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The Retail Insight People

# IMRG UK Consumer Home Delivery Review 2019/20

## *Executive Summary*

The IMRG UK Consumer Home Delivery Review 2019/20 is a study of UK shoppers' online fulfilment requirements. The review, now in its 11th year, looks at current levels of customer satisfaction and expectations and anticipates future needs.

Research partner

maru/matchbox®



## Foreword - IMRG

*Welcome to the IMRG UK Consumer Home Delivery Review 2019/20, a survey tracking levels of customer satisfaction and expectation regarding online delivery over an 11-year trend line. The review has become a vital tool for helping retailers shape their delivery proposition and anticipate future needs.*

*Over the past 11 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. It not only provides a snapshot of the current position but offers this in the context of the evolving landscape, offering up to eleven years of trend data for many questions.*

*We have worked hard over the years to ensure any new questions added are neutral and independent, to ensure the answers we are getting from people are as meaningful and non-leading as possible.*

*For the second year running this review has been sponsored by GFS, 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.*

Andy Mulcahy, Strategy and Insight Director, IMRG



## Foreword - GFS

*We know that one of the key challenges retailers face is adapting to the ever-changing consumer behaviours and expectations around delivery and returns. In the fast-paced world of ecommerce, this research offers important insight into the consumer mindset of today, and how the different aspects of delivery play a crucial part in the shopper decision-making process.*

*This report is a unique opportunity to get a view of how consumer perception of delivery evolves over time, enabling us to anticipate and influence current and future delivery trends.*

Bobbie Ttooulis, Group Marketing Director, GFS

## 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 2019, based upon 2,000 UK respondents.

The key thing to understand about this research is that it provides a useful barometer of customer perception. This does not necessarily correlate with actual behaviour – as ever, when you ask people about how they behave or want things to be, you cannot take their responses as incontrovertible evidence of what they either do, or will do, in practice. Nor, indeed, can we always know that people won't respond positively to something even if they are not indicating that they will.

Case in point would be speed of delivery. If we go back a few years, shoppers were not explicitly saying that they needed next-day delivery; surveys typically found that 2-3 days was regarded as perfectly adequate in many cases. And yet speed is what they have got – the majority of parcels are now sent next-day and, for a couple of large retailers, same-day is now a possibility.

At other times it is the shoppers whose attitudes appear to be shifting, but the actual corresponding behaviour exhibited takes a little longer to adapt to that new attitude. For retailers and carriers, meeting these new expectations can take time too, as it can require new processes, services and technology to enable.

The survey results this year mark one of these occasions when it becomes apparent that big change is coming, and all retailers and fulfilment businesses should take heed. One of the questions we ask is whether respondents regard shopping online or in the high street as more environmentally friendly. For the first time in 11 years, the majority put high street above online.



Chart 1: 'Which do you think is more environmentally friendly?'

As the popularity of online retail has grown rapidly over recent years, the volume of orders has also risen. This means more vans on the road, delivering parcels ever-quicker. This, coupled with the strong media focus on environmental issues, appears to be hardening shopper attitudes towards online (and retail generally). While this may not manifest itself in shopper behaviour immediately (i.e. people will refuse to buy anything that isn't sustainably-sourced, in recyclable packaging, etc), inevitably the pressure on businesses will mean some adapt their processes, products and messaging more convincingly than others. At some point over the next five years (or so, at a guess) we may expect to see actual behaviour catching up with the new attitudes.

This creates a difficult situation for retailers, as they are having to find resource to focus on supporting this shift at a time when shopper confidence is low and sales growth rates are struggling. How to meet the challenge from a delivery perspective is tough, as this review consistently finds respondents increasingly expect retailers to meet their heightened expectations without being willing to pay for the privilege.

The message that comes out, again and again this year, is that shopper expectations have now reached a level where fast, free and at their utmost convenience should be the norm. As industry has been so focussed on ensuring convenience is paramount across the full delivery and returns experience, to a strong extent this 'hard' shopper type has been created – and the picture painted by the respondents in this review only corroborate the 'hard' shopper's existence.



## Introductory Thoughts From GFS

*“One of the key takeaways from this year’s report is that the gap is closing in terms of delivery service differentiators as retailers and carriers alike compete to meet consumers’ ever more demanding expectations. However, one clear outcome of this research is that delivery convenience is fast becoming the key motivator as consumers increasingly want delivery to slot in with their busy schedules – proving that ‘fast and free’ is losing its lustre as an incentive.*

*“In order for retailers to provide this convenience at a granular level, expanding the delivery options on offer will be key in order to cater to different customer needs and requirements.*

*“Consumers now want control over how and when their parcel will be delivered, clear visibility of the entire parcel journey and consistent communication so they know the expected day, hour or even minute of when the delivery will take place. So, whilst speed and cost will always be important factors, true customer satisfaction comes with value-adds such as live tracking, delivery notifications and in-flight options.*

*“Whilst this may add operational pressure for retailers, offering this level of flexibility and detail can, in turn, reduce the number of failed deliveries and inbound customer queries – whilst improving customer satisfaction and repeat sales.*

*“It’s also interesting to see that consumers are becoming far more environmentally conscious when it comes to online shopping, though there is yet to be clear evidence that this is reflected in consumer behaviour. This is a widely debated topic across ecommerce and logistics but could be the next big disruptor in delivery – might environmentally-friendly delivery options be the next big differentiator (and sales driver) in the online shopping experience?” - GFS*

Firstly, some positive news from the review – after a drop in 2018, overall satisfaction with online delivery (the blue line in the graph below) reached an 11-year high (87.7%) in the 2019 survey. Satisfaction with returns (red line) also rebounded after a drop in 2018, though it still tracks around 20 percentage points behind overall delivery.

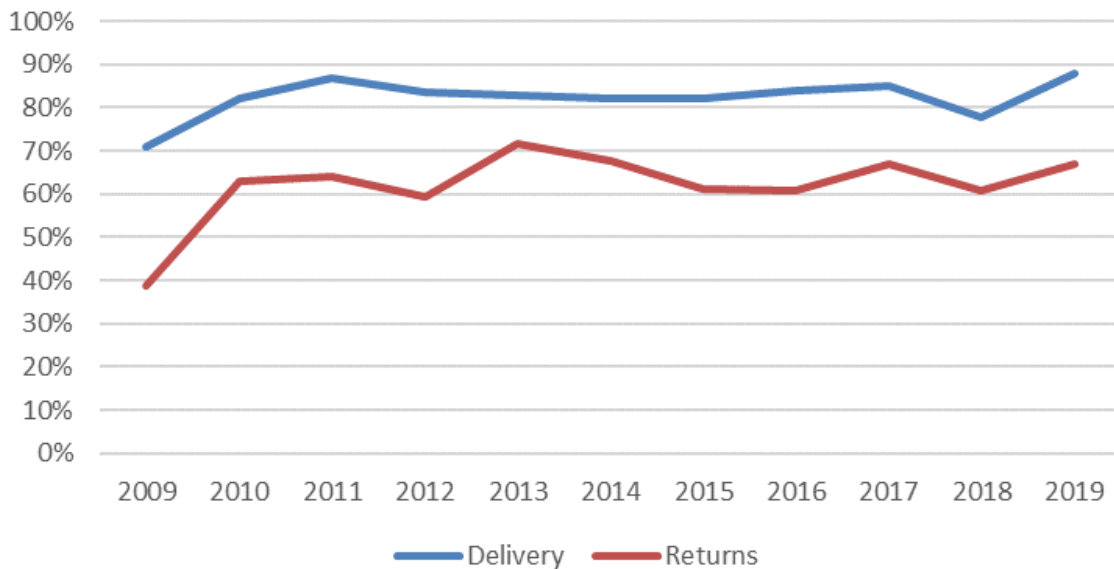


Chart II: 'Overall, how satisfied are you with the delivery of your online shopping items?' / 'Overall, how happy are you with the returns services for online shopping parcels?'

In terms of what is driving that rise, there are many factors to consider. On the negative side, there has been plenty of media coverage of retail's environmental footprint, as well as working conditions for drivers and warehouse staff (consider Amazon staff striking over Prime Day) – though of course this could be eliciting a degree of sympathy from the public (consider the outpouring of support for the 'extra special delivery skills' of the Amazon driver who threw the parcel through an improbably small window in Leicestershire)<sup>1</sup>.

At the same time, average delivery speeds have continued to increase – in June 2019, the percentage of orders using next-day increased by 5 percentage points on June 2018 and 8 points on June 2017 – without impacting on-time delivery rates, which have improved on 2018 performance year-to-date<sup>2</sup>.

Although that technically represents a record-high for satisfaction with delivery, it is only marginally above where it was consistently between 2011 and 2017. It may be more accurate to read that as 'normal service resumed' rather than any new heights of customer satisfaction being set.

Other questions in the survey found a similarly positive improvement in customer perception. The below chart shows whether respondents either felt delivery concerns prevented them from shopping online (blue line) or had abandoned at the checkout because of delivery concerns or issues. Both were at record lows in 2019.

<sup>1</sup><https://www.independent.co.uk/news/uk/home-news/amazon-delivery-parcel-throw-window-driver-a9056071.html>

<sup>2</sup>IMRG MetaPack Delivery Index, <https://imrg.org/data-and-reports/imrg-metapack-delivery-indexes>

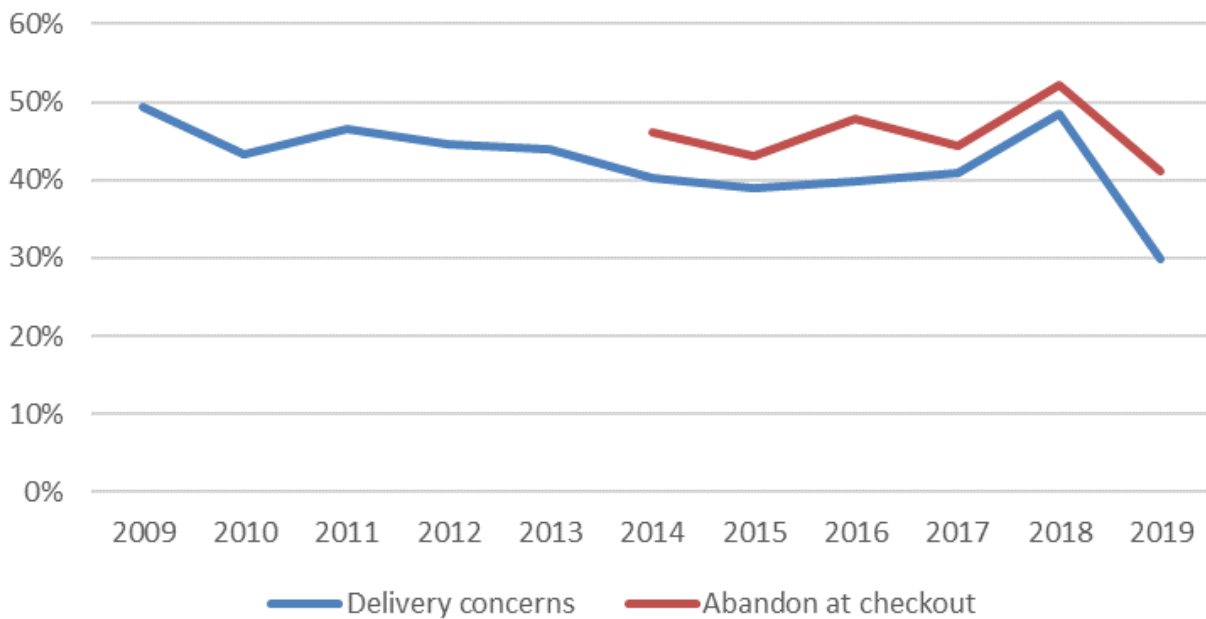


Chart III: 'Do delivery concerns ever prevent you from shopping online?' / 'Have you ever abandoned an online purchase at the checkout stage specifically because of delivery concerns or issues?'

For those who are sometimes prevented from shopping online due to delivery concerns, many of the reasons given were similar (in terms of how they rank) to last year, with two exceptions – 'delivery is too slow' was at a record low, while 'additional cost of delivery' was up substantially on last year (51% vs 39% last year).

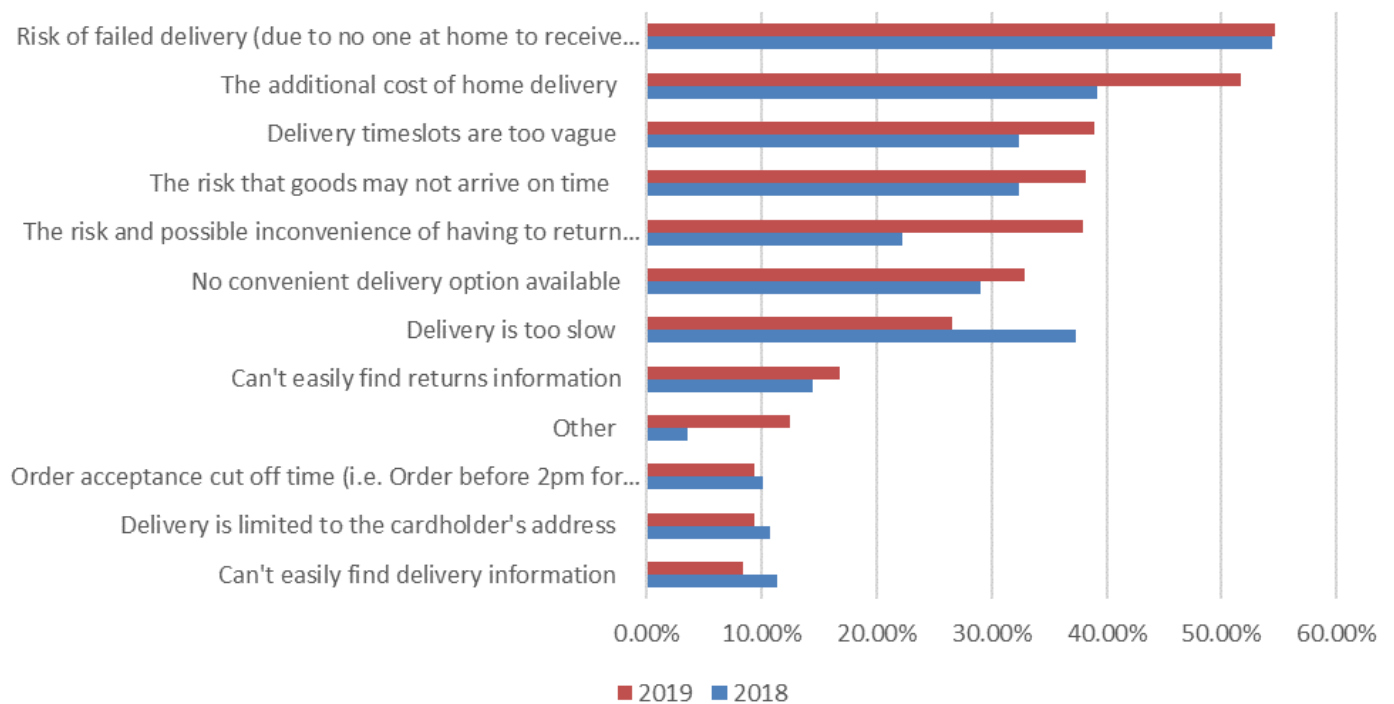


Chart IV: 'Why do delivery concerns sometimes prevent you from shopping online?'

For those that have abandoned at the checkout for delivery reasons, again the order was similar to recent years with one exception this time: 'delivery timeslots are too vague' was 18%, whereas for the previous four years it has been in the 25-29% range.

*"Timing really is everything, as consumers fear the risk of not receiving deliveries on time or missing them altogether. Retailers can counteract this by providing a choice of expected delivery days at the checkout so the customer can choose a slot that suits them, giving them peace of mind. The flip side of this, of course, is that it's absolutely crucial that retailers deliver on their promises and parcels are delivered when expected, which comes with having a reliable and trusted delivery partner." - GFS*

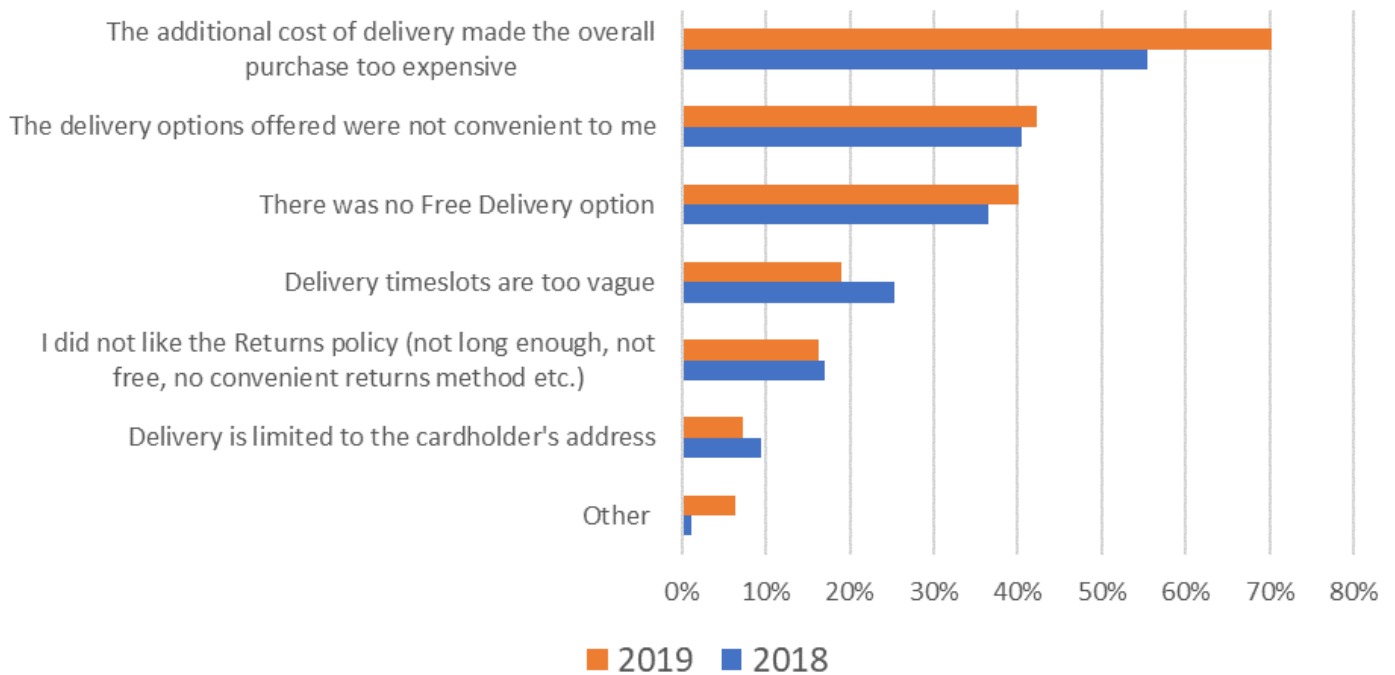


Chart V: 'Why did you abandon your basket at the checkout? Tick all that apply'



In slightly less encouraging news for suppliers of logistics services, the appeal of good delivery seems to be lessening as a driver of customer retention. While 60% still say that a good delivery experience has encouraged them to order again from a retailer, it has been on a clear downward trend over the eight years we have been tracking it (from a high of 77% in 2012).

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.

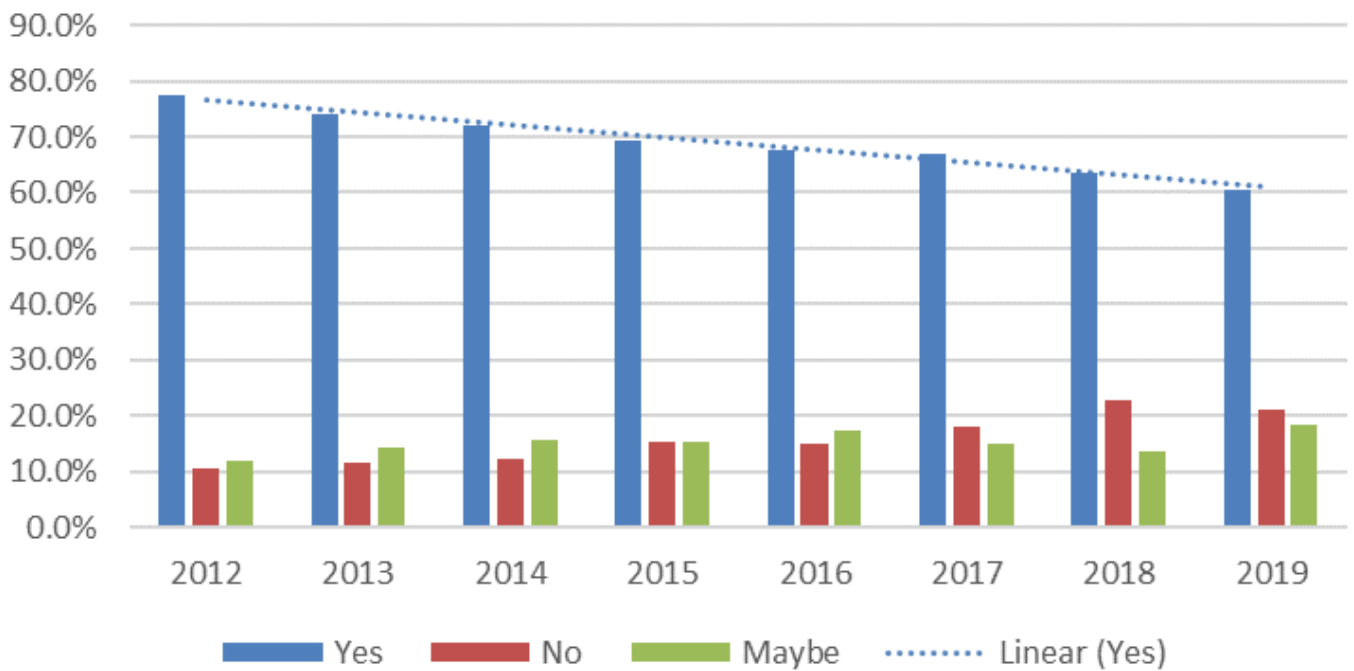


Chart VI: 'Has a good delivery experience directly encouraged you to order again from a particular retailer?'

Following on from that point, 30% of respondents to the survey said a customer review on a retailer's website or social network about a company's delivery service had influenced their choice of retailer. This has been fairly stable over the last few years.

For the past four years, we have tracked whether respondents say they have made a purchase specifically due to a Black Friday discount. Between 2016 and 2018 the percentage went up, but there was a vast decline this year when it fell from 57% to 35%.

Trading over the Black Friday period in 2018 was very subdued, with the actual spend coming in well below forecast. This may suggest that appetite for Black Friday is falling, but it's also possible that the sheer availability of discounting in the second half of 2018 and throughout 2019 so far means shoppers are less reliant on Black Friday for getting access to what they regard as top deals.

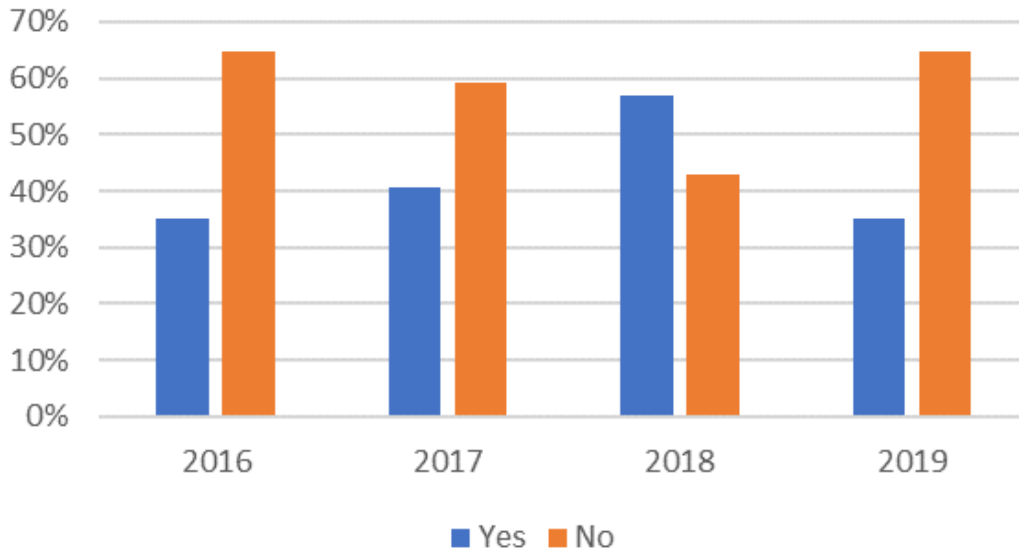


Chart XIII: 'Have you made an online purchase specifically as a result of a Black Friday discount?'

More relevant to our purposes here is the role of delivery in Black Friday offers. As the event occurs towards the end of November and is still far out from Christmas, there is no general urgency around the receipt of orders. Restricting faster delivery times (i.e. next-day) during that period to ease the strain on fulfilment operations is therefore possible and attractive to retailers. When asked whether they would be willing to accept longer delivery lead-times, the majority still say yes but the trend is for a slight decline (perhaps they aren't getting a little more understanding of the practicalities of online delivery after all).

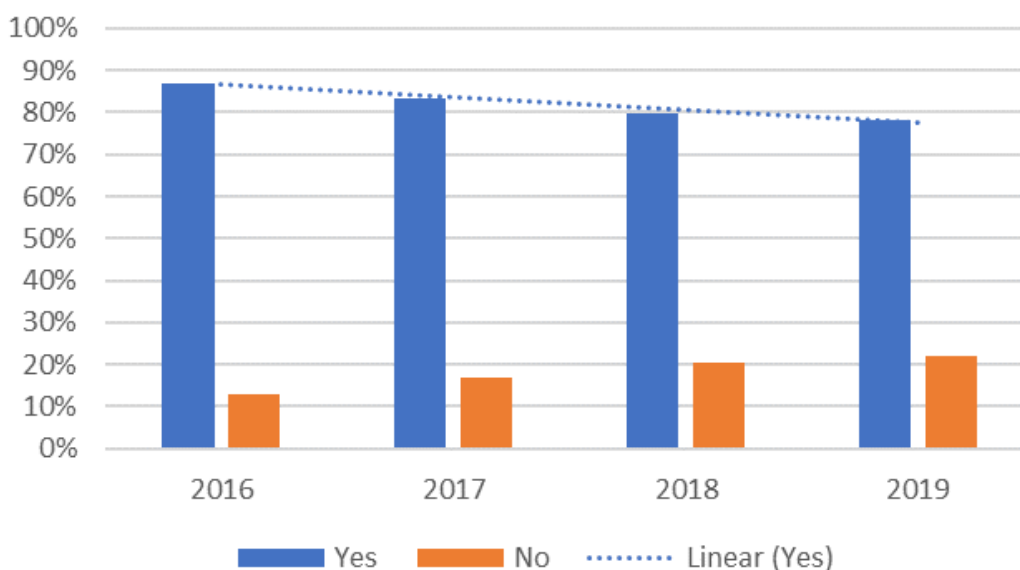


Chart XIV: 'If Yes, were you prepared to accept an extended delivery time?'



For those who said they were not prepared to accept an extended delivery time, we asked whether they were prepared to pay an additional delivery premium in order to get their purchase more quickly. Again, they seem unwilling to compromise on that front, with 92% saying they would not.

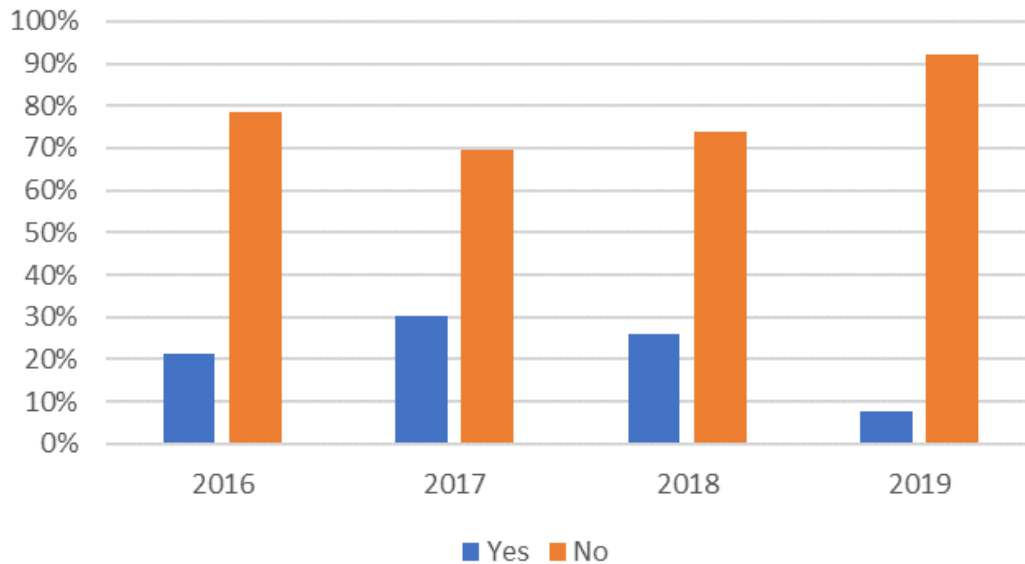


Chart XV: 'If No, were you prepared to pay an additional delivery premium to get your purchase more quickly?'

*"Most of the time, consumers don't mind extended delivery times as long as they are notified ahead of time, rather than having a parcel not appear when expected. This just shows how critical it is to manage customer expectations and provide consistent communication throughout the delivery journey to placate frustration." - GFS*

### About IMRG

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of e-retail in the UK. We are a membership community comprising businesses of all sizes – multichannel and pureplay, SME and multinational, and solution providers to industry. We support our members through a range of activities – including market tracking and insight, benchmarking and best practice sharing. Our indexes provide in-depth intelligence on online sales, mobile sales, delivery trends and over 40 additional KPIs. Our goal is to ensure our members have the information and resources they need to succeed in rapidly-evolving markets – both domestically and internationally. [www.imrg.org](http://www.imrg.org)

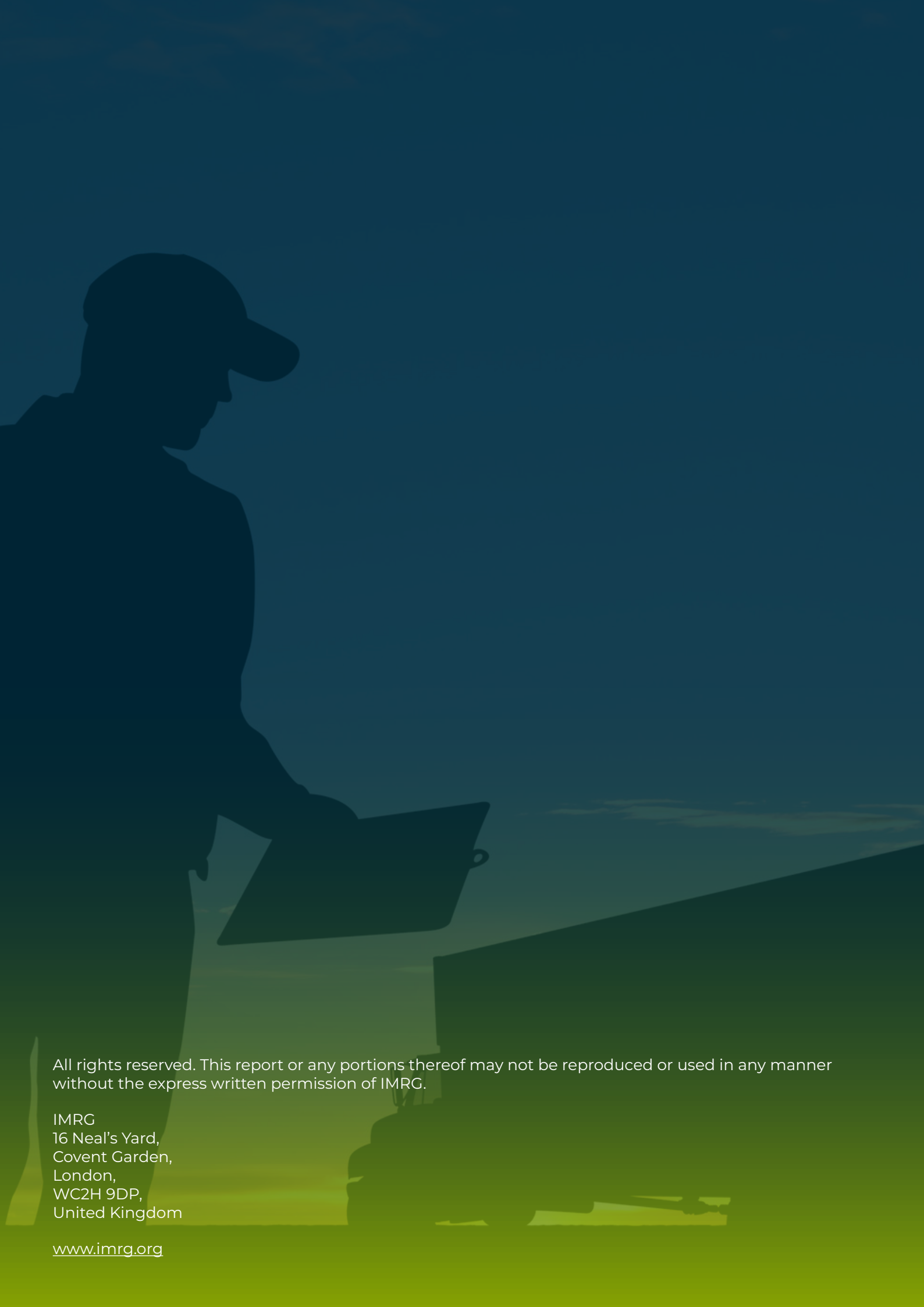
### About GFS

As the pioneer of Enterprise Carrier Management (ECM), GFS has been behind the success of some of the fastest growing brands for over 16 years, providing unique and affordable shipping solutions that optimise delivery from checkout to doorstep – anywhere in the world.

Our Enterprise Carrier Management solution provides expert managed parcel services supported by a full technology suite comprising of labelling, despatch and reporting software, including a checkout plugin that calculates delivery options and duties and taxes at point of sale. This gives retailers easy access to the expertise, services and tools they need to take complexity out of delivery, so they can focus on selling more.

Managing over 30 million parcels a year, our history and presence makes us the trusted partner of hundreds of online retailers, and our continual innovation ensures we anticipate the needs of our customers and stay at the forefront of the industry. [www.gfsdeliver.com](http://www.gfsdeliver.com)





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