Ecommerce Delivery Benchmark Report 2022

Welcome to the age of ecommerce

effortless ecommerce everywhere

38% more conversions with the right delivery options.

Rapid access to 4,900+ delivery services.

40% fewer WISMO calls thanks to simple tracking.

The convenient returns experience demanded by 81% of consumers.

METAPACK

Deliver simple yet powerful experiences for your customers.

www.metapack.com

Foreword

Patrick Wall
Founder & former CEO
Metapack

The last two years have brought fast and dramatic changes to the way we buy and receive goods. We are well aware of the disruption COVID-19 has brought on retailers and brands, and there's already a wealth of research outlining its impact. That's not what we're interested in here. In this report, we want to understand the extent to which these changes will endure in 2022 and beyond.

We estimate that $650 billion of global non-food spending will permanently shift to online by 2025. This is already supported by 20% of consumers who say they will continue shopping more online, long after the impact of the pandemic has subsided.

So, who are these shoppers, and what is driving them? More to the point, how can retailers adjust their propositions to win and retain their business? In this year's Ecommerce Delivery Benchmark Report, together with our partners Retail Economics, we examine the new cohorts of shoppers born from the COVID-19 ecommerce boom, and how their shopping and delivery expectations have shifted during this unprecedented time.

Of course, COVID-19 is far from the only force re-shaping consumer attitudes. Reducing our collective impact on the environment has become a major priority for shoppers around the world, driven in no small part by younger demographics. In this report, we un-pack this unfolding trend, examining the sacrifices consumers are prepared to make – and just as importantly, what they can't sacrifice – in order to lower the carbon footprint of ecommerce delivery.

Perceiving how consumer preferences have changed is one thing; understanding how to pivot your own business to cater to them is something else entirely. This report isn't just about uncovering consumer trends, it's also about the ways in which top retailers and brands are already responding to embrace change and succeed in 2022.

The ecommerce-first economy we've been talking about for so long has finally arrived. It's time to adapt, and within these pages you'll discover how.

Table of contents

Methodology

Nationally representative consumer panels were undertaken across the US, UK, France and Germany. The sample comprised of more than 6,000 consumers, with survey data collected in November 2021 and analyzed by Retail Economics.

Market intelligence and forecast data has been modelled by Retail Economics.

Contributors: Nicholas Found, Richard Lim, Josh Holmes, Jerry Duoanla

Introduction

Brands must embrace the disruption and continue to evolve to meet heightened demands from the wave of online shoppers.

COVID-19 sent economic shockwaves throughout global retail markets with its full repercussions still to emerge. What is clear is that online and the way retailers get goods into people's hands has become more critical than ever.

This report looks at the growth of online sales across non-food in four key markets with the view to quantify the pressure this will place on home delivery going forward. These changes have been accelerated by the emergence of new shopping behaviors, including a new wave of permanent online shoppers we're calling 'digital shifters'.

Retailers and suppliers must be knowledgeable about the trends explored in this report to truly understand the drivers of long-term change in the sector. Critically, brands must embrace the disruption and continue to evolve to meet heightened demands from the wave of online shoppers.

Section 1 explores the unprecedented shifts within the retail sector since the pandemic. Section 2 looks at the themes impacting longer term disruption, including consumer values by country, age and work environment. The final section (3) explores the trends and strategies businesses are embracing to adapt in this new environment.

The research contains data-driven insights and guidance, developed from nationally representative consumer panel surveys comprising over 6,000 households across the US and three key European markets (UK, France and Germany). It also includes economic modelling to forecast different online scenarios to 2025.

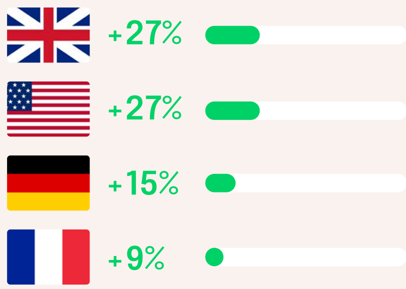
Key stats

$650 bn

of non-food spending will shift **toward online by 2025**. Of this, $540 billion is predicted to be home deliveries.

20%

of consumers will **permanently shift** more of their shopping online.



The permanent shift online **varies by country.**

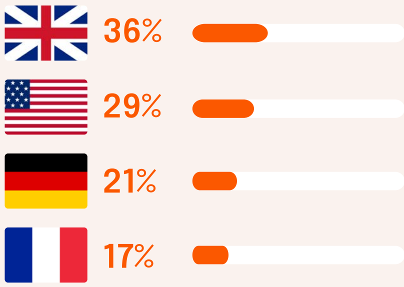
42.2%

of consumers working from home expect to permanently shop more online, compared to 16.8% of those continuing normal working patterns.

Key stats

37.5%

of shoppers switching to online say speed of delivery is the most important factor.



UK and US consumers expect to visit physical stores less in the future, compared to those from Germany and France.

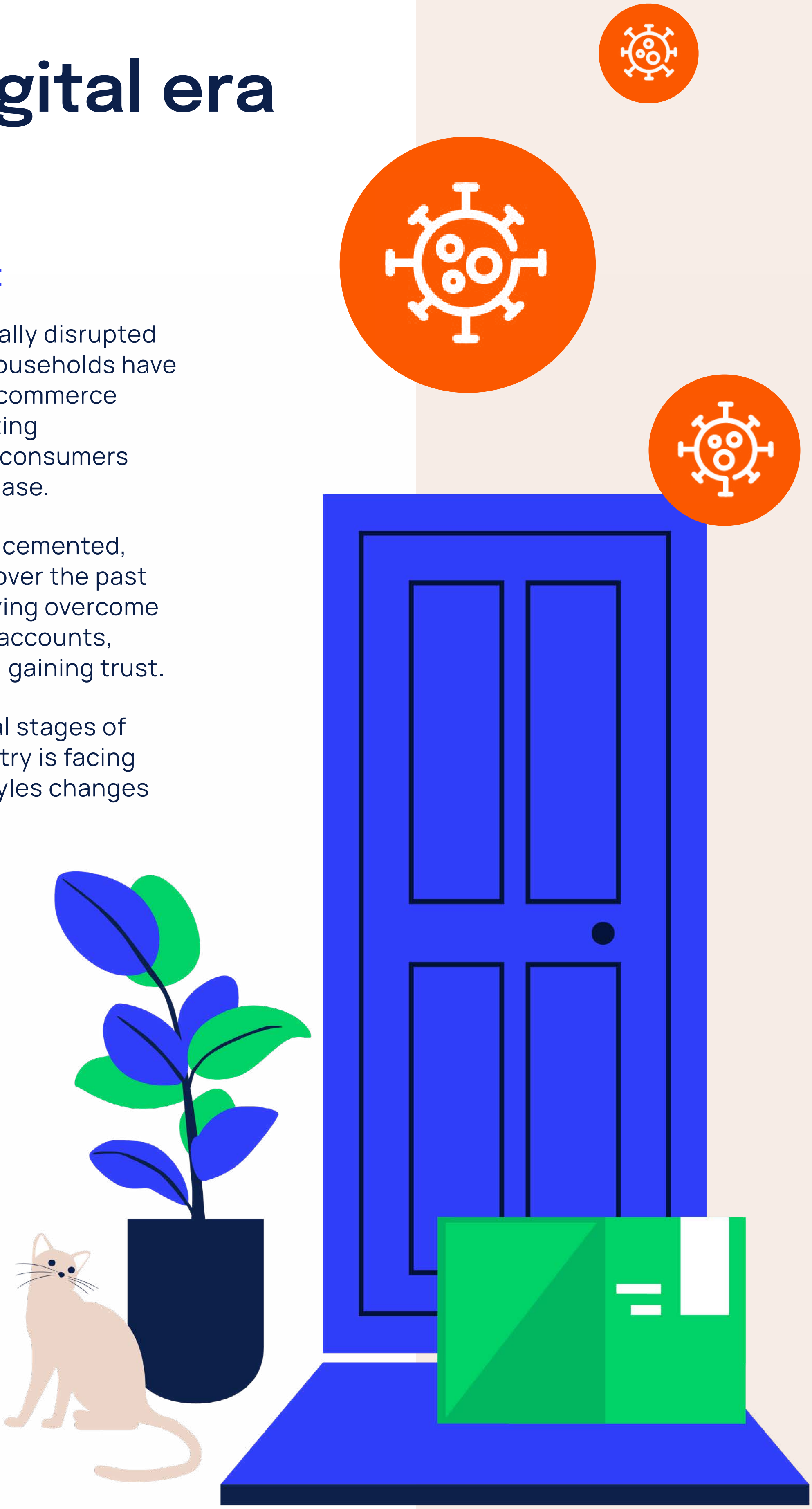
58%

of consumers are more willing to delay delivery times than pay to offset the environmental impact of delivery.

x2

Younger consumers are twice as likely to pay to offset delivery emissions compared to the 55+ age group.

01
A new digital era



The pandemic's impact

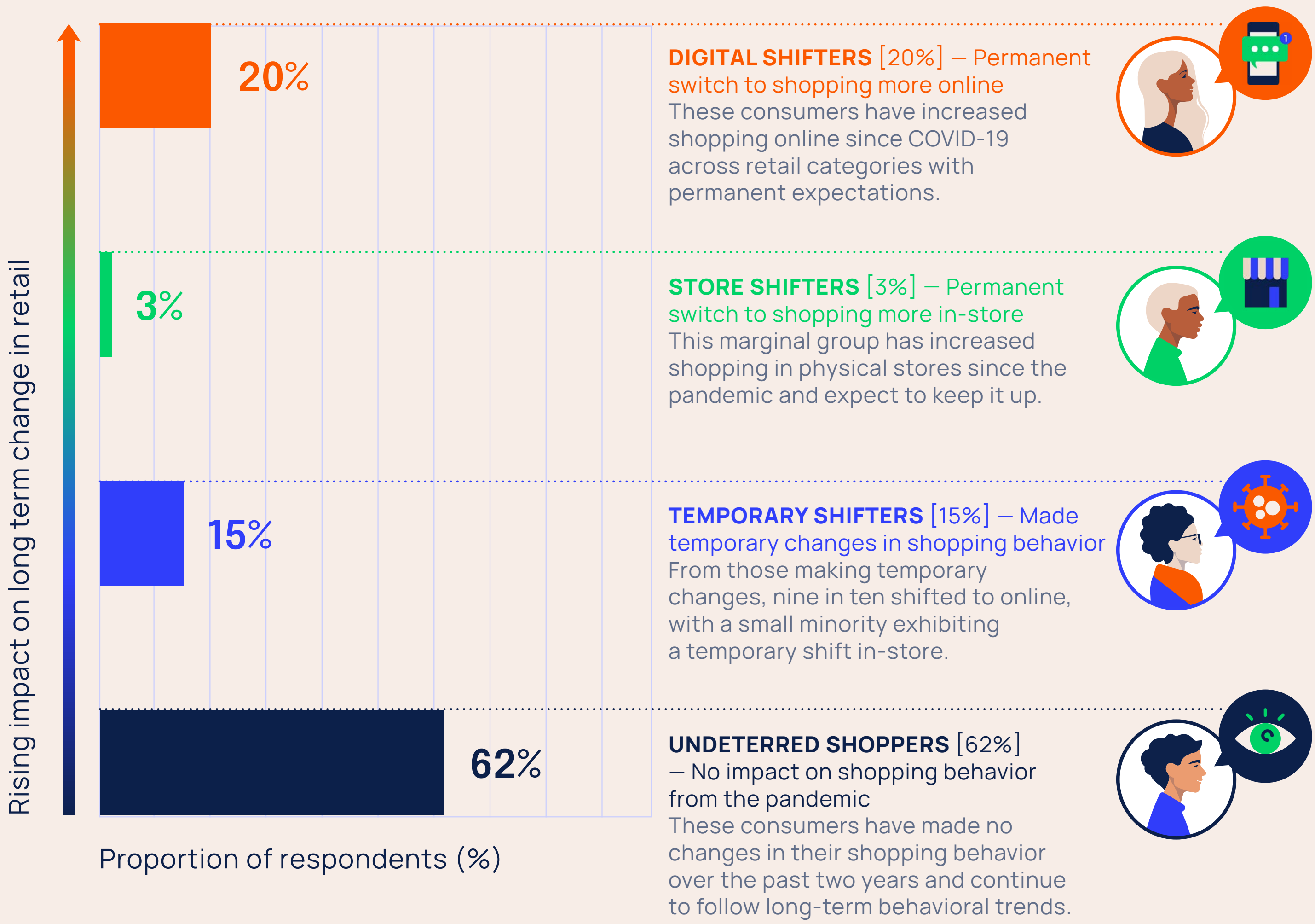
The pandemic has fundamentally disrupted how we live, work and shop. Households have been increasingly reliant on ecommerce and shopping local. The resulting disruption has exposed many consumers to entirely new paths to purchase.

New online behaviors are now cemented, following multiple lockdowns over the past two years with consumers having overcome barriers like setting up online accounts, providing payment details and gaining trust.

After moving on from the initial stages of the pandemic, the retail industry is facing a new era. Considerable lifestyles changes are now embedded that incorporate greater dependence on digital. This has fueled changes in how consumers work and socialize, as well as how they buy and receive goods and services.

A key question retailers continue to struggle with is whether these new online behaviors will persist beyond the pandemic. It is critical to distinguish between consumers making temporary changes in reaction to COVID-19, from those whose behaviors will be more permanent, particularly towards home shopping.

Figure 1: Four types of shoppers have emerged from the pandemic



Source: Retail Economics

New shopper cohorts

Consumers have now had enough time to adapt to the impact of the pandemic and assess how this has affected their shopping behavior. The research identifies four key consumer types.

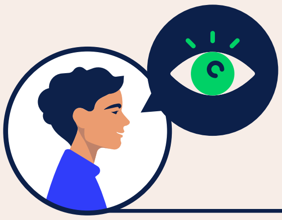
Most shoppers appear undeterred in their behavior, exhibiting a 'keep calm and carry on' attitude. Additionally, 'undeterred shoppers' are disproportionately comprised of middle-aged consumers and are more likely to reside in France and Germany.

The next largest group are the 'digital shifters'; these account for one in five shoppers across the countries analyzed.

The research found that UK consumers are almost three times more likely to suggest a permanent shift in shopping online compared to their French counterparts. The distribution of consumer type by age is also flatter for the UK and US, compared to Germany and France. This suggests the online shift is more prevalent across a broader spectrum of households and categories.

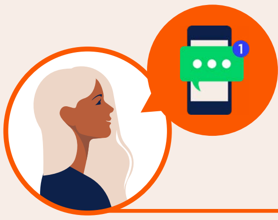
Importantly, the research demonstrates that consumer behavior towards online is more likely to be permanent than temporary. It also implies that since the pandemic, new digital experiences have been 'sticky' to some degree.

Figure 2: Comparison of the two most significant consumer types



UNDETERRED SHOPPERS

1. Show a broadly **similar age profile** to 'digital shifters', with a slight male bias (53%)
2. Less likely to have experienced **workplace changes** since COVID-19
3. Events over the last 18 months are unlikely to have impacted expectations around **delivery options**
4. Two fifths in this group **shun online shopping**
5. Among those who shop online, 49% prefer **home delivery**



DIGITAL SHIFTERS

1. More likely to be **female** (55%)
2. More than two fifths (43%) are increasingly **working from home** since COVID-19
3. Greater willingness to **pay more for online fulfillment** since COVID-19, with a greater willingness to pay for home deliveries in particular
4. These consumers have discovered the **convenience of online delivery** since COVID-19 (43%), but also lower prices (34%) and new brands online (19%)
5. A fifth (21%) appear **uncomfortable** visiting physical stores
6. When shopping online, 62% prefer **home delivery**
7. These consumers will be driving an **increase in home deliveries** going forward, with reduced store visits in the future

Source: Retail Economics

The great shift online

The seismic shift online has been felt across all markets. Notably, the proportion of non-food sales rose markedly in 2020 as mandated lockdowns necessitated online shopping for large swathes of consumers. However, unsurprisingly, levels of online sales fell back in 2021 as global economies reopened but remained elevated on pre-pandemic levels.

This is particularly relevant to the UK where online accounted for 43% of total non-food sales in 2020. Although the proportion fell back to 37% in 2021, it remains ahead of long-term trends.

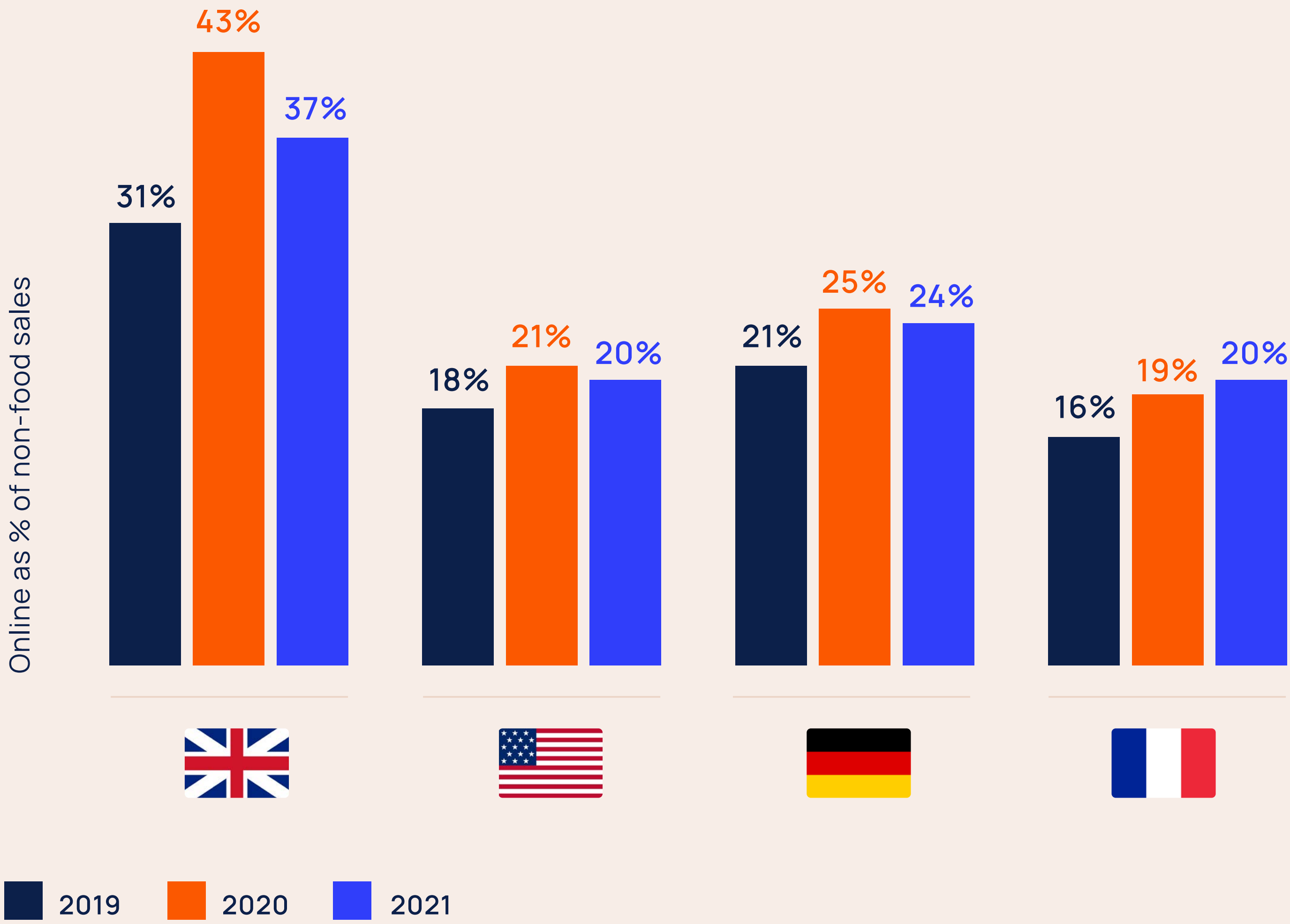
Indeed, the pandemic has accelerated the migration towards online, driven by a permanent shift in consumer behavior and vast investment across the entire online retail ecosystem, from digital marketing to more frictionless returns.

The research quantifies the impact of change in consumer behavior caused by COVID-19, by comparing the difference between the new rate of online growth to the levels expected pre-pandemic.

Across the UK, US, Germany and France, the proportion of online retail sales for non-food is expected to accelerate by around two years compared to what would have been forecast based on pre-COVID long-term trends. Therefore, across these markets, an additional $650 billion worth of spending will move online by 2025 as a direct consequence of COVID-19-induced behavior.

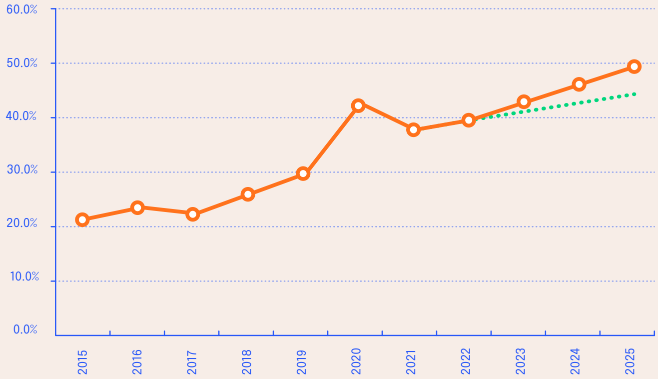
This acceleration in online growth will lead to $540 billion of additional sales going through home deliveries alone by 2025, compared to a scenario where the pandemic had no impact on behavior across the four key markets.

Figure 3: Step-change in proportion of online non-food sales across key markets

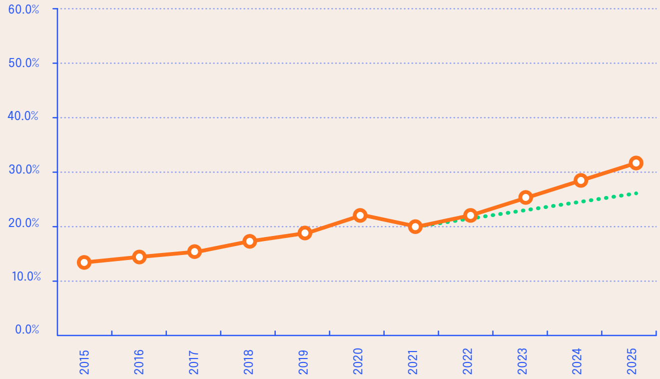


Source: Retail Economics

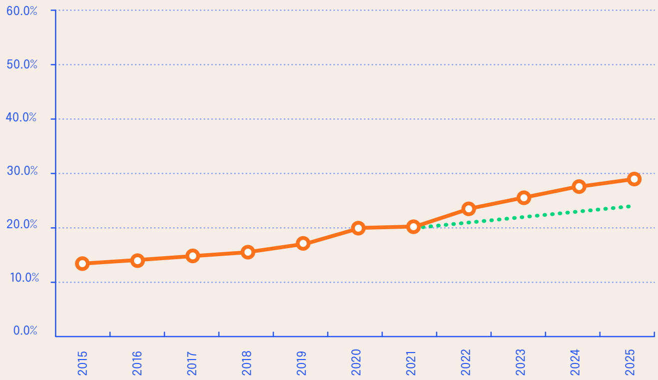
Figure 4: $540 billion more online home deliveries by 2025 amid COVID-19 shift



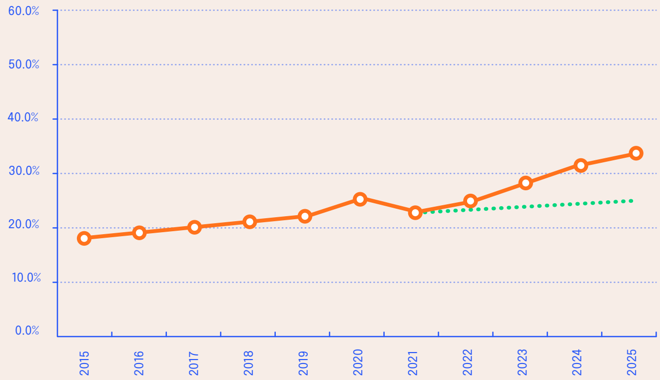
- Online expected to account for **49.7%** of total non-food sales by 2025
- An additional **$30.8 billion** shift towards online caused by the pandemic
- An additional **$27.0 billion** through home delivery



- Online expected to account for **30.6%** of total non-food sales by 2025
- An additional **$538.6 billion** shift towards online caused by the pandemic
- An additional **$449.6 billion** through home delivery



- Online expected to account for **28.2%** of total non-food sales by 2025
- An additional **$29.6 billion** shift towards online caused by the pandemic
- An additional **$22.7 billion** through home delivery

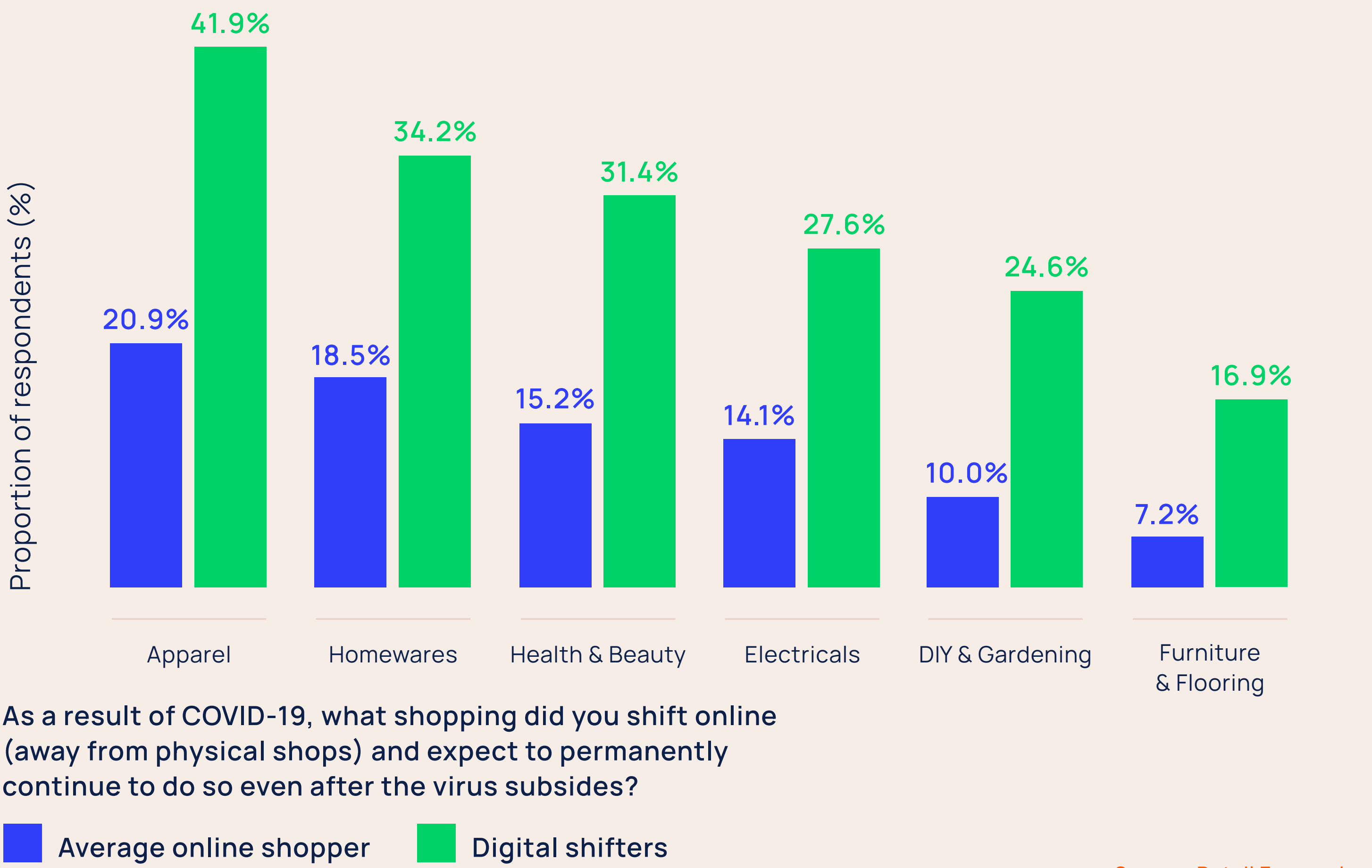


- Online expected to account for **32.3%** of total non-food sales by 2025
- An additional **$48.9 billion** shift towards online caused by the pandemic
- An additional **$40.1 billion** through home delivery

No COVID-19 impact   COVID-19 impact

Source: Retail Economics

Figure 5: 'Digital shifters' are driving transition to online across categories



Source: Retail Economics

The impact of additional online growth will be felt unevenly across retail categories. Our research shows that Apparel and Homewares are set to experience the most significant online adoption, with consumers showing the greatest intent for a permanent shift towards online for these categories.

COVID-19 restrictions on retail during 2020/21 brought high levels of online discovery, which is likely to persist after the pandemic recedes.

Against a backdrop of perceived health risks with shopping in-store, previously hesitant shoppers shifted spending online for the first time in essential categories such as food and health & beauty that are arguably not as developed online as other categories. For many, this involved overcoming barriers like distrust of online shopping, or setting up online accounts.

Crucially, however, higher priced items are not following the same pattern. Big ticket items typically involve more considered paths to purchase, commonly relying on 'touch and feel' experiences in-store to drive conversion. There is also a degree of cautiousness around the delivery of expensive or fragile items. Shoppers in high-value categories such as furniture & flooring are likely to revert to old behaviors of shopping as the impact of COVID-19 recedes.

Boohoo Group fast-tracks ecommerce expansion

The Boohoo Group is one of the world's fastest growing companies. When it acquired two labels – Oasis and Warehouse – the group needed an online delivery network capable of supporting its international business.

The Boohoo Group uses Metapack's Shipping API to allocate the most intelligent and cost-effective shipping options, drawing from the world's largest library of 400+ carriers and 4,900+ delivery services. This is especially important to help Boohoo Group serve its growing international market. Because the software integrates directly with carriers, different services can be added effortlessly via a single API.

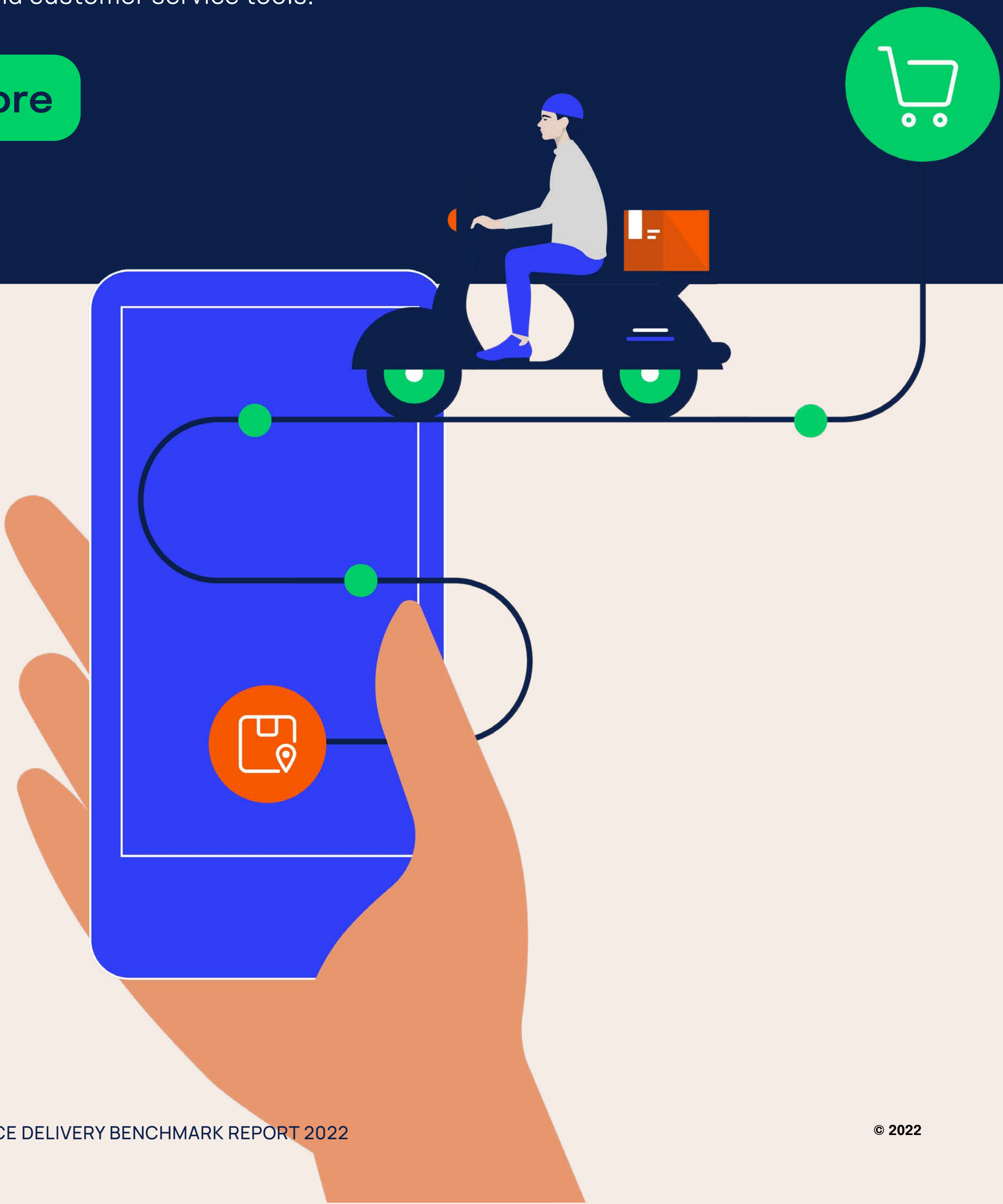
Using Shipping API, the two newly acquired brands have direct access to an international fulfillment network of 53 carrier services. The platform is capable of allocating orders at breakneck speeds of less than 300 milliseconds. This allows Oasis and Warehouse to keep up with demand even in the busiest periods. It also enables the brands to grow rapidly in international markets as the group's global customer base continues to expand.

Learn more

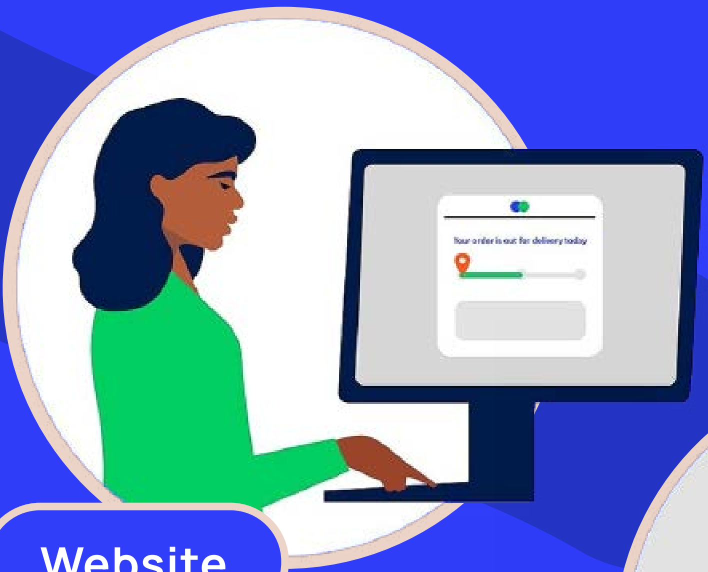
Reduce the customer service burden with Tracking API

When online demand rises, so too does customer contact. It can be costly for you and frustrating for your customers. With Metapack Tracking API, you can cut customer contact by creating better customer experiences with rich tracking data. The solution converts carrier delivery events into consistent, jargon-free updates your customers and service agents can easily understand. Use Tracking API to quickly build tracking features in your website, apps and customer service tools.

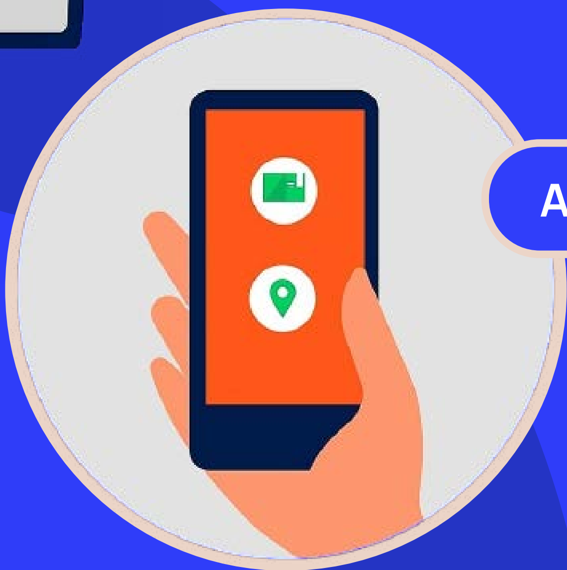
Learn more



Simple tracking.
It’s no longer complicated.



Website



Apps

Effortlessly integrate tracking data your customers can understand.

Learn more

Customer service tools

02
Trends shaping retail

Trend 1 – Uneven digital impact across countries

The research highlights that the transition online will be felt unevenly across countries. Each market faces its unique challenges in terms of digital capacity, capabilities and feasibility; with infrastructure, competition and typical working environments differing between nations. More mature online markets have greater digital capacity and are set to experience higher levels of long-term shifts in shopping behavior.

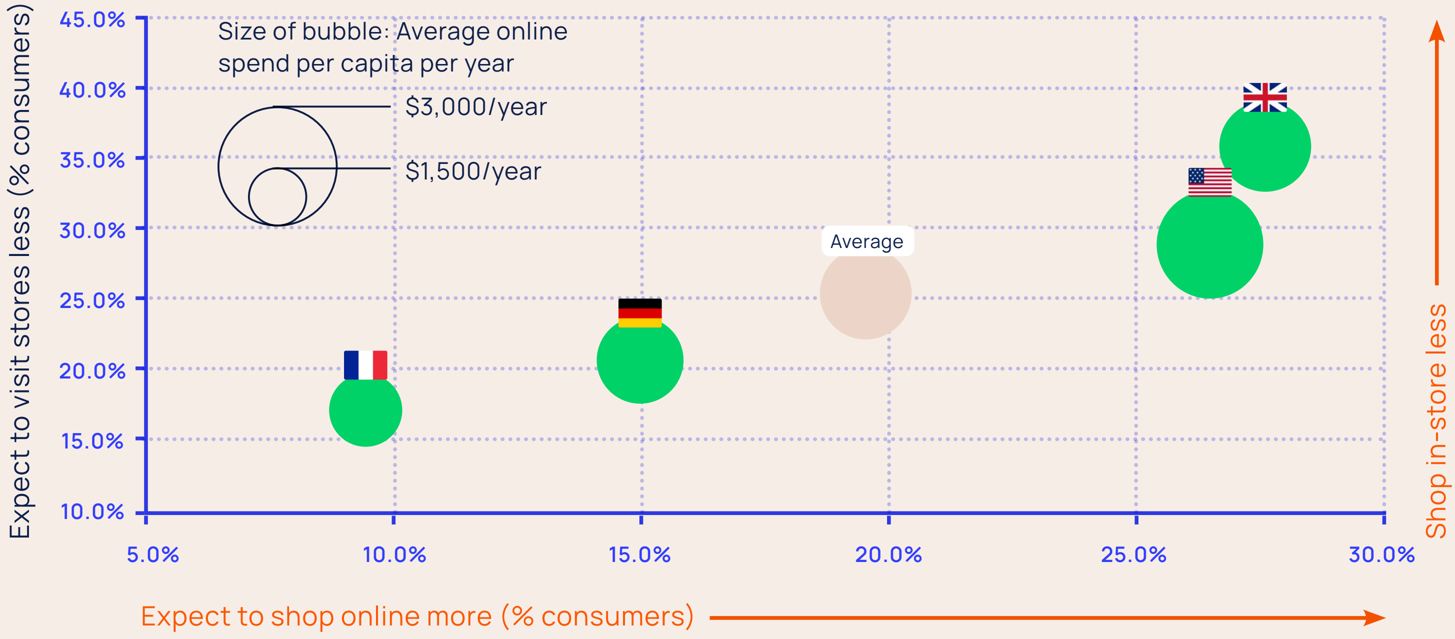
A good proxy for online maturity is 'average spend online per person per year'. The UK and US offer some of the most sophisticated online propositions worldwide with a relatively high average online spend per year per capita of $2,500 and $2,800 respectively (denoted by bubble size in figure 6).

The pace of online adoption will be uneven across countries. More mature online markets have adapted to online faster during the pandemic.

In the UK and US markets, more than one in four consumers (27.0%) expect to permanently conduct more shopping online post COVID-19, compared to under one in 10 in France (9.4%), and around one in seven (15.0%) in Germany.

This shift impacts consumer intentions to visit physical stores in the future – with the UK and US likely to experience most severe pressure on footfall.

Figure 6: The post-pandemic shift online reduces intent to visit stores



Source: Retail Economics

Across these two markets, more than one in four consumers (27.0%) expect to permanently do more shopping online following COVID-19. This compares to less than one in 10 in France (9.4%), and around one in seven (15.0%) in Germany.

The research also shows a clear correlation between consumers who expect to make a permanent shift online and those who intend to visit stores less going forward.

Across all countries analyzed, consumers overall expect to visit stores less in the future. Nevertheless, the pressure on physical non-food retail is most severe in the UK and US, with around one in three consumers (35.8% and 28.7%) intending to make fewer visits to stores in the future.

By contrast, the impact across France and Germany is notably softer. These countries operate with smaller online market values than the UK and US, and a relatively low online spend per capita.

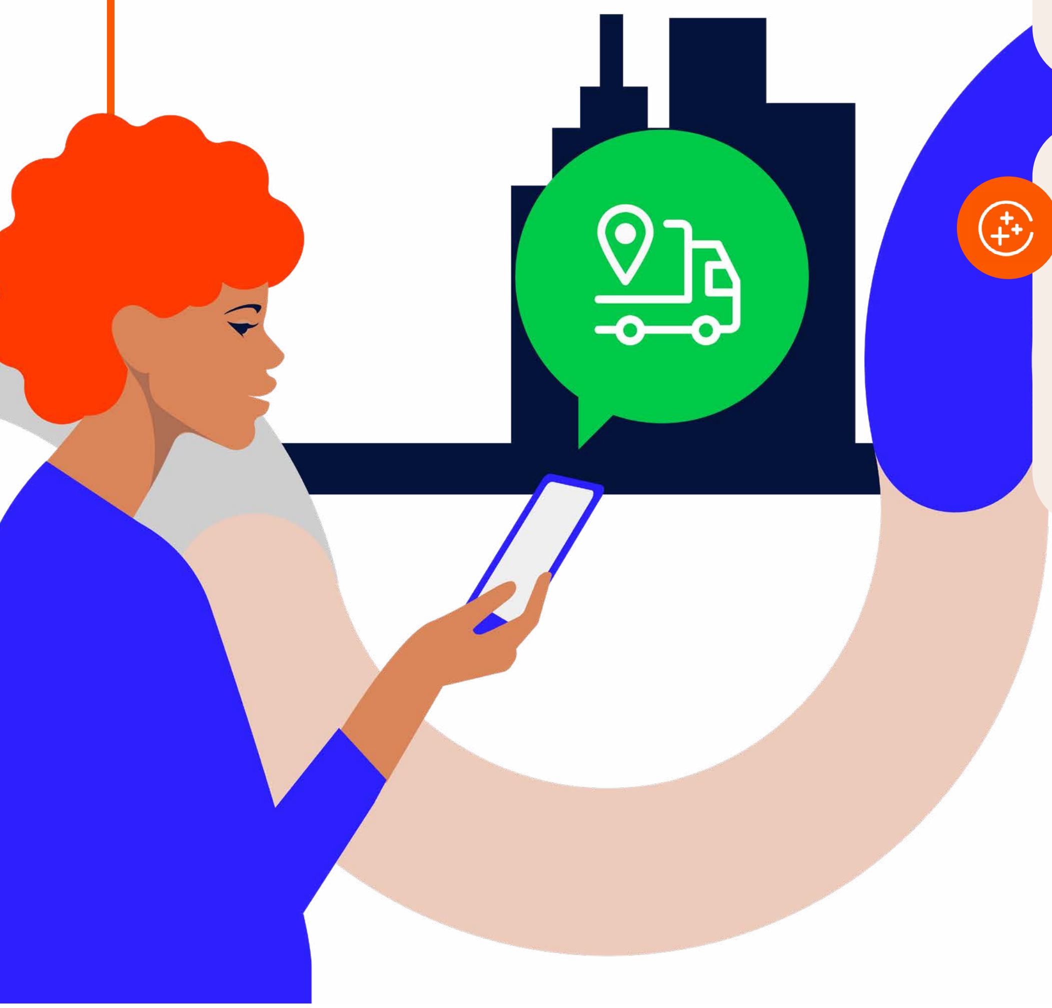
What's more, cultural differences impact retail markets across various geographies. For example, the German retail industry is 'discount' focused, making the economics of online retailing a much more difficult proposition for incumbent retailers to offer. Slower adoption rates reflect many firms' reluctance to invest heavily into their online propositions, while consumers often consider a store visit as an important opportunity to hunt for discounts.

In France, collections at stores, lockers and drive-throughs such as E.Leclerc and Brico's Drive services are common, making home delivery less popular than in the UK, US and Germany.

Trend 2 – Emerging behaviors & priorities

Consumers have competing priorities when shopping online. Across the countries analyzed, three principle behavioral priorities emerge from the research which account for almost four in five online shoppers.

This new wave of 'digital shifters' driving long term disruption are most likely to be delivery-speed seekers. Their priorities differ markedly from other online shopper types, particularly 'undeterred shoppers'. Here, the greatest differences lie in their demand for speed and convenience of delivery, but they are less concerned about the convenience of returns, visibility of tracking and the carbon footprint of the delivery (as shown in Figure 8).



77% of shoppers expressed three principle tendencies: (1) cost conscious; (2) delivery-speed seekers; and (3) convenience maximizers.

'Digital shifters' are most likely to be delivery-speed seekers from having been exposed to companies competing on delivery following the peak of the pandemic.

'Digital shifters' are more than twice as likely to be motivated by the newfound convenience of home deliveries compared to the average shopper.

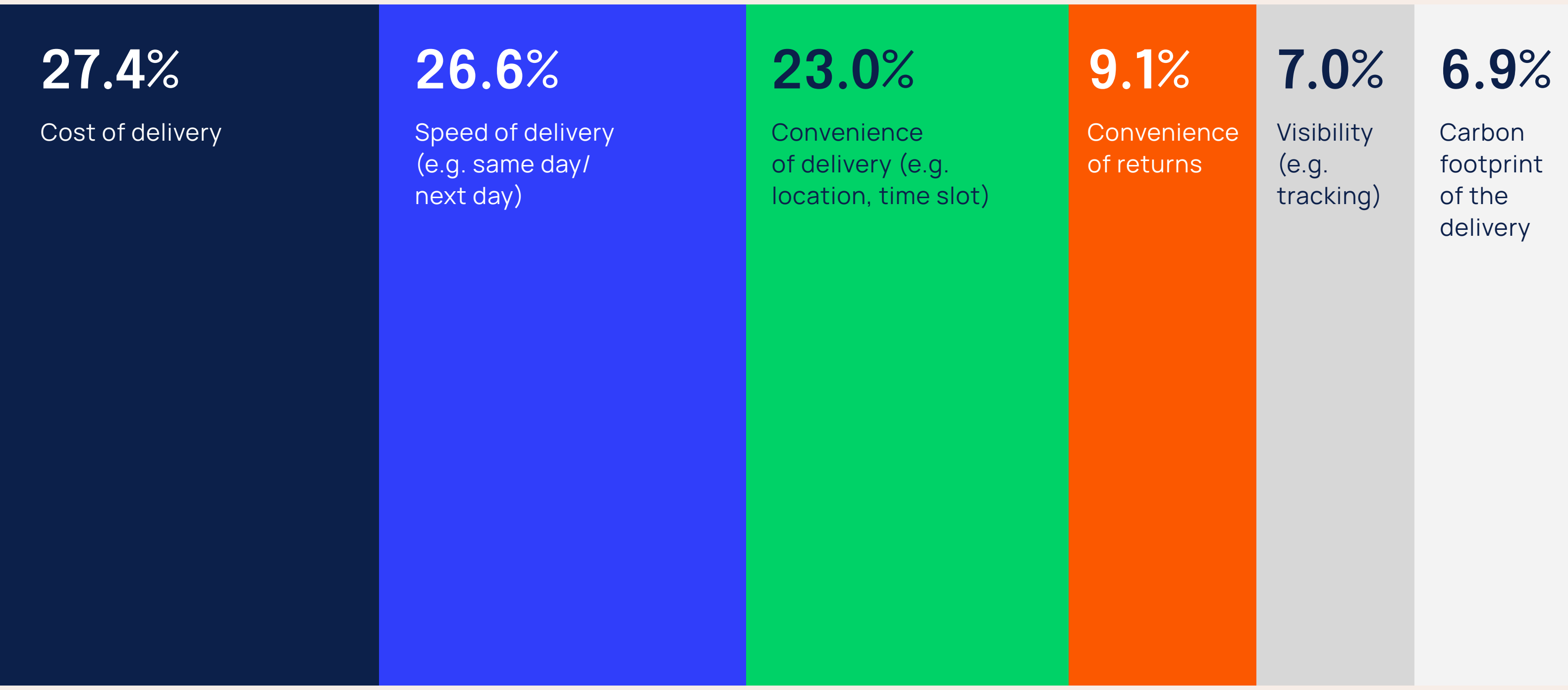
Take the hassle out of returns, with Metapack Returns

With Metapack Returns Portal, retailers can boost loyalty by offering hassle-free returns and exchanges. The process can be managed self-service through a branded online portal. Customers select the most convenient returns method, choosing from paperless labels, collection, drop off point, express and exchange. Want to build it yourself? Our Returns on Demand API lets you create return labels from within your own ecommerce sites, apps or even your CRM.

Learn more

Figure 7: Three major drivers for online shoppers

Top priorities when considering shopping online



Three significant consumer cohorts emerge:

Cost conscious

Prioritize the cost of delivery

- Broad demographic in terms of age with a slight female bias.
- This group predominantly prefers home delivery (83%), but shows a relatively greater preference for collections than delivery-speed seekers.
- Cheaper delivery drives loyalty, influencing them to shop with a particular retailer more frequently.

Delivery-speed seekers

Value speed of delivery the most (e.g. same/next day)

- Even gender split, but more than two fifths (41%) in this group are aged between 25 to 44 years old.
- Almost nine in 10 in this group (87%) prefer home delivery for online orders.
- For this cohort, faster delivery drives loyalty.

Convenience maximizers

Prioritize convenience of delivery (e.g. location, time slot)

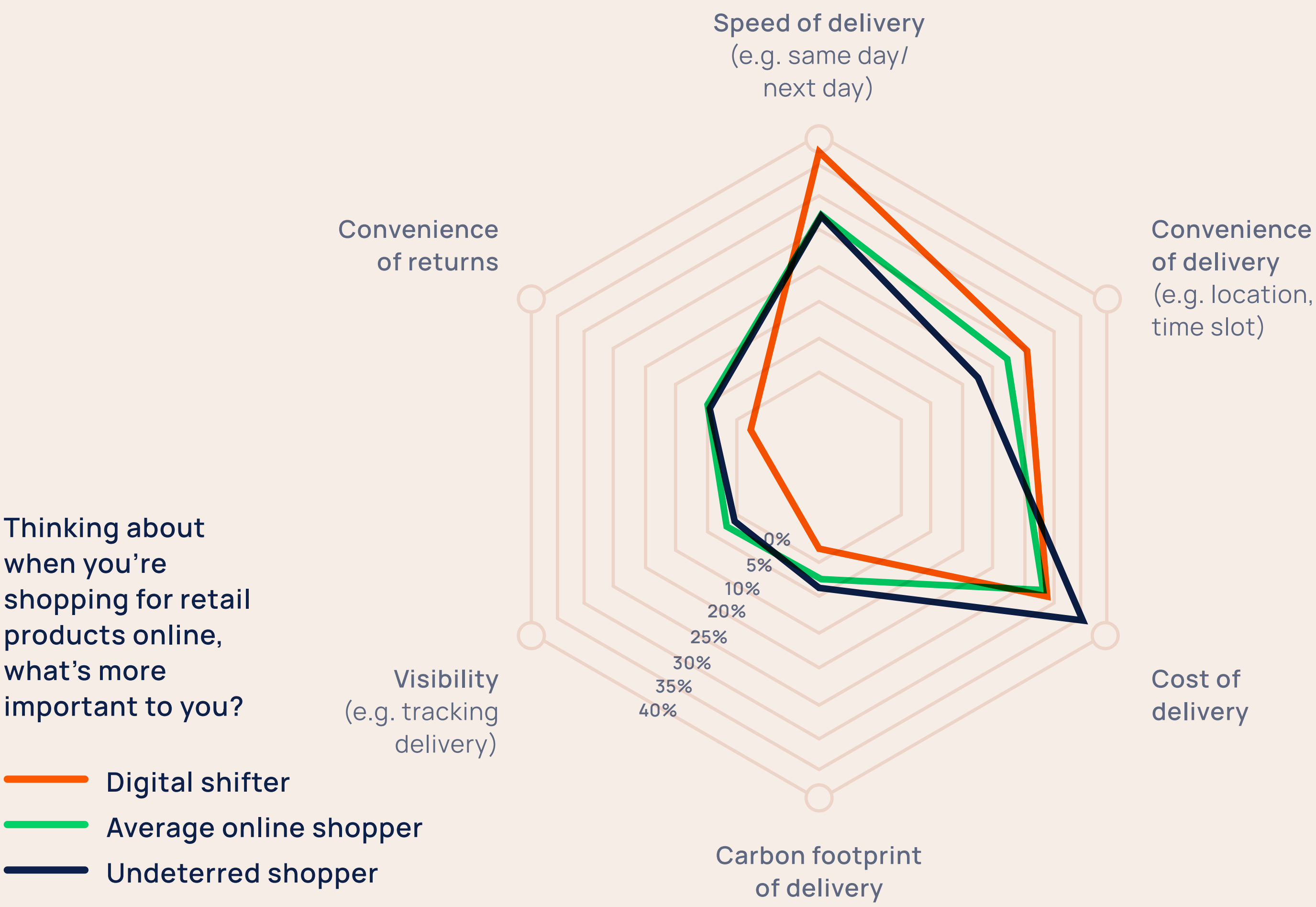
- This shopper is more likely to be female.
- Typically, an older shopper – well over half (56%) are over 45 years old.
- Online shoppers in this cohort value a range of options across home delivery (four in five) and collection (one in five).
- Better website experiences and better products details making it easier to shop drives loyalty for this group.

Source: Retail Economics

Since COVID-19, there has been a distinct focus on the immediacy of deliveries. 'Digital shifters' have been exposed to an increasingly competitive delivery environment which has driven heightened expectations around speed of delivery, with retailers such as Lush among the latest in the US to partner with DoorDash for same-day home delivery fulfilled from stores. Similarly, in the UK, Aldi, Boots and Holland & Barrett have partnered with rapid delivery provider Deliveroo to fulfil online orders.

'Digital shifters' have discovered a greater level of convenience from home deliveries since the pandemic. When surveyed about permanently shifting spending online, 'digital shifters' are more than twice as likely to be motivated by the newfound 'convenience of home deliveries' compared to the average shopper (42.5% vs. 19.4%); this being more important than the 'discovery of lower prices', which is a top motivation for the average shopper.

Figure 8: New wave of online shoppers demand speed



Source: Retail Economics

‘Urban specialist’ carriers satisfy city-dwellers’ need for speed

There’s a new type of carrier in town on a mission to disrupt delivery in the main cities of Europe and beyond. ‘Urban specialist’ carriers like Gophr, Trunkrs and Hived offer rapid and precise delivery timeframes to satisfy the rising expectations of urbanite shoppers.

Part of Metapack’s network of 4,900+ shipping services, these carriers can offer a higher level of service by limiting their focus to a specific urban region. Strategic hub locations near cities enables ‘urban specialists’ to offer very late cut-offs for next-day and same-day delivery. Many also use innovative routing software allowing precise delivery timeframes.

Metapack’s carrier network

Trend 3 – Working from home disrupting retail

Since the pandemic, structural shifts in the labor market from greater levels of home working have driven online sales growth and accelerated disruption.

Around a fifth of consumers across key markets increasingly work from home since COVID-19; this has resulted in higher success rates for first time deliveries, giving consumers more confidence that their purchases will be fulfilled as stated.

Around a fifth of consumers across key markets are working from home more since COVID-19, particularly in the UK and US compared to Germany and France.

This structural shift has driven convenience in receiving home deliveries and is supporting online growth across retail categories.

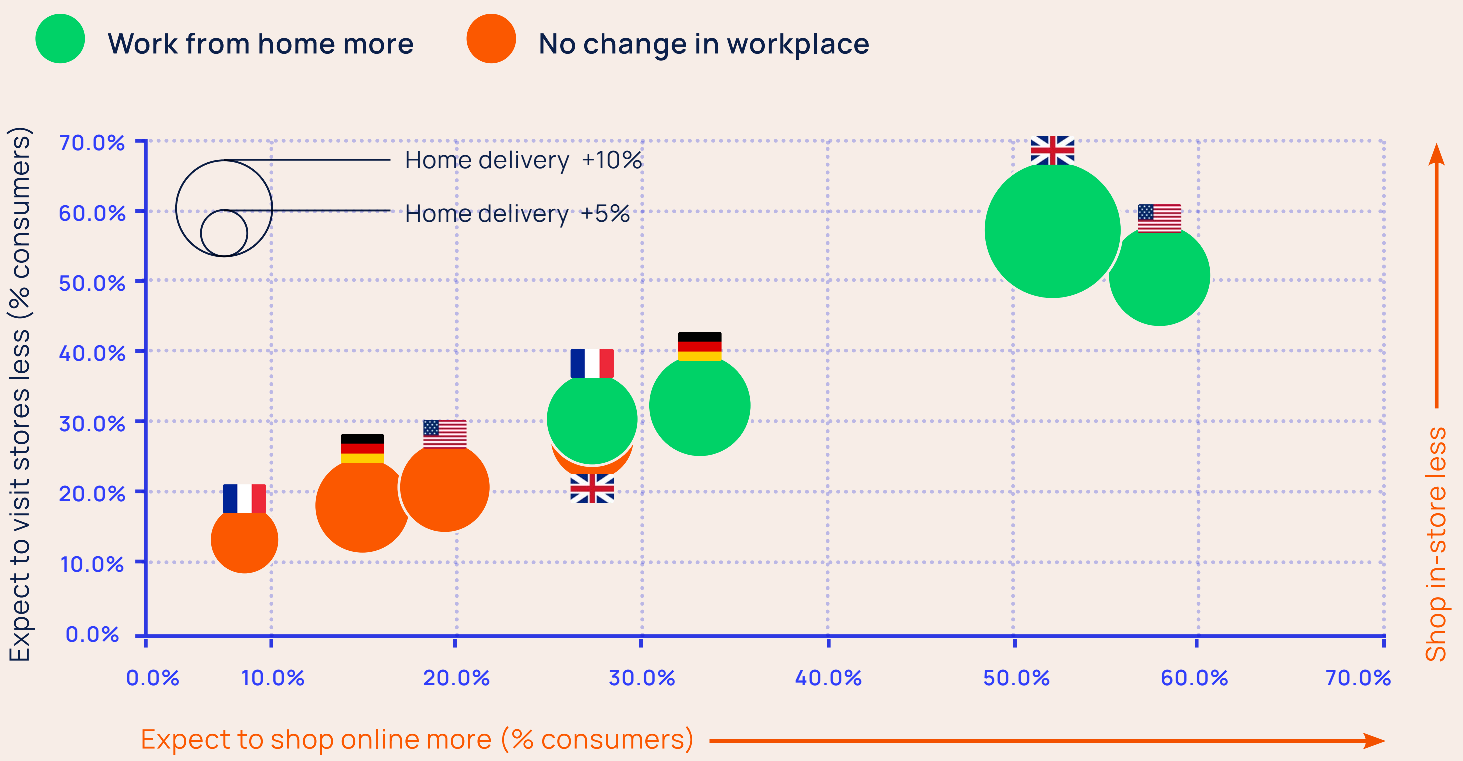
42.2% of consumers who work from home more since the pandemic expect to permanently shop online more, compared to just 16.8% who have not experienced changes in their workplace.

Those working from home more are typically higher earners with increased ability and willingness to pay for delivery services and returns.

The research found that consumers working from home are more than twice as likely to make a permanent shift online (see green bubbles in Figure 9), compared to those that have not experienced changes in their workplace (see red bubbles in Figure 9). Aggregated across the countries analyzed, more than two fifths (42.2%) of consumers who are increasingly working from home expect to permanently shop online following COVID-19. This compares to just 16.8% for those who have not faced workplace changes.

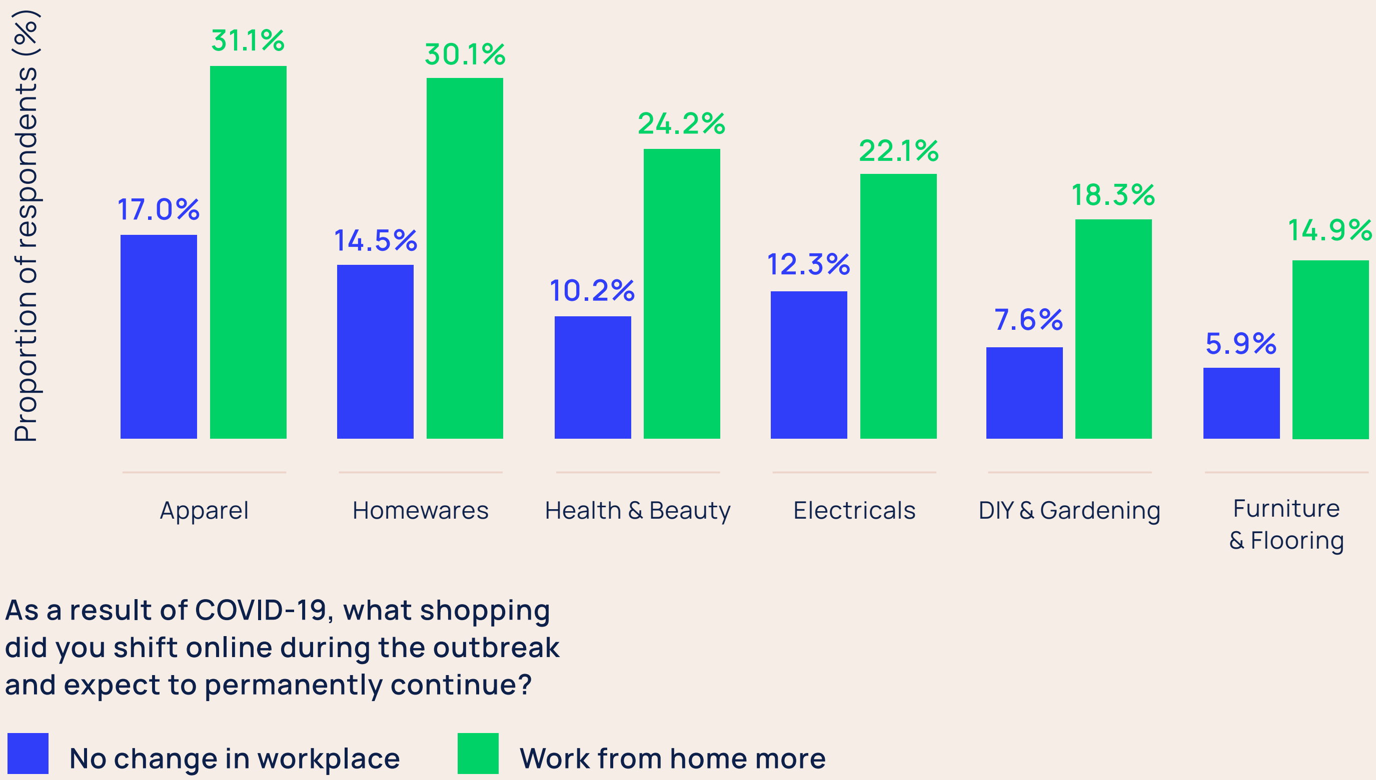
Additionally, home workers are most likely to reduce store visits in the future. On average, more than two fifths (42.2%) of consumers working from home more expect to cut back on store visits going forward, compared with under a fifth (18.9%) of those who have not faced workplace changes.

Figure 9: Shoppers working from home are accelerating retail shifts



Source: Retail Economics

Figure 10: Working from home key driver for stickiness online



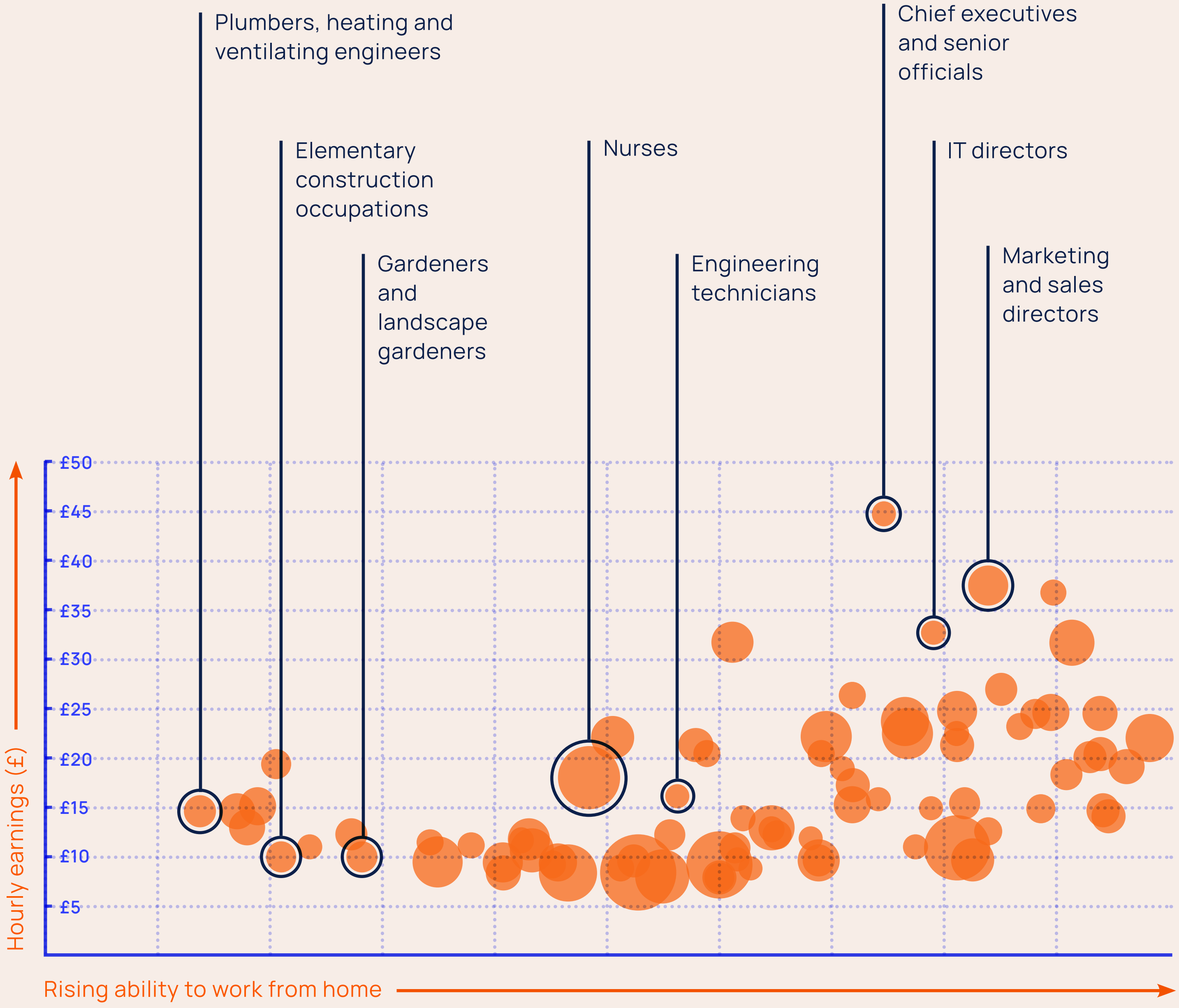
Source: Retail Economics

While the countries analyzed have different labor markets (e.g. UK and US operate more service-based economies), the disparity between consumers who work from home more and those that have not faced workplace changes is stark across the board.

Intuitively, as more consumers work from home, higher levels of home deliveries in the future are expected. By 2025, home workers expect their proportion of online orders delivered to their home to rise by 10%, compared to an average of 8%. Just under three quarters (69.2%) of home workers prefer home deliveries when shopping, compared to less than half (48.1%) for consumers who have not faced workplace changes since the pandemic.

It is worth noting that the shift towards online impacts all retail categories, with working from home being a key driver, irrespective of retail category.

Figure 11: Consumers working from home typically in higher paid roles



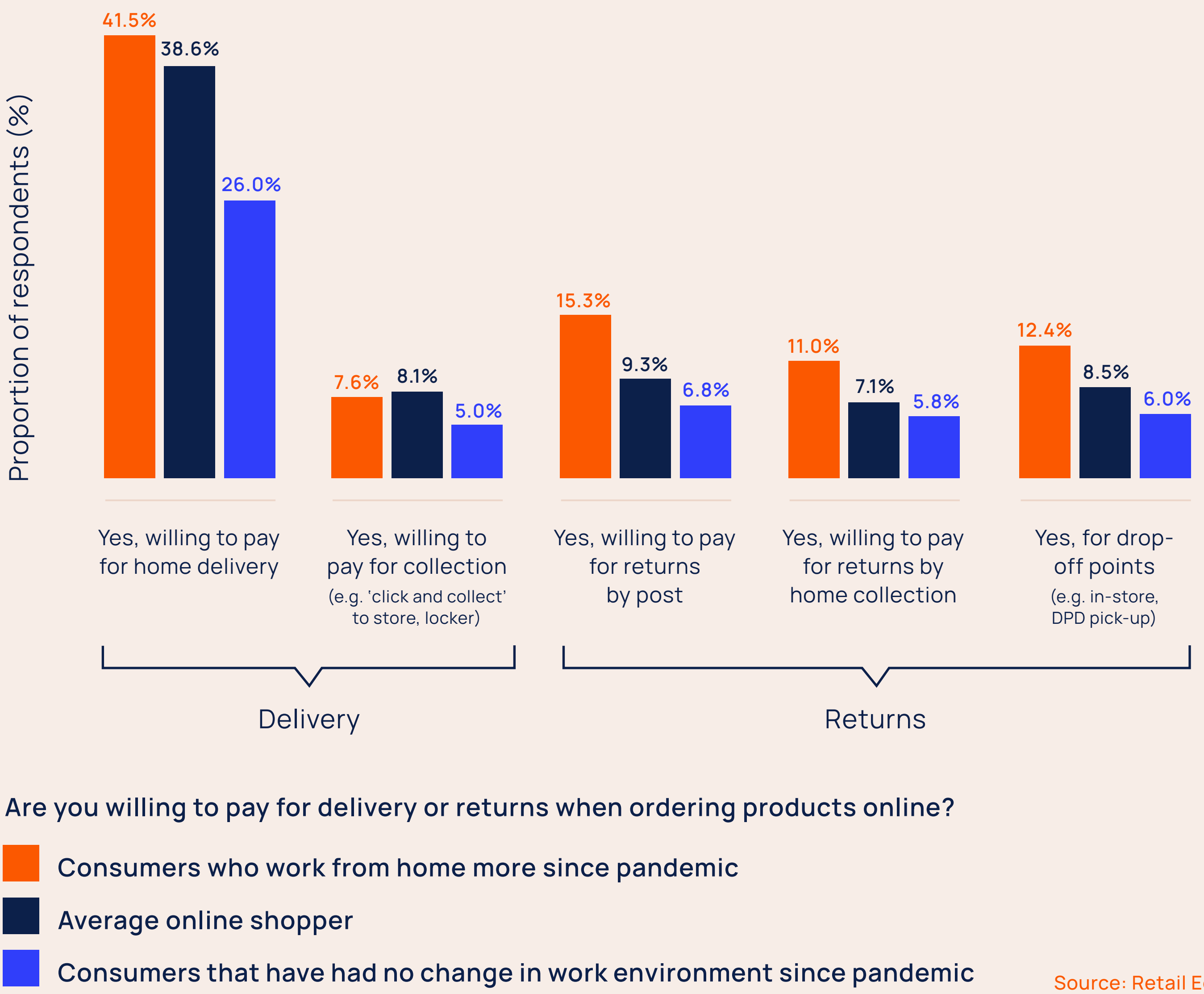
Source: ONET - US Department of Labor, Annual Population Survey and Annual Survey of Hours and Earnings - Office for National Statistics, Retail Economics analysis

Home workers' demand for home delivery, as well as speed of service, is placing additional pressure on networks that will inevitably stretch current capacity to its limits.

Interestingly, and critical for profitability, home workers typically have greater ability and willingness to pay for delivery and returns compared to average online shoppers. Work from home consumers, such as those in professional occupations, are typically in higher paid roles, often enjoying the flexibility of remote working which allows them to comfortably pay for online services. By contrast, frontline workers are among the lowest paid and least likely to work from home (see figure 11).

The research showed that consumers who now work from home have a higher propensity to pay for a range of online related services (see Figure 12).

Figure 12: Consumers working from home more willing to pay for online services



Source: Retail Economics

Trend 4 – Polarized generational attitudes

Since COVID-19, many retailers and suppliers have invested significantly in trying to satisfy new consumer demands and offer innovative services. This frequently means changes in operational structures and forming partnerships at relatively short notice.

For example, in the UK, Boots entered a partnership with Deliveroo to offer rapid delivery on a range of more than 400 health and beauty products for the first time. Also, Poundland has bolstered online operations since COVID-19; the multi-category retailer recently doubled the size of its trial online delivery service to more than seven million UK customers. Similarly, in France, store-based retailer and non-food discounter Action began trialing 'click and collect'.

Digital natives (18-24 year olds, born into the digital age) are more than three times as likely to frequently face negative delivery experiences compared to those aged 65+.

Two in five 18-24 year olds prefer collections when shopping online – almost twice as much as the over 55s.

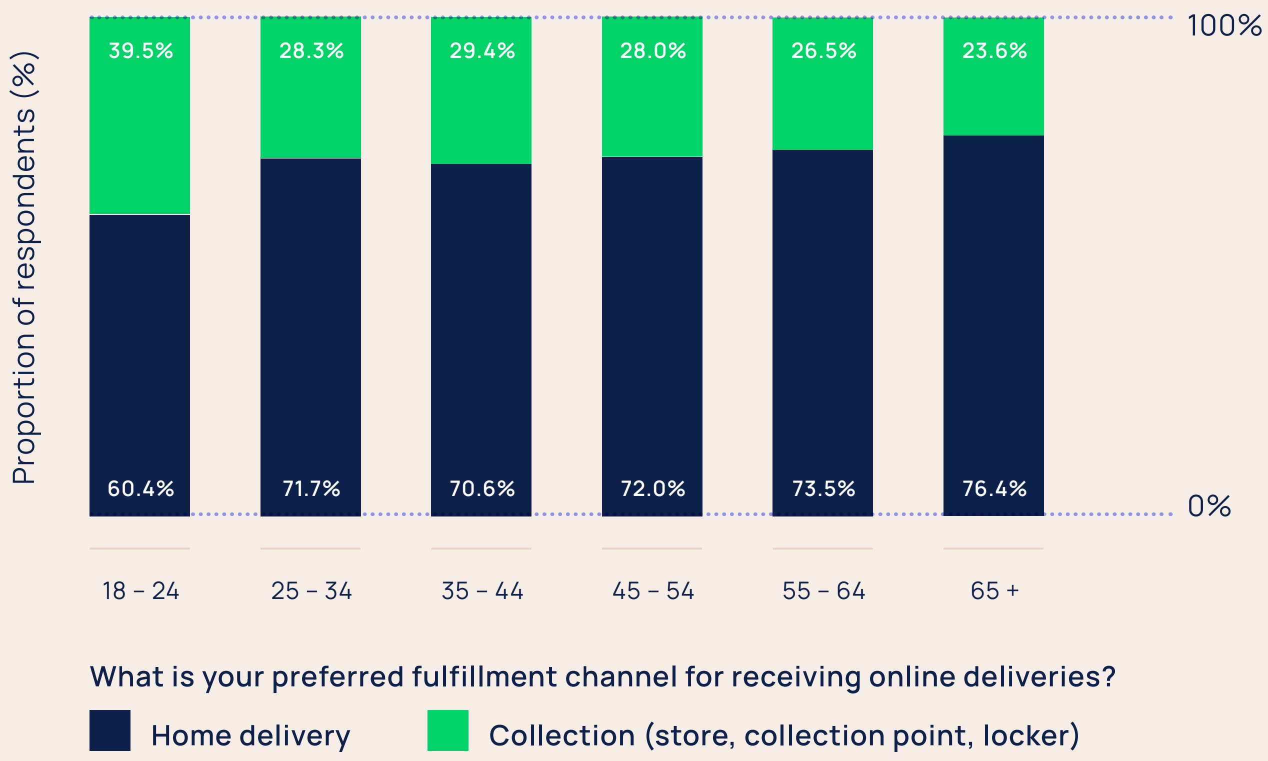
18-24 year olds are almost twice as likely to have bought items online from businesses overseas in the past year compared to the 65+ age group.

Despite considerable structural changes over the past two years, consumer delivery experiences throughout 2021 have remained relatively consistent with 2020. Just under a fifth of consumers (18.3%) had only positive online experiences to report in 2021 (vs. 19.5% in 2020); and only 7.8% suggested they often have negative experiences in 2021 (vs. 8.5% in 2020).

Albeit, the research identifies vast differences across age groups. 'Digital natives' appear to have far higher delivery expectations compared with older consumers. Although this might be expected, their level of demand, frequency and willingness to experiment across new brands and platforms (e.g. social media) means that 18-24 year olds are more than three times as likely to have a negative delivery experience than seniors aged 65 and over. This difference is strikingly apparent in Germany, where 19.5% of 18-24 year olds frequently face negative experiences compared to just 4.8% for the over 65s.

Notable differences also arise for 'home delivery' versus 'collections', with two in five 18-24 year olds preferring collections when shopping online – almost twice that of those aged over 55.

Figure 13: Integration of online collection points matters more to younger consumers



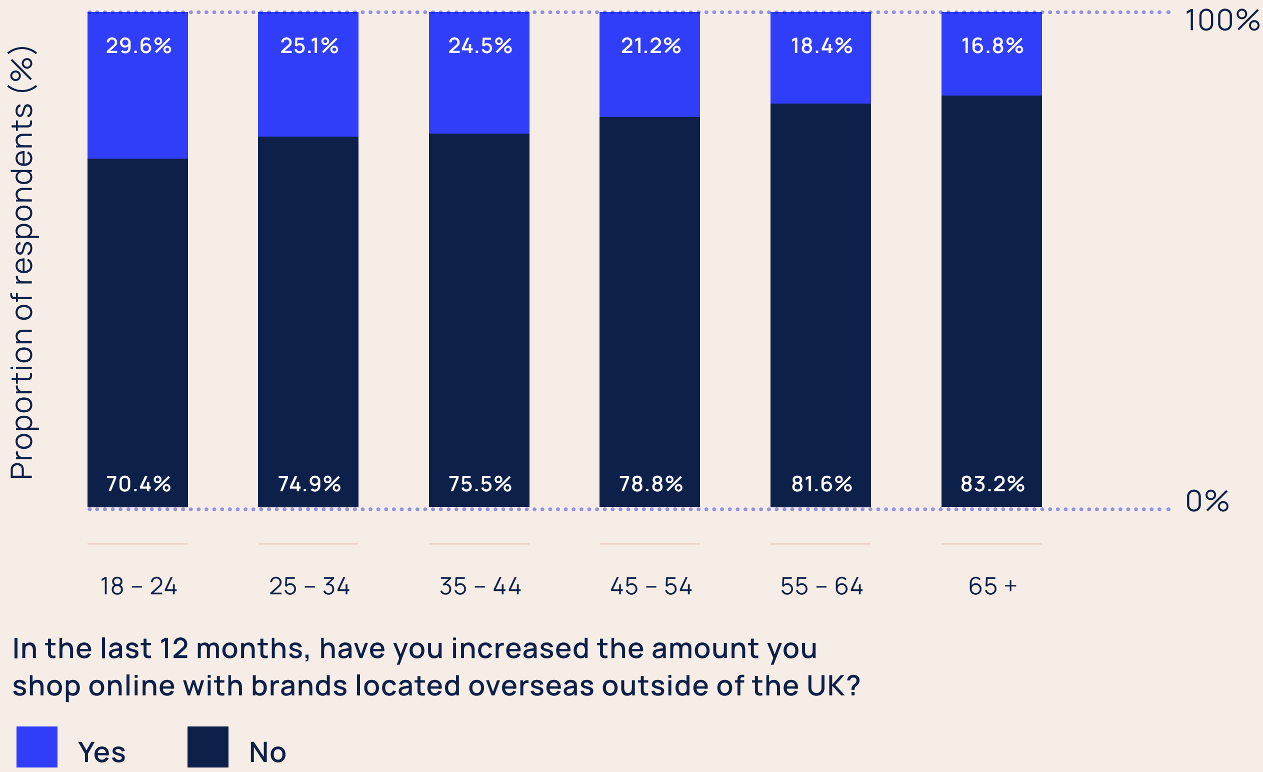
Source: Retail Economics

Although most consumers favor home deliveries, 'out of home' options play a pivotal role for securing online sales for younger consumers, including collection points within own brand stores, third party pick-up points and lockers. Retailers have invested substantially in recent years to up the number of available collection points to consolidate deliveries and boost footfall. For instance, US store goliath Walgreens began offering nationwide pickup in-store for the first time in 2020.

The research shows younger shoppers exhibit the greatest propensity to shop online with overseas companies throughout 2021, compared to their seniors. From the countries analyzed, 18-24 years olds are nearly twice as likely to purchase an item online from a company operating overseas compared to consumers 65 years and over. Younger consumers in the UK and US are also twice as likely to have increased spending overseas compared to consumers in France and Germany of similar age.

Younger consumers have grown up in a global, connected culture with access to seemingly endless information relative to older consumer cohorts. They effortlessly discover new products on social media, which offers them direct access to emerging brands, brought to their attention through celebrity endorsements. Undoubtedly, China is a key overseas market for the countries included in the research, offering affordable goods popular with cost-conscious buyers.

Figure 14: Younger shoppers are almost twice as likely to have increased overseas shopping over the past year compared to their seniors



In the last 12 months, have you increased the amount you shop online with brands located overseas outside of the UK?

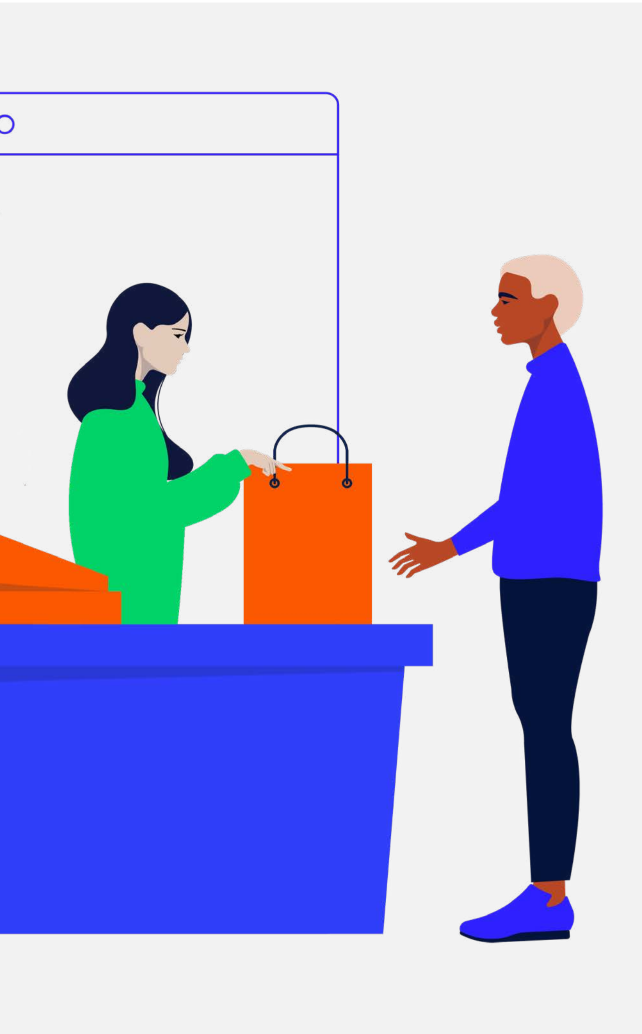
Source: Retail Economics

Holland & Barrett drives traffic in-store with ‘click and collect’

Holland & Barrett is one of Europe’s leading health and wellness retailers. Working with Metapack, the retailer expanded its ‘click and collect’ capabilities and added the ability to fulfill online orders from stores. This capability took less than two weeks to implement and is now integrated into 75 stores. This adds considerable flexibility to the network, since stores can be activated and deactivated according to necessity. The number of stores shipping has ranged from around 20 during early December to roughly 50 now.

Learn more

Holland&Barrett



Easily add ‘out of home’ delivery options to your ecommerce website

‘Out of home’ delivery is emerging as a great alternative for consumers, as well as the retailers that serve them. Methods like lockers, PUDOs and in-store pickup give consumers more control over how they collect their order, and greater peace-of-mind while their package is stored securely in the meantime. It’s also more sustainable: ‘out of home’ results in a 30% lower carbon footprint. For retailers, collection can also substantially lower shipping costs.

Our Delivery Options API integrates seamlessly with your ecommerce platform, letting you display ‘out of home’ options on your website along with accurate delivery dates and charges. You can even display your store collection locations and PUDO points on a map to highlight proximity to the customer.

Learn more

Trend 5 – Emerging sustainability concerns

Sustainability and Environmental, Social and Governance (ESG) considerations have become more important in recent years as consumers, companies and governments focus on carbon reduction strategies. Pressure is likely to intensify from multiple sources, making it vital for retailers and their suppliers to commit to net zero ambitions and deliver shopping sustainably.

The transition will be disruptive with no quick fix, as regulation, investor pressure and consumer behavior takes hold. But as demand for online and home delivery accelerates, it will be down to retailers to encourage environmentally favorable behaviors.

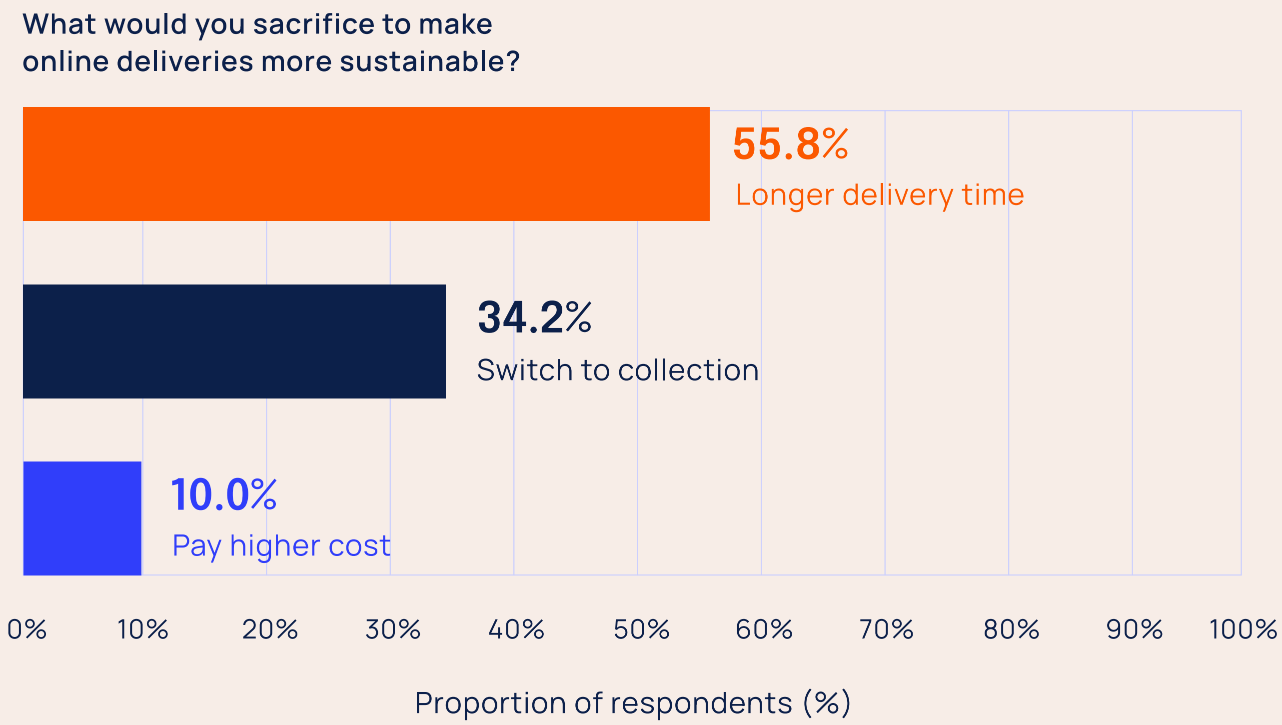
Around five times the number of consumers would accept longer delivery times rather than paying more to offset carbon emissions.

18-24 year olds are around twice as willing to pay to offset delivery emissions than those aged 55+.

French shoppers are most likely to favor a switch to collections than longer delivery times, or pay to offset carbon emissions.

Across countries, around a third of shoppers would switch from 'home' to 'out of home' delivery if it was cheaper.

Figure 15: To reduce delivery emissions, consumers are more willing to delay than pay



Source: Retail Economics

As consumer expectations center on sustainability, businesses will have few options other than to fully deliver against ESG goals. But the additional cost will be significant. Price sensitive consumers will likely push the responsibility onto retailers, governments and suppliers.

While three quarters (74.4%) of online shoppers would consider measures to make deliveries more sustainable, few are willing to pay for it. When thinking about making online deliveries more sustainable, these shoppers are overwhelmingly in favor of accepting longer delivery times (and switching to 'out of home' delivery) than paying extra to offset emissions.

France is the only exception however, with 56.6% of online shoppers willing to switch to collection – as opposed to accepting longer delivery times (34.3%) or paying to offset emissions (9.2%).

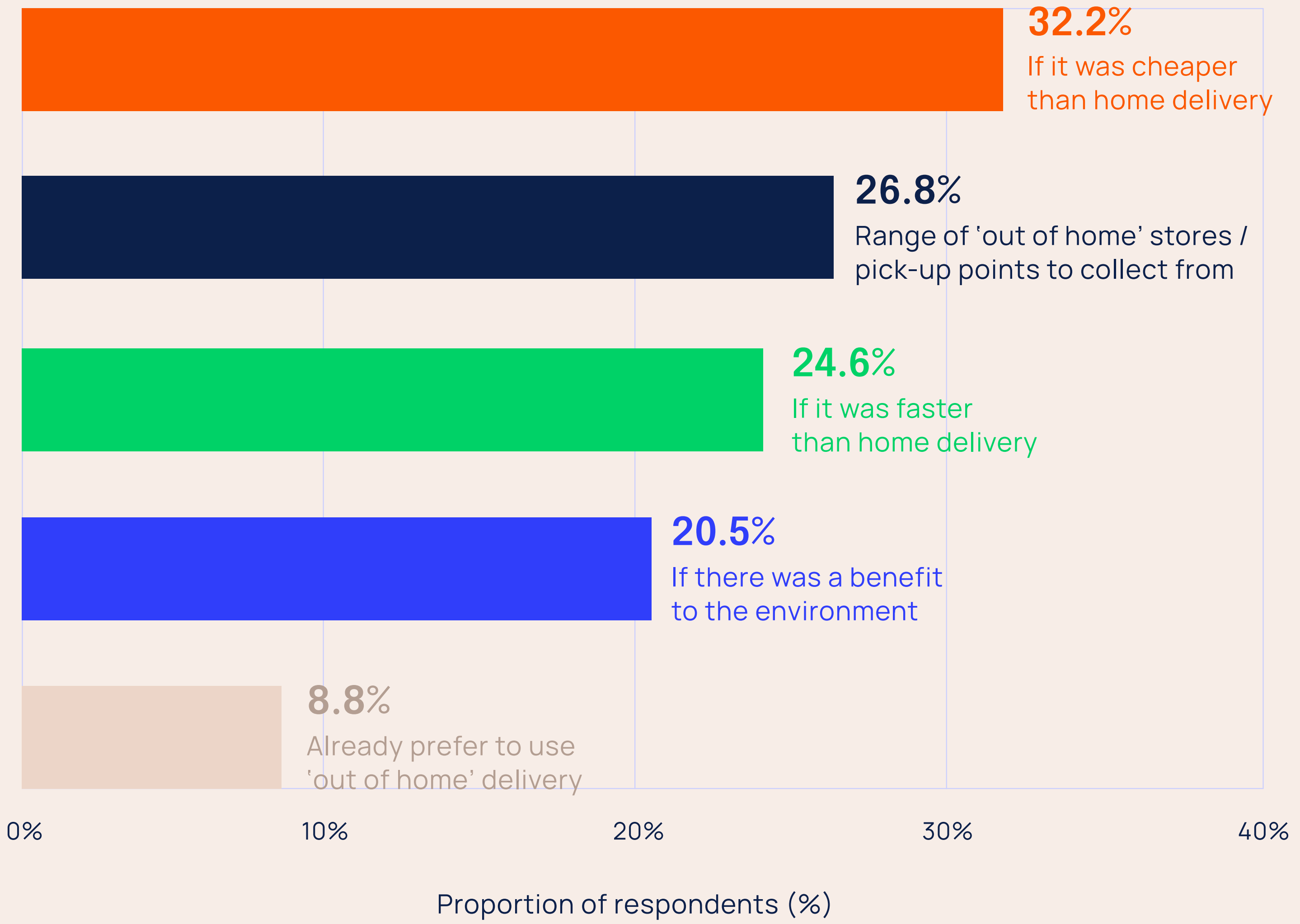
In recent years, France has spearheaded pick-up services. For instance, Carrefour partnered with La Poste, enabling shoppers to collect and drop off parcels at Carrefour stores from over 8,000 ecommerce sites.

The research also shows that younger French consumers are twice as willing to pay to offset carbon emissions compared to their seniors. More precisely, 11.0% of 18-24 year olds would accept higher costs to offset emissions versus just 5.6% of consumers aged 55 or over.

In general, consumers exhibit greater willingness to switch to 'out of home' services rather than paying additional charges. Consolidating deliveries from multiple online orders to just one 'out of home' location can reduce emissions by cutting down the number of deliveries to individual homes. Across the countries analyzed, around a fifth of consumers would be more willing to use 'out of home' if there were environmental benefits. However, the overwhelming factor for switching from 'home' to 'out of home' delivery is lower prices.

Figure 16: 1 in 3 online shoppers would use 'out of home' delivery services more if it was cheaper than home delivery

What would make you more willing to use 'out of home' delivery options (rather than home delivery, such as pick-up point or locker collection)?

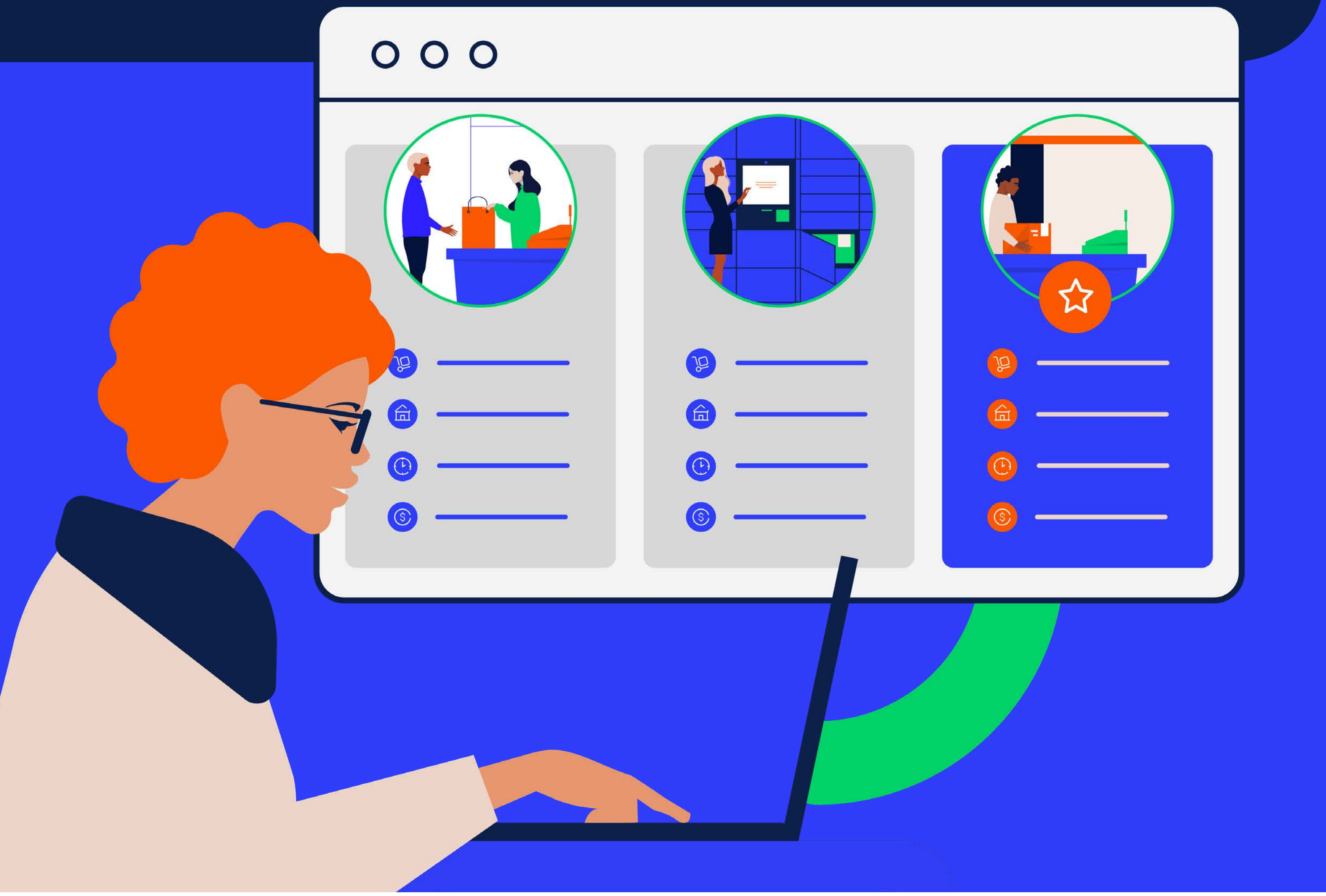


Source: Retail Economics

Cater to environmentally conscious consumers with Delivery Options

With Metapack Delivery Options, you can offer customers the sustainable options they want, with ease. Increase conversions by offering environmentally friendly delivery options like electric vehicle or bicycle, as well as out of home collection options like Click & Collect, PUDOs and lockers. Your customers see accurate delivery timeframes displayed on the product page, as well as delivery options that take into account your stock availability and location, so you never make a delivery promise you can't keep.

Learn more



03

Adapting and thriving

The digital shift has impacted the entire customer journey – from the awareness of brands on social media, to more sophisticated customer care. With digital technologies being used more within every stage of the customer journey, retailers will need to adapt in order to thrive in this new digital era.

Retailers across the board will need to focus on what consumers demand post-pandemic. While there is no blueprint for success, and strategies vary due to individual market characteristics, our research identifies five trends to thrive going forward:

> With digital technologies being used more within every stage of the customer journey, retailers will need to adapt in order to thrive in this new digital era.

Pressure to invest, partner and acquire

Digitalization within the retail sector has opened up the market to a wave of new online entrants, giving consumers access to global brands. This has intensified competition throughout Europe and the US over the past decade, alongside increased price transparency.

As retailers look to build scale to efficiently service online orders and increase market share, retail leaders will have to decide whether to invest and build capacity in-house or look externally. This is likely to result in three core strategies:

Digital investment: The shift online places greater demand on infrastructure with the digital landscape often evolving rapidly. This often requires ongoing investment in cloud computing, data intelligence, and fulfillment capabilities to drive operational efficiencies (e.g. Amazon has built its own ecosystem on the back of continued investment online and pioneering agile fulfillment capabilities).

The shift online places greater demand on infrastructure with the digital landscape often evolving rapidly.

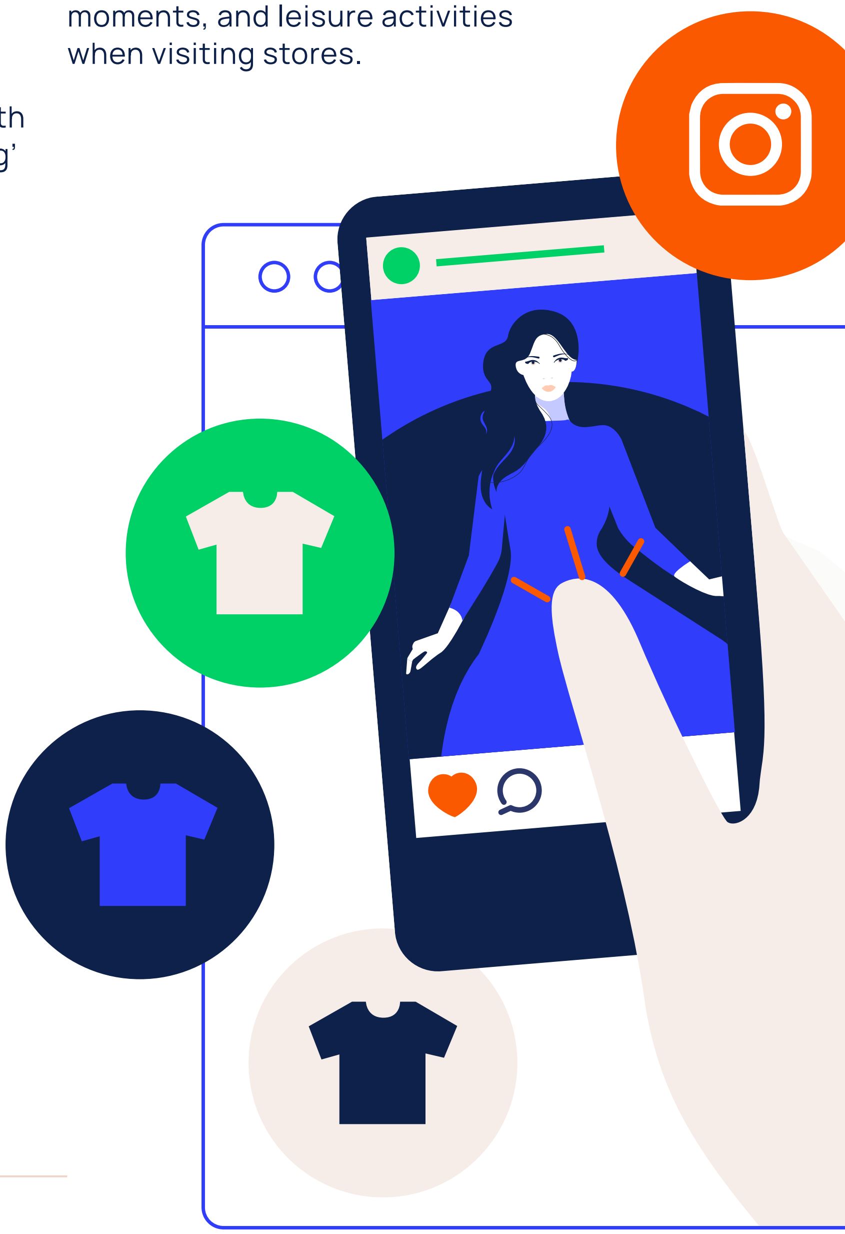
Partnerships: Legacy retailers struggling with investment are likely to require 'piggybacking' off existing infrastructure and expertise as consumers shift online. This includes partnerships with other retailers (e.g. shop-in-shops, and between online-only and store-based retailers), and third-party logistics providers in mutually beneficial arrangements. (e.g. fashion retailers Gap and Reiss recently partnered with Next, the clothing retailer, to leverage its ecommerce and logistics capabilities in the UK).

Acquisitions: Acquisitions can provide 'bolt-on expertise' to ramp up capability and capacity in a given market. This includes outperforming retailers benefitting from companies in distress as the market shifts online (e.g. Sweaty Betty was recently acquired by US footwear firm Wolverine as it looks to bolster its online and direct-to-consumer channels in the athleisure market).

Need to repurpose stores amid digital shift

As retail progressively shifts online, the sector is being burdened with excess physical space. Going into the pandemic, the UK – which is facing some of the most radical structural changes – had approximately 20% excess capacity of retail space that cannot be commercially justified[1].

Retailers are having to reassess the function of physical space as new aspirations see younger consumers craving more meaningful experiences, 'Instagrammable' moments, and leisure activities when visiting stores.

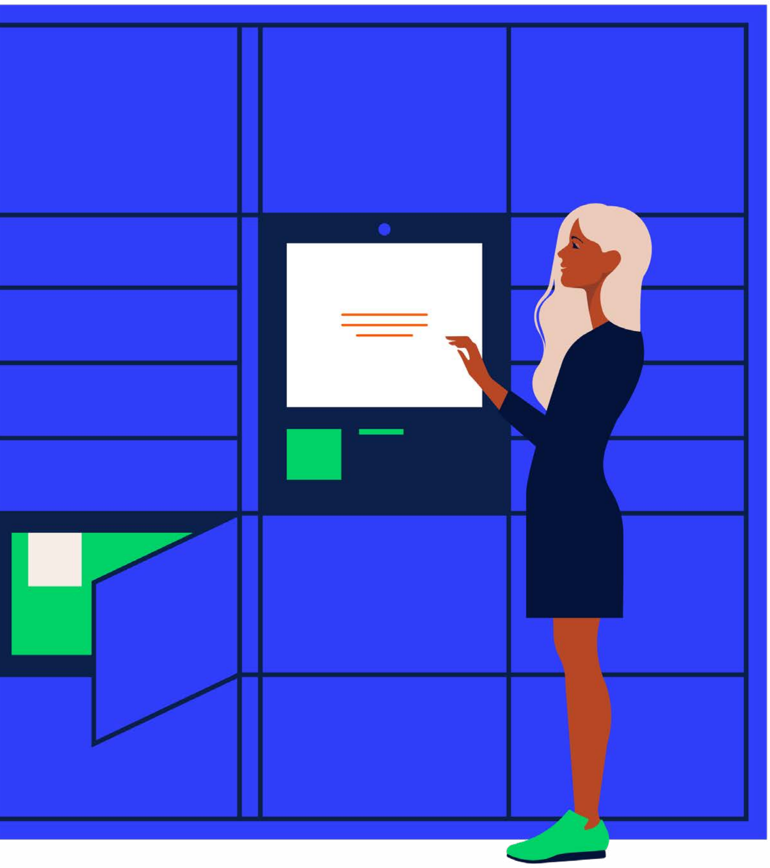


[1]A&M/Retail Economics – The Shape of Retail report

Leverage store inventory with 'ship from store'

In the ecommerce-first economy, 'ship from store' helps you leverage inventory in your physical stores to fulfill online orders. You can easily connect inventory held in store to your ecommerce platform, then display it on your website. Because 'ship from store' enables you to use locally held stock to fulfill orders, you can cut shipping costs and reduce your carbon footprint – all while increasing sales.

Learn more



As vacancy rates across retail have stepped up since COVID-19, rental values have come under scrutiny with the balance of power shifting in favor of retailers over landlords in contractual negotiations (e.g. CVAs).

Against a backdrop of higher online sales, retailers are also looking to include more digital experiences in physical stores to entice online shoppers into them. As such, digital and physical channels will merge more in the future. Store function will move more towards: showrooms for high value items; marketing tools for customer acquisition and retention; and store staff will provide virtual customer services online. In the wake of the pandemic, department store John Lewis launched virtual appointments, and Currys launched ShopLive, connecting online shoppers to store staff to enable livestream product demonstrations.

Similarly, New York and London based Hero (acquired by Swedish payments provider Klarna) allows brands such as Levi, Rag & Bone and Chloé to offer video streaming services between store staff and online shoppers.

Stores are also increasingly being leveraged as convenient collection and returns points. For example, around four fifths of Next's online returns go back into its own stores, making handling returns significantly less costly.

Grappling complexity of final mile delivery

As the role of online and physical stores come together, customer journeys are becoming increasingly complex. As such, supply chains have needed to become progressively more sophisticated to ensure efficiency.

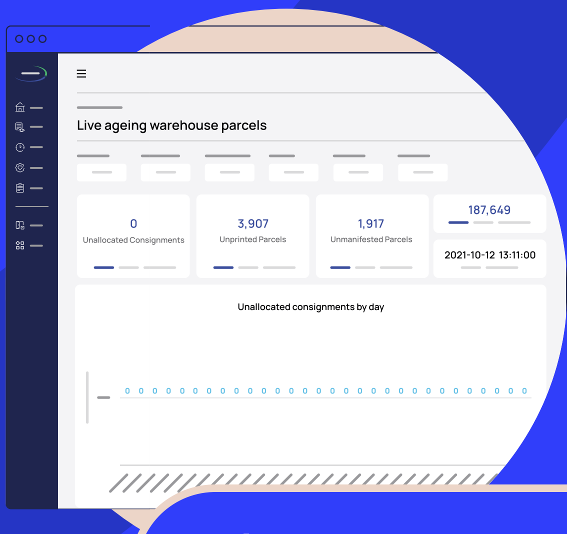
Shoppers now demand that online orders are traceable, time allocated and delivered to a place of their choosing – whether home or 'out of home'. Meanwhile, retailers need returns to be tracked and integrated back for resale as quickly as possible.

> **As the role of online and physical stores come together, customer journeys are becoming increasingly complex.**

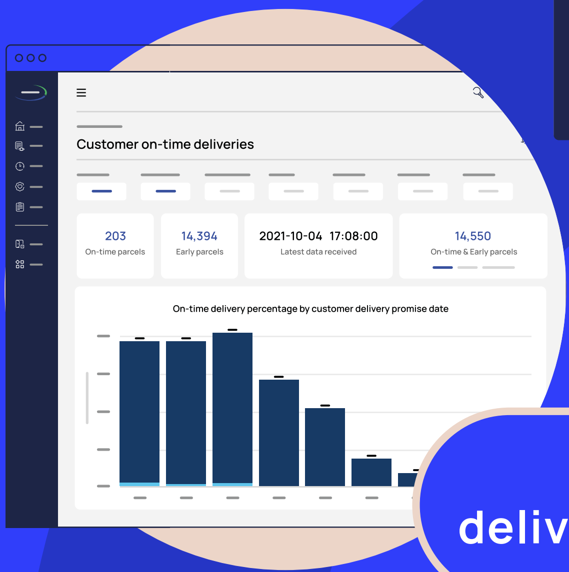
For retailers, final mile delivery incurs the highest single cost for fulfillment. As the volume of home deliveries continues to ramp up, retailers will need to increasingly rely on data to optimize the efficiency of deliveries (e.g. route optimization) and must remain open to partnerships to improve both capacity and capabilities – both of which are highly capital intensive.

Metapack Intelligence

Gain visibility across your entire shipping operation.
Take back control of your delivery experience.



Live warehouse reports



Live delivery reports

Carrier performance

How well do you understand your delivery performance?

Learn more

Even established online pioneers lean on a range of partners for additional flexibility and capacity (e.g. Asos partnering with Clipper Logistics to handle returns across Europe).

Direct-to-Consumer (DTC) gaining traction

Online platforms have enabled brands to sell direct to customers by effectively lowering the barriers to entry.

Brands such as Nike and Adidas are increasingly looking to go direct to consumer. Doing so gains a more granular understanding of their customers by capturing data and avoiding retailers as intermediaries, which can result in inconsistent customer experiences and erode profit margins.

Social media shopping is also paving the way for brands to use their existing following to drive direct sales.

Brands adopting an end-to-end approach to sales allows them to be more responsive to market demand. For instance, Nike connects to more than 250 million loyal customers directly on its app.

The perfect partner for Middle East expansion

Ecommerce is booming all over the world, but nowhere more so than the Middle East. For retailers planning their expansion into this exciting market, it's not always easy to know which carrier to rely on for best-in-class delivery service. Metapack works with the largest global network of carriers and shipping services, so we're in a unique position to recommend the best-performing carriers in particular geographical areas.

Take APG eCommerce Services for example; it is a leading provider of cross-border ecommerce delivery solutions which has built up an extensive network of delivery services, perfectly suited to the specific needs of consumers in the Middle East region.

In Israel, thanks to APG's extensive and well-positioned PUDO and locker network, the items they deliver get collected by consumers only one day after delivery on average. Meanwhile, in Saudi Arabia, APG achieves 70% first time delivery. In the UAE, the group is making use of Metapack's enablement of what3words to ensure more accurate home delivery.

Discover Metapack's network of 4,900+ carriers

By harvesting real-time data, it can respond to changes in traffic to forecast product demand. During the pandemic, Nike noticed that app traffic was showing more customers engaging in yoga – it responded swiftly by producing new yoga clothing ranges.

As the path to purchase becomes more complex, developing enough in-house expertise to execute a direct-to-consumer strategy requires significant investment and operational changes. Critically, building (from scratch) a sophisticated and agile logistics network to manage delivery and returns, requires high capital investment and sunk costs. Many brands are achieving this by partnering with third party suppliers to supercharge their capacity, capabilities and expertise.

Growing potential for internationalization

As domestic markets become saturated with competition, opportunities arise for brands to venture into overseas markets as online grows internationally.

Brands with a recognizable profile overseas are increasingly targeting a global pool of potential.

Access to both national and international brands are now readily available to consumers. This means that brands with a recognizable profile overseas are increasingly targeting a global pool of potential.

Logistical and financial barriers to cross-border ecommerce must be overcome to gain traction in new markets, including adapting to tax regimes, managing local postal services and payment systems.

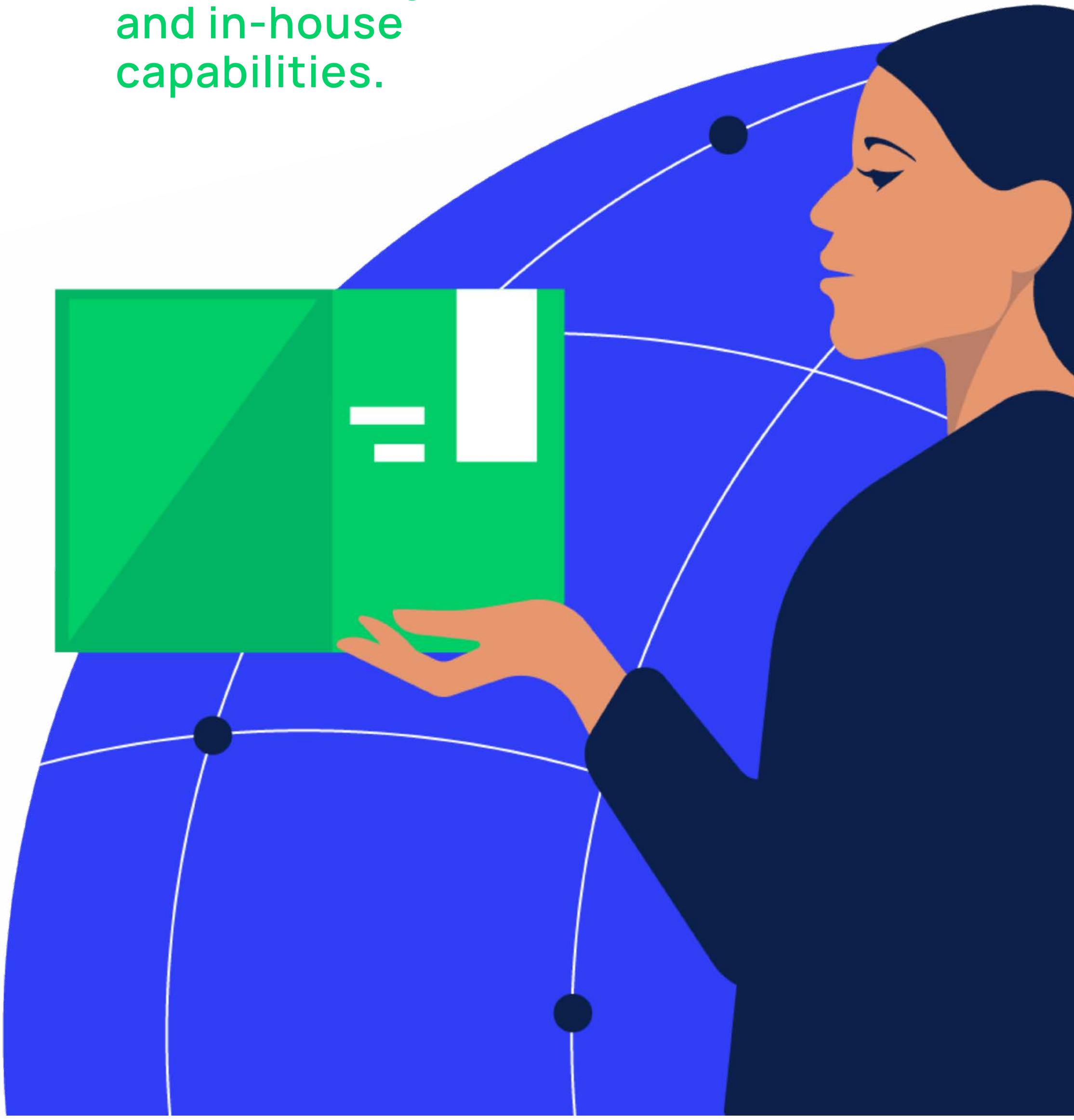
Partnering with local third parties and online marketplaces offers a powerful solution for brands branching out overseas. Partnerships mean that they can benefit from existing infrastructure and expertise to derive value from exporting.

While successfully penetrating foreign markets remains challenging, there are now many routes to market across borders to cater for individual needs based on product category and in-house capabilities.

For instance, Amazon Global Store calculates onerous local taxes, import fees and duties at checkout for brands, as well as customs clearance for retailers. Amazon can also handle inventory, delivery and returns through its Fulfilment arm. Elsewhere, marketplaces such as Fruugo handle customer care, marketing and foreign exchange to enable retailers to launch quickly overseas. Platforms such as THG's Ingenuity will even take a data-led approach to marketing for brands abroad, harnessing personalization and driving traffic through local influencers.

There are now many routes to market across borders to cater for individual needs based on product category and in-house capabilities.

Nevertheless, customers in other territories are inherently less trusting and more critical of sellers abroad. Seamlessly getting goods into the hands of consumers by providing secure and efficient deliveries and returns is critical for overseas success.

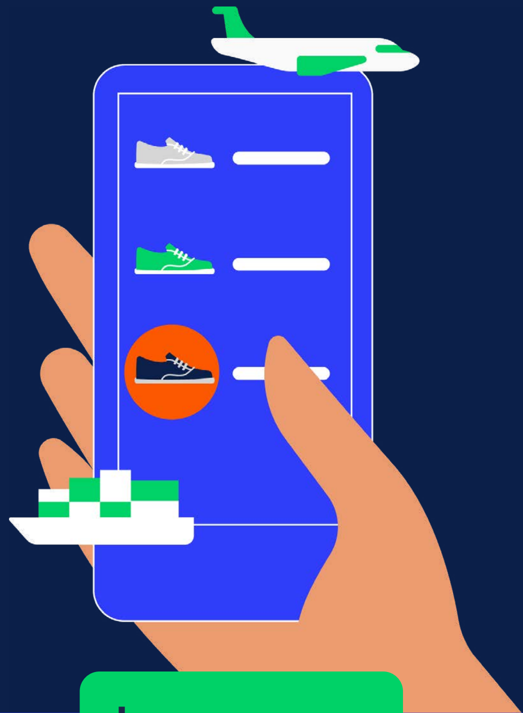


Deliver simple yet powerful experiences for your customers

Delivery Manager

Learn more

Delivery Options



Learn more

Returns

Learn more

Tracking

Learn more

www.metapack.com
info@metapack.com

METAPACK