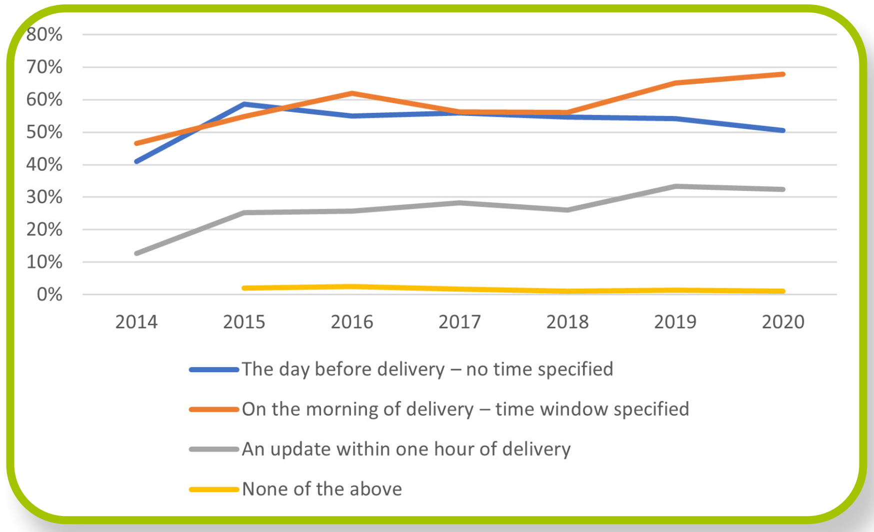


Chart XX – When receiving pre-delivery alerts, of the following options, which would be the most convenient for you? Please tick all that apply

"The above mirrors what we were seeing in our own data during the first lockdown. We saw failed delivery attempts drop by 56%, which is a direct result of everyone being at home. However, this is where timeslot predictions come into their own and it's not surprising that this is the information the most people want to receive. We may be at home more, but that makes missing parcels even more frustrating. Imagine if the one hour you decide to go for a walk is when your parcel delivery is attempted. Timeslot predictions remove this possibility and create happier and loyal customers."

Dora Birna, parcelLab

Alternative Delivery Point / Click and Collect Solutions

Conversely, click & collect experienced both an increase in usefulness and a drop in popularity in 2020.

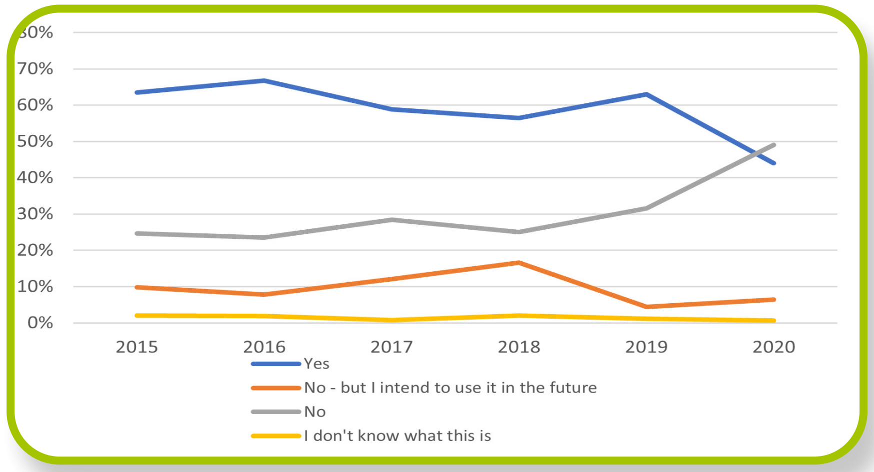


Chart XXI – Have you ever used Click and Collect services instead of having orders delivered to home?

On the one hand, as the below graph shows, more households (49%) said they had not used click & collect as an alternative to having orders delivered to their homes than those who had (43%). This represented the first occasion, since IMRG has tracked such activity, that no outweighed yes.

The simple explanation is that more people than ever spent the majority of their time at home in 2020.

However, we should not sound the death knell for click & collect and other alternative delivery points. Some companies, notably Toolstation, experienced such success in running stores as online pick-up points during the early stages of the pandemic that they plan to open click & collect-only drive-thru shops.

Currys PC World, Dunelm and B&Q are both examples of retailers that ramped up drive-thru click & collect in 2020, as a safe "contactless" fulfilment method, reporting positive customer response.

Around half of respondents would be willing to travel two to five miles to collect an order, but very few would travel over that distance.

Premium Services

There are fewer consumers who said they were willing to pay for a specific delivery slot than ever before in 2020.

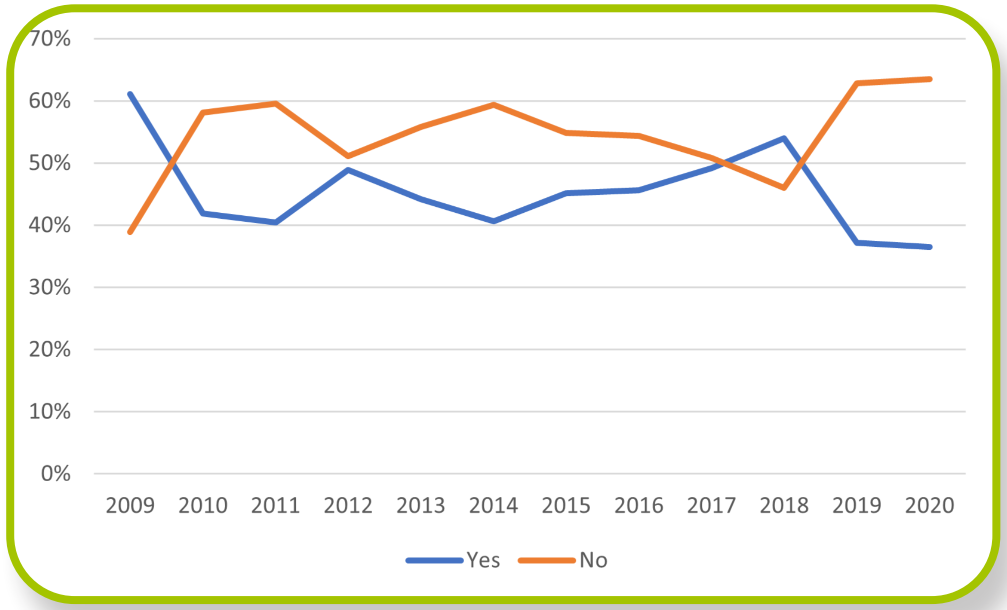


Chart XXII – Would you be happy to pay for a delivery service where you could specify the time slot?

Two-hour timeslots would be the most favoured option if people could choose a specific timeslot, and the majority would be willing to pay between £1-2 for such a service.

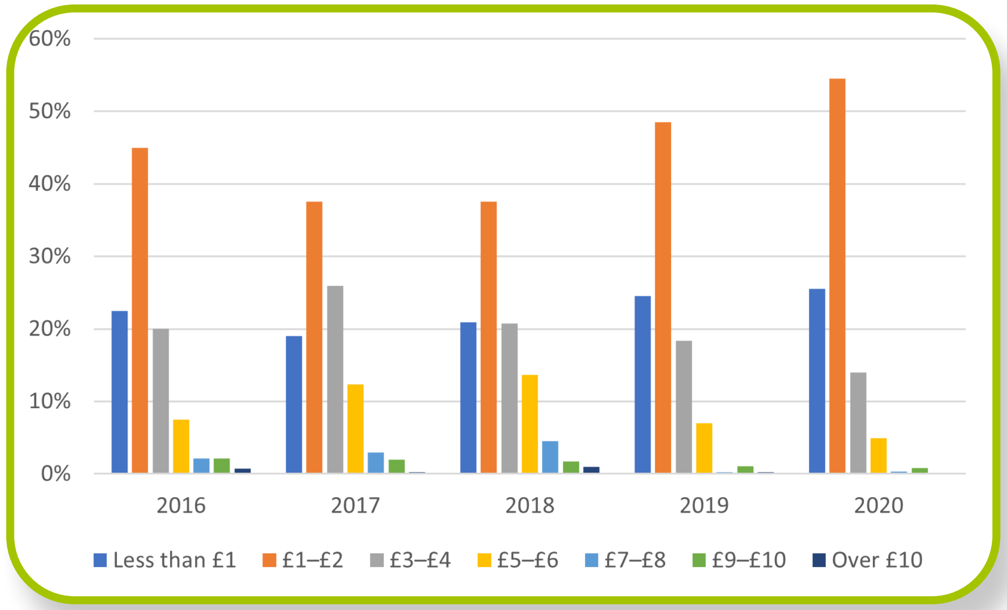


Chart XXIII – How much would you be willing to pay to specify the time slot?

Signature on Delivery

Would consumers be willing to have their online ordered goods, even valuable ones, to be left without a signature at their own risk? The answer to that is "sometimes", although very few would be generally happy with this situation.

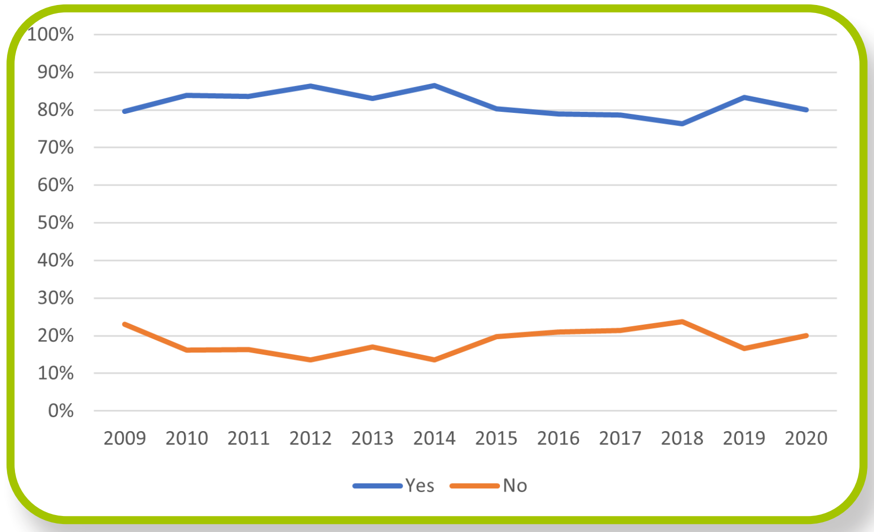


Chart XXIV – Would you be happy for a neighbour to sign on your behalf?

There is also declining sentiment among consumers for receiving a PIN so they can access their goods from a locker located at their home or elsewhere if they are not at home to sign for products. 80% are still happy for those living nearby to sign for parcels on their behalf.

Ultimately, as we've discussed already in the report, consumers are looking for choice – so it would seem constructive for retailers and brands to offer multiple options at the point of delivery.

Cross Border

The end of the Brexit transition period on 31 December 2020 and new regulations related to the UK's departure from the European Union has put cross-border trade under the spotlight in the early stages of 2021, with consumers receiving unexpected charges and some delivery delays or cancellations between the UK and Ireland.

How that impacts attitudes to cross-border trade in 2021 remains to be seen, although the number of consumers considering buying goods from non-UK websites in the 12 months ahead is lower than at any time since IMRG began monitoring sentiment.

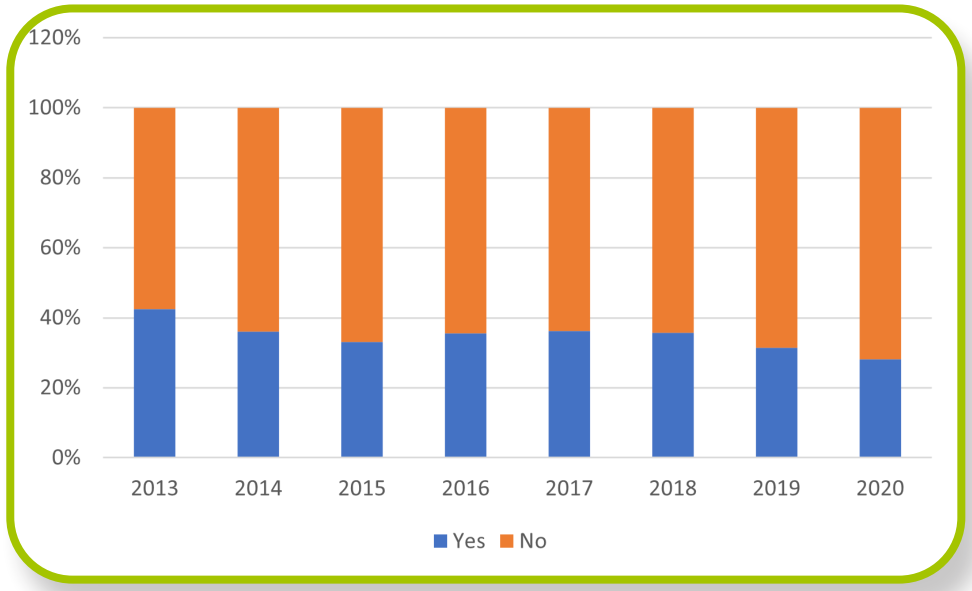


Chart XXV – Would you ever consider buying goods from a non UK website in the next 12 months?

Some 64% of consumers said they had purchased from an overseas website before, with goods procured from Asia showing a notable hike year on year, perhaps to do with Alibaba and JD.com's growing prominence as global retail players.

There was no major change in the frequency Britons shopped from non-UK websites in 2020, probably because the UK is one of the most mature online retail markets.

The biggest perceived barriers to shopping with non-UK websites were concerns over delivery time and returns options, with the former and a perceived higher cost of delivery growing areas of concern for UK consumers.

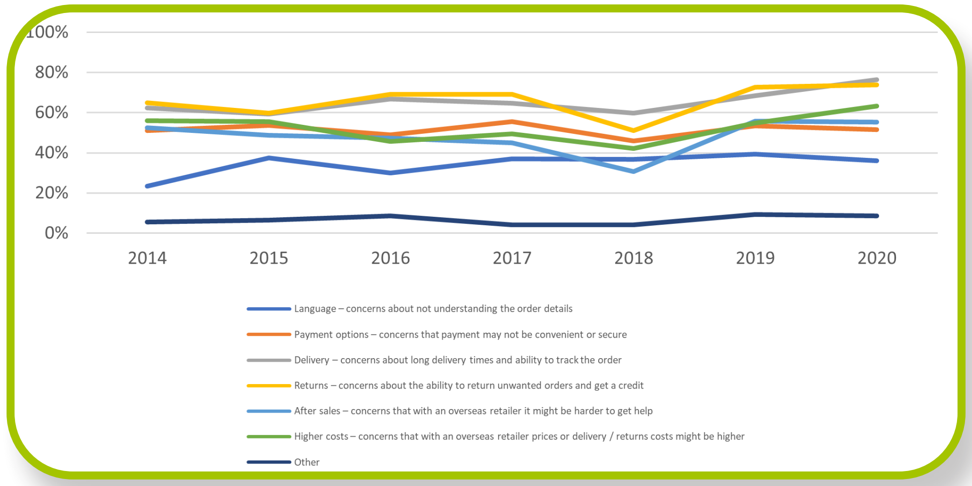


Chart XXVI – What do you feel are the biggest barriers to buying goods from a non UK retailer?

Returns

Consistently over the years, consumers have rated confirmation of receipt by the retailer as the most important factor in making the whole returns process more convenient (see chart III). Shoppers sending back items for refunds or replacements have enough stress dealing with an unwanted item, they do not want any additional uncertainty about the whereabouts of their goods.

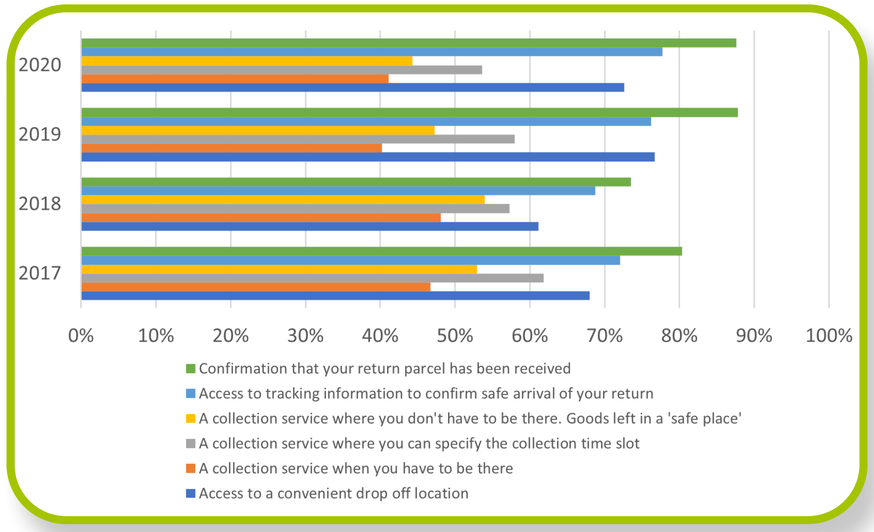


Chart XXVII – How important would the following aspects be in making a returns service more convenient for you?

For the first time in 2020, the Post Office was not the preferred option for distributing returns – instead, customers would rather they were collected from them. This speaks to people's situations during the year – they were less inclined to head to shops or out of the house in general due to fears about the virus.

"Returns remains a major pain point. This has been heightened during the pandemic as we experience queues at parcel drop-off points, virus fears and the inability to return to store. The data shows that there is no one particular option all customers prefer. Therefore, retailers need to invest in a few different options, so that their customer can choose the one that suits them."

Dora Birna, parcelLab

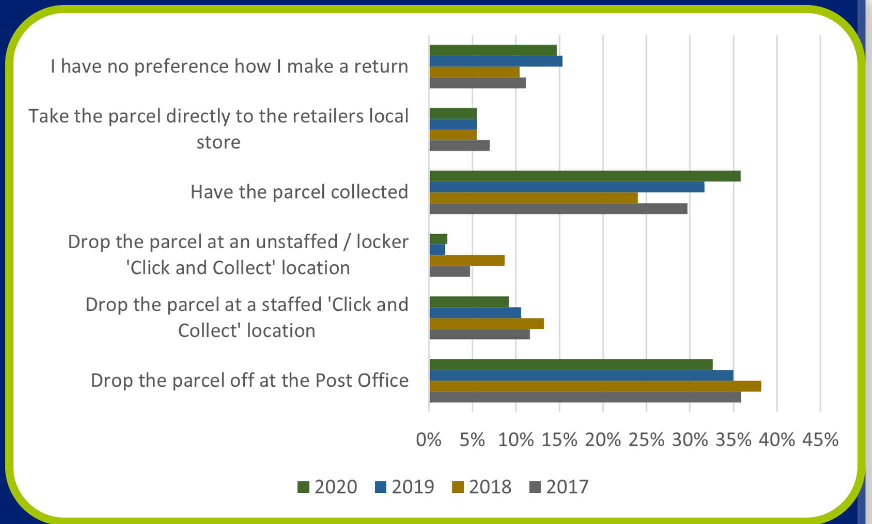


Chart XXVIII – When making a return, do you prefer it when you can...

Despite the advent of more digital methods for booking returns in recent years, consumers still would prefer returns labels are included in the parcel.

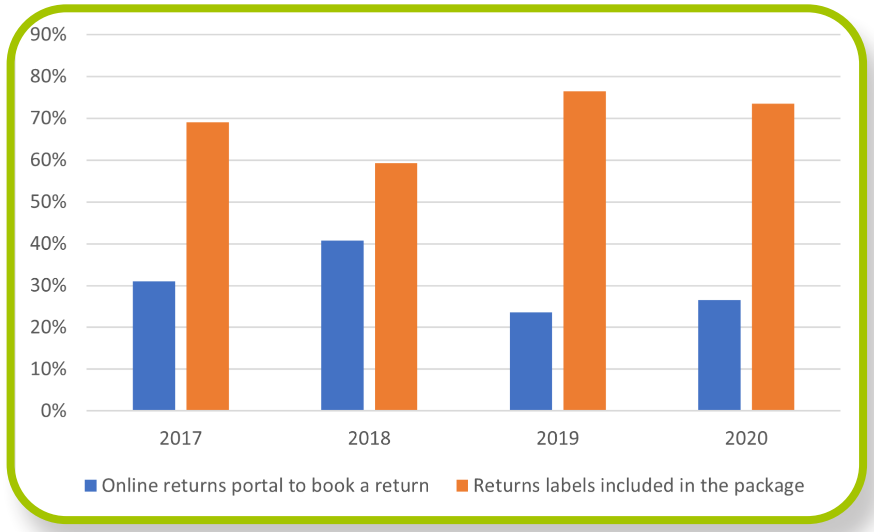


Chart XXIX – When making a return which of the following offers the greatest convenience?

This may change as environmental concerns grow, and more retailers decide not include the labels as part of their own carbon-reducing strategies – although, the current popularity of such paperwork suggests it will need to be a well-communicated message.

Replacing items faster or a speedier return of credit are high motivating factors behind getting consumers to use returns portals.

"Returns portals are gaining popularity as retailers drive their sustainability efforts forwards and go paperless. Whilst speedier return of credit is the highest motivating driver, we are also seeing over 80% of people wanting to track their return."

Dora Birna, parcelLab

Packaging Damage

The perception among consumers that they received damaged packaging went up again in 2020, meaning for the second successive year over 50% of respondents believed they had received tarnished goods.

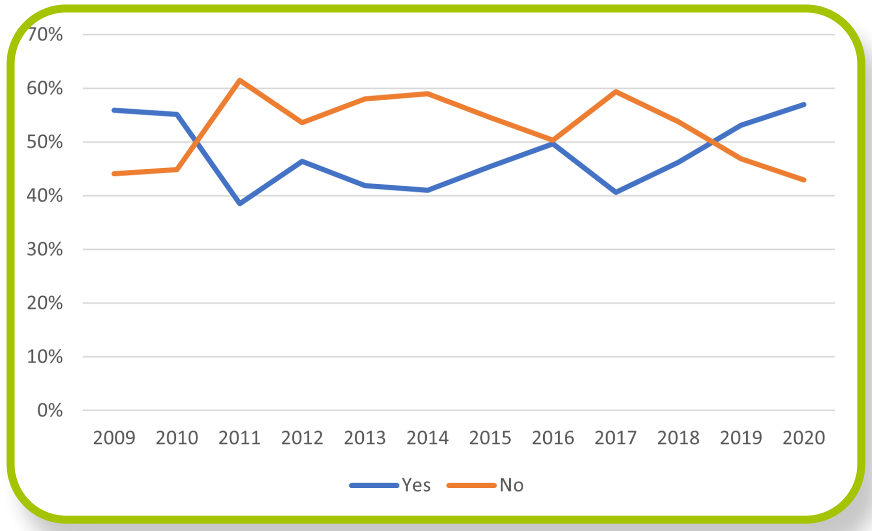


Chart XXX - Have you ever received an item that was damaged?

Inevitably, as more goods are shipped online and a greater volume of customers use ecommerce, there will be an increase in consumers experiencing damaged parcels. Poor handling by delivery personnel was cited by consumers as the main reason for damage.

Since 2017, there has been a steady increase in the number of respondents saying they received parcels with inappropriate packaging (43% in 2020), and the majority of those with complaints (56%) said it was because packaging was too big for the contained item.

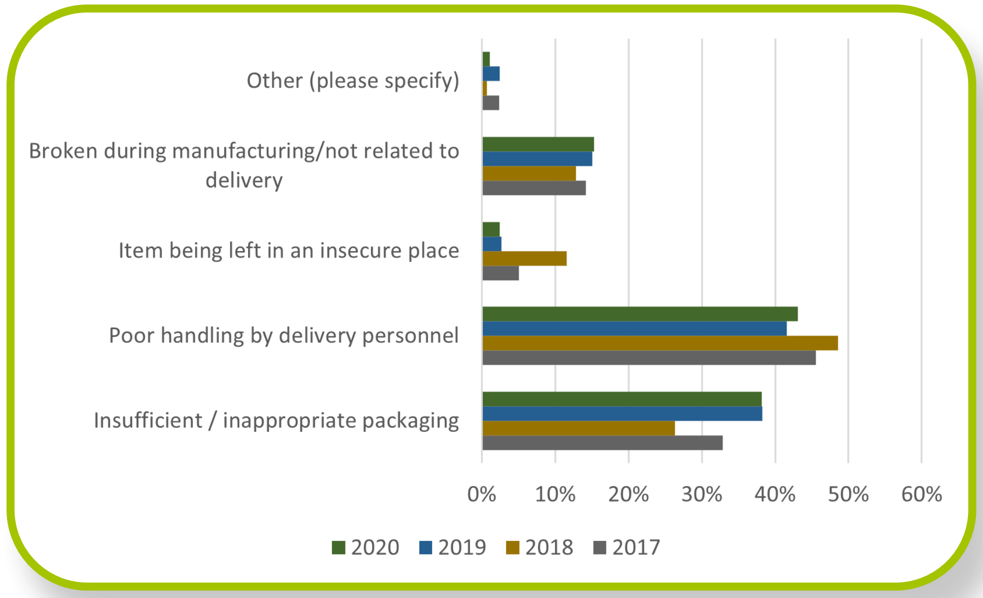


Chart XXXI - In your opinion, why did the damage occur?

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Environmental Perception

Ten years ago, there was a strong perception shopping online was more environmentally friendly than shopping in the high street. The logic was multiple individual car journeys into town centres had a larger carbon footprint than consolidated home deliveries.

But with ecommerce peaking at 36% of all retail sales in November, and some retailers now reporting more than 50% of sales online, the perception has changed. Online retail has been deemed less environmentally friendly than high street shopping for the last three years now.

Consumers say they would choose carbon-friendly fulfilment over a traditional method, but there is no indication they would be more willing to pay more for it.

The UK hosts the UN Climate Change Conference in 2021, and since the turn of the year much focus has been given to improving the country's environmental performance and bringing forward "net-zero" carbon emissions targets. To do so with any real success will require big business support, and likely increased green regulation, so it could be these which prompts more environmentally friendly delivery options and shopper behaviour.

Chart XXXII - Which do you think is more environmentally friendly?

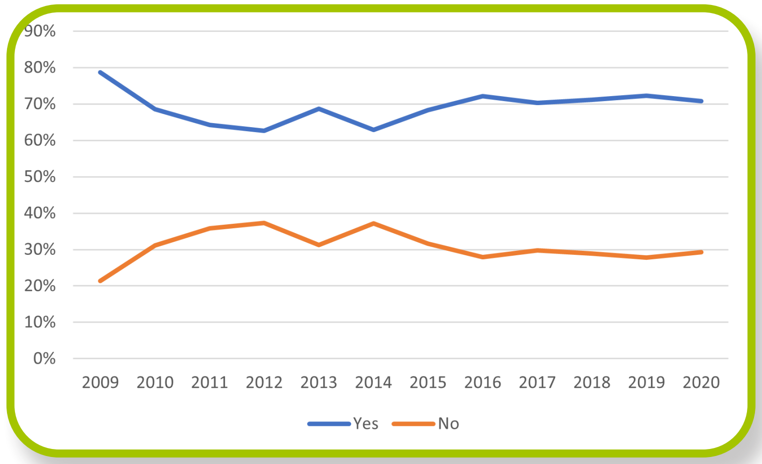

Chart XXXIII - If a carbon-friendly delivery alternative was available, would you choose it over a traditional method?

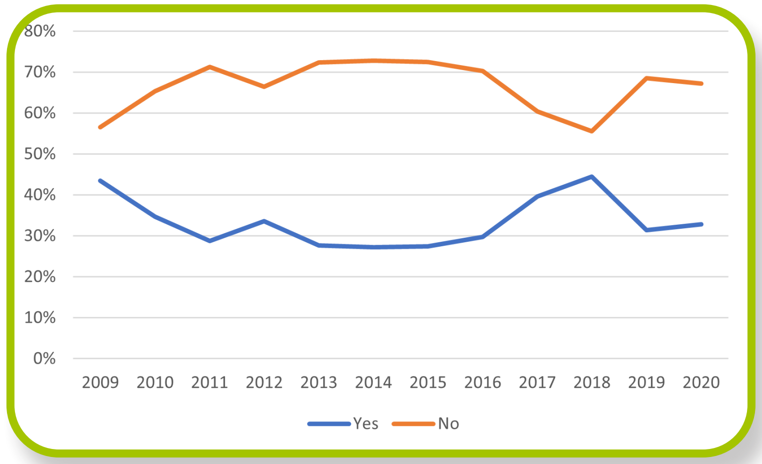

Chart XXXIV - Would you be prepared to pay more in delivery charges for this?

Future Improvements and Innovation

In anticipation of future online delivery trends, each year we add in a question to gauge attitudes towards alternative fulfilment. In 2020, around a quarter said they would be prepared to accept delivery by robot or drone, which has changed little from last year.

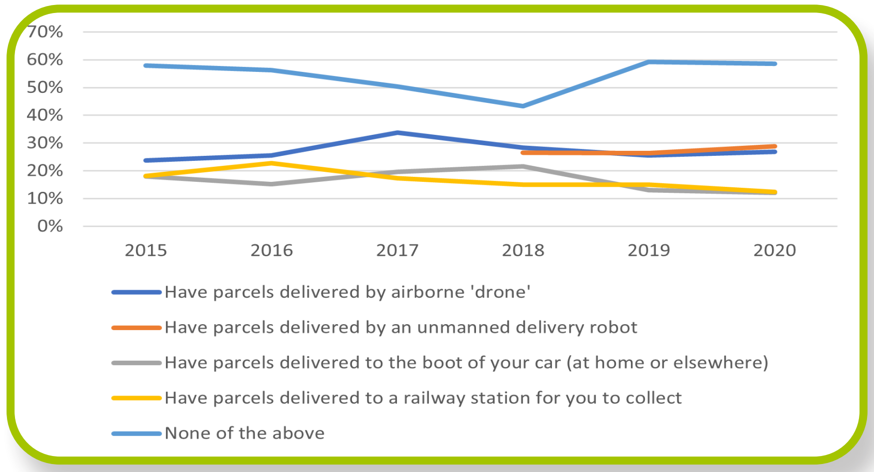

Chart XXXV - Looking to the future, would you be prepared to...

Slightly fewer respondents would be willing to have orders delivered to a railway station or boot of their car for collection. Over half of those surveyed would prefer none of these options.

Transport for London announced in 2020 it is planning a greater roll-out of collection lockers at railway stations in an attempt to alleviate congested delivery networks in the capital city, so attitudes may change when presented with new services.

Meanwhile, Co-op Food has extended the use of its automated delivery robots which fulfil online orders from stores after demand for their services grew in 2020. It shows innovation in fulfilment remains alive and well despite the health crisis.

Conclusion

Retailers' fulfilment networks in 2020 held up well in the face of an onslaught of greater volumes, operational challenges, and the need for new hygiene measures dictated by the coronavirus – positive consumer sentiment proves it.

With many retailers talking about multiple years of change in just a matter of months, in terms of online taking a greater percentage of overall retail sales, it is likely 2020 will be looked back upon as a pivotal year in retail and shopping behaviour in general.

This survey has found, over the course of 12 years, that people continually expect more from delivery experiences. There has been a growing push for shorter delivery times and more granular information about parcel progress.

Once again, in 2020, that plays out in what consumers said. However, it comes against a different backdrop.

With a national spotlight having been shone on online delivery challenges, general retail disruption, and the essential nature of retail in 2020, perhaps there will be a growing understanding of just what it takes for retailers to successfully deliver the goods. Maybe 2020 will be the year that sparked a shift in the power balance between retailer and customer that, until now, had certainly only weighed in favour of the latter.

It could be that as commuting and office work reduces more permanently, consumers will adopt a more flexible attitude to when their parcels arrive, knowing there will be spending more time at home in the week.

It seems dangerous to even contemplate consumers relaxing their demanding stance – which is why it will remain crucial for retailers to provide multiple options and strong levels of shopper communication – but the impact 2020 has on society in the long run is likely to be profound. The same might be said for the delivery sector, more specifically.

About parcelLab®

Together, we can create outstanding customer experiences every day.

At parcelLab, we help brands take control of customer communication. We don't do out-of-the box solutions, we empower brands to deliver end-to-end real-time communication that embodies their brand identity and complements their business goals.

We're unique - we transform complex operational data into a customer experience of your own design. In other words, our advanced data platform can be fully customised to suit your needs.

We'll work with you to create impressive customer focused experiences that manage expectations, build trust and prolong engagement.

And over the years, we've become pretty good at it. We've partnered with over 150 carriers worldwide, and this gives us invaluable access to shipping data. It's this that sets us apart and enables us to deliver truly tailored experiences to our 500+ global customers.

www.parcellab.com

About Maru

Maru are proud research partners of IMRG. We are a market research and insights partner, enhancing the delivery of fast and accurate insights through the combination of proprietary software and advisory services. Our state-of-the-art software and in-depth knowledge of global industry sectors uniquely equip clients to maintain a competitive advantage through actionable insights at speed. Maru's innovative Feel, Behave, Think insights philosophy enables a more holistic understanding of consumer response, whilst our flexible service model provides a commercial approach to research.

About IMRG

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing and events.

We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

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