

2019 REPORT

Online Shopping Study



Methodology

Survey conducted by
Pitney Bowes with Caravan International

Sept 6-11, 2019
8031 online shoppers 18+ years old

Countries surveyed:

- Australia – 1005 respondents
- Canada – 1004 respondents
- China – 1004 respondents
- Mexico – 1005 respondents
- UK – 1004 respondents
- US – 3009 respondents

pitney bowes

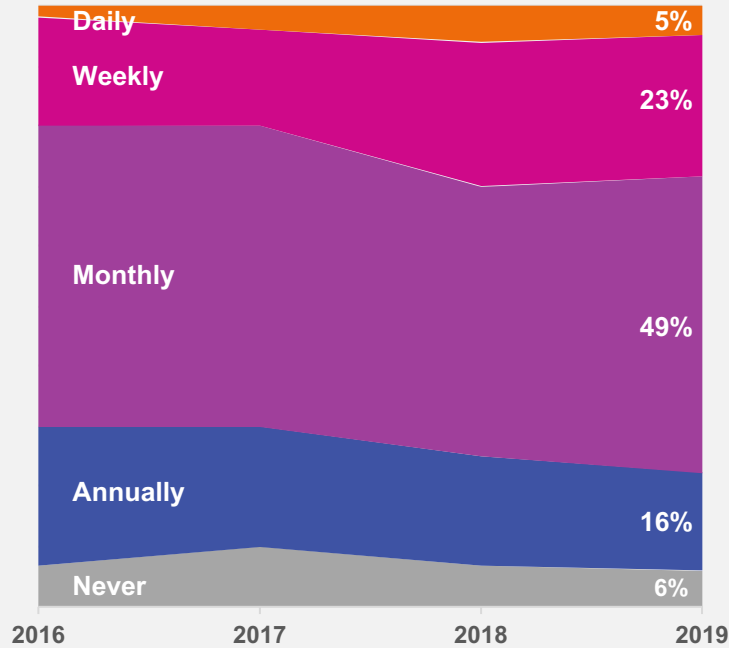


Macro Trends

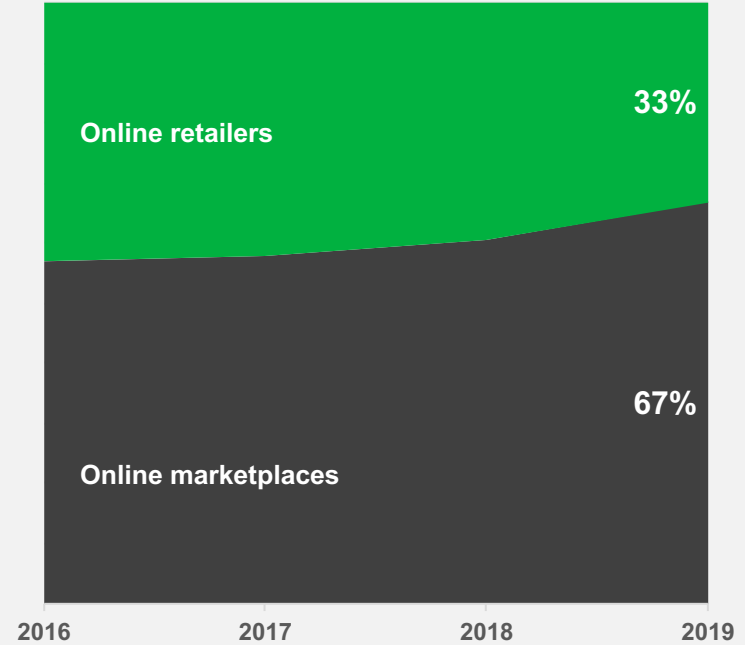
The overall ecommerce market is growing

While online retailers see more competitive pressure from marketplaces

US consumers are purchasing more frequently online...



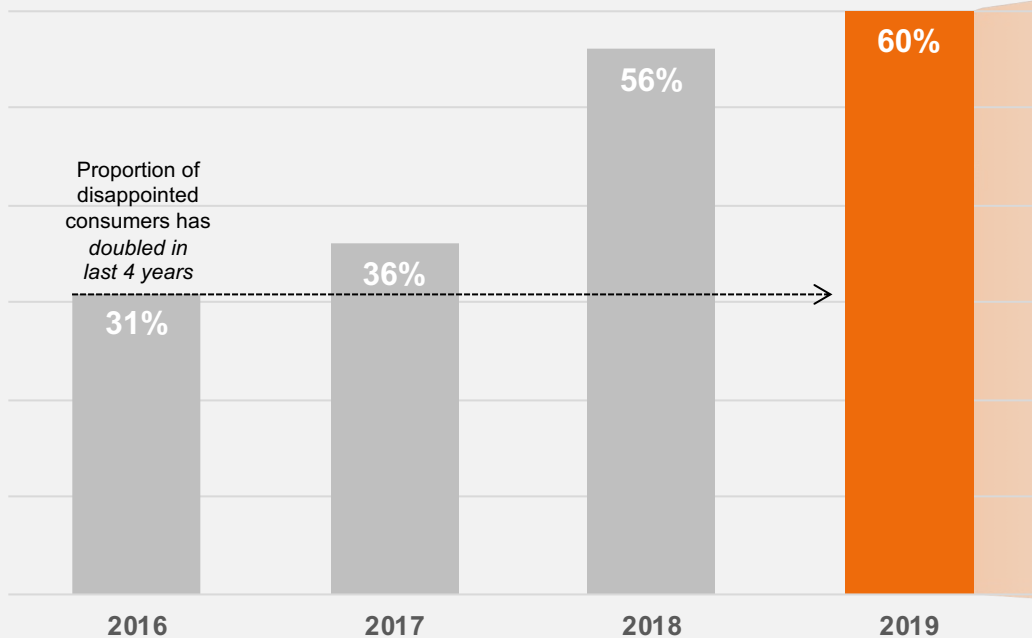
...but a faster-growing majority of those purchases are on Amazon & other marketplaces



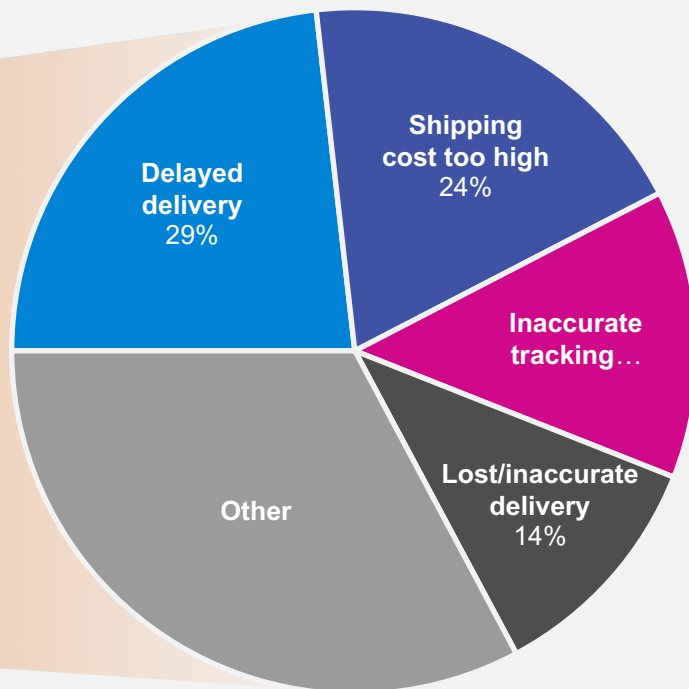
Consumers are shopping online more often

But they're getting disappointed even more frequently

Consumers experiencing delivery/returns issues the prior holiday season

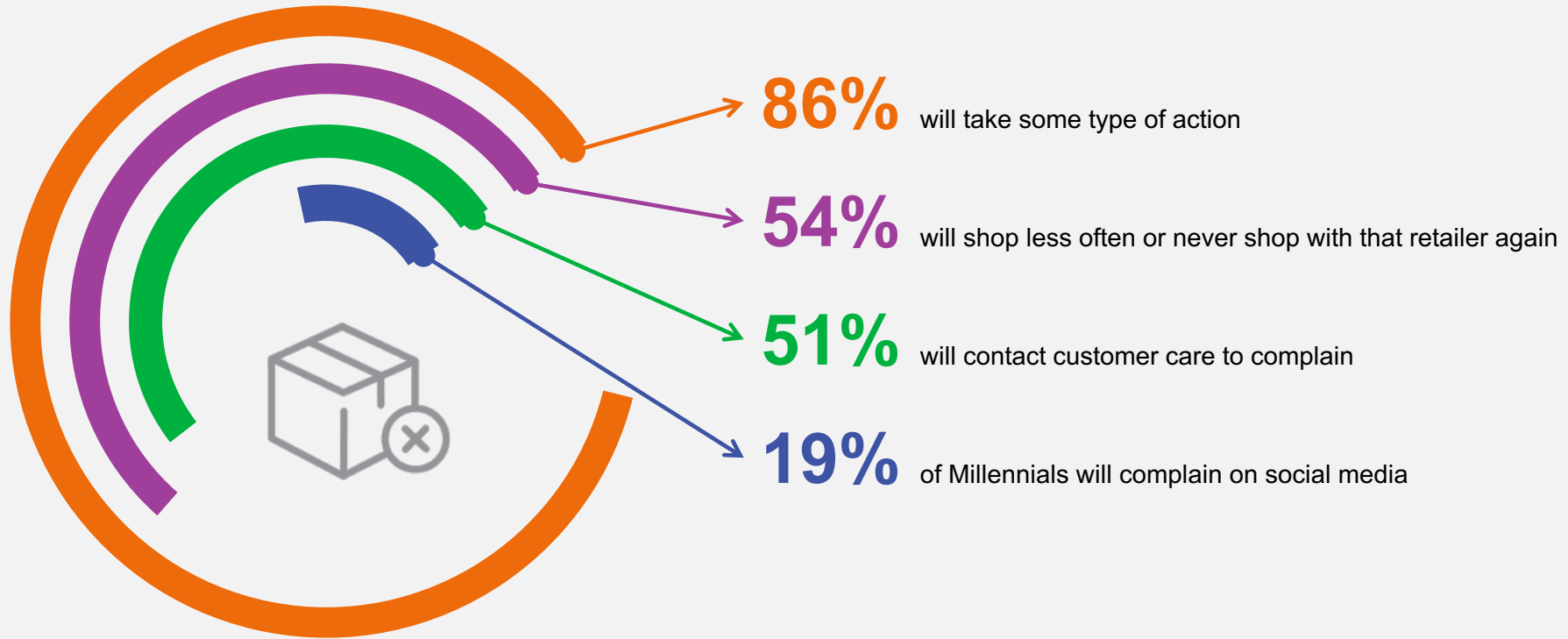


Top reasons:

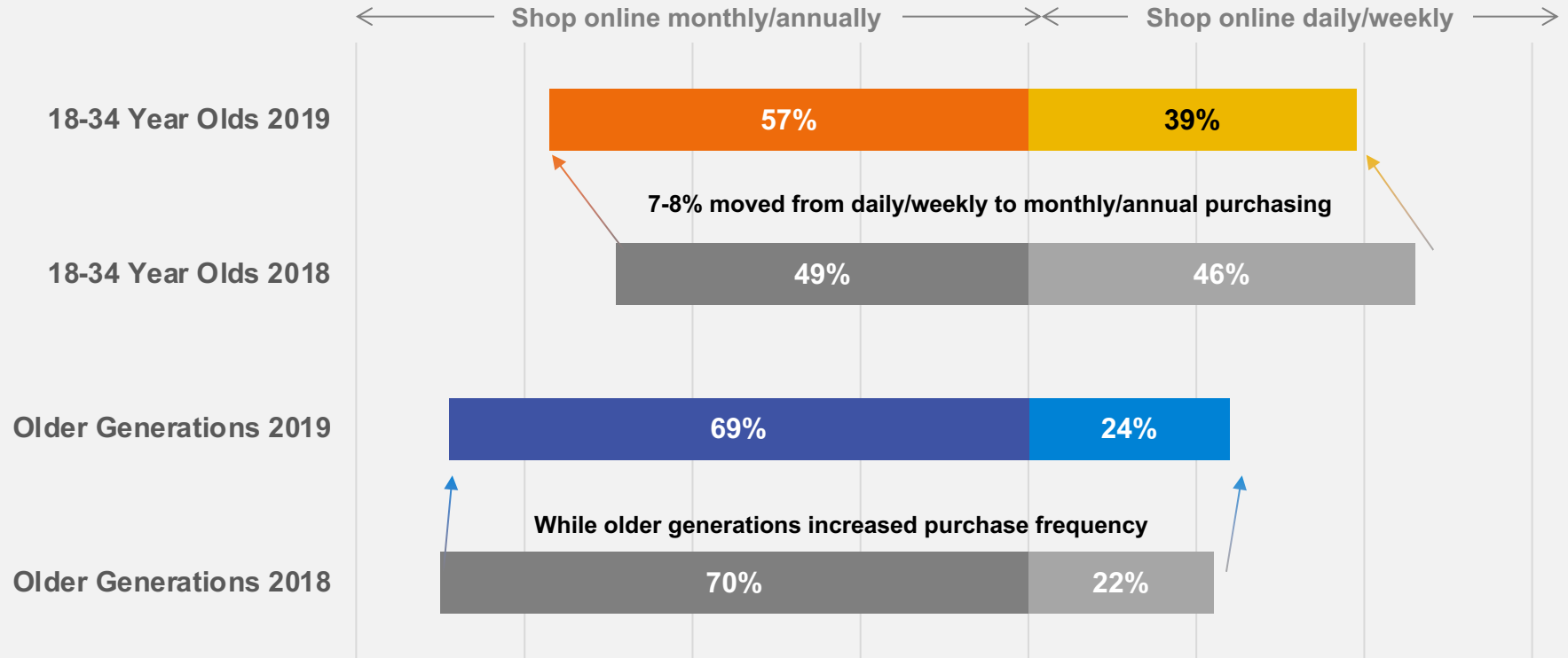


One bad delivery experience has ripple effects

More than a quarter of consumers will never shop with that brand again

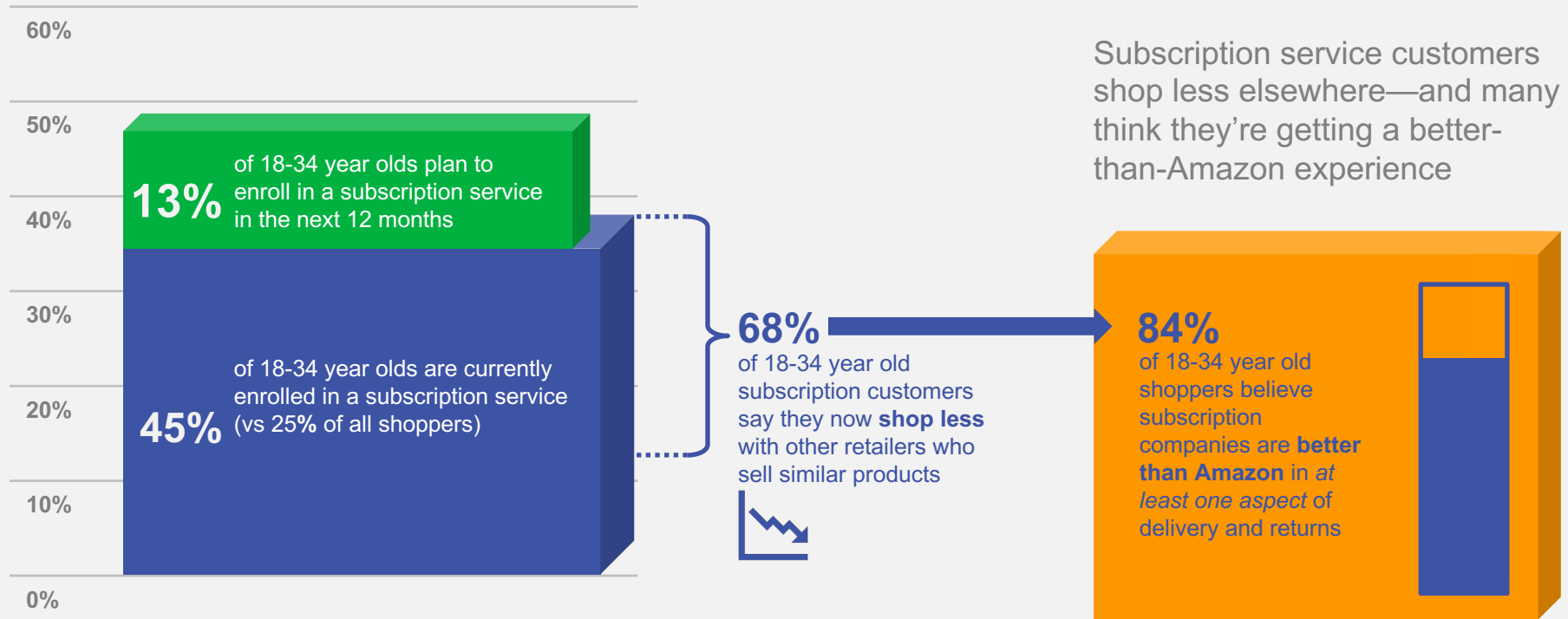


Why are younger consumers shopping online less often?



Subscription services are changing buying behaviors

Consumers 18-34 years old are leading the way



Summary // Macro trends

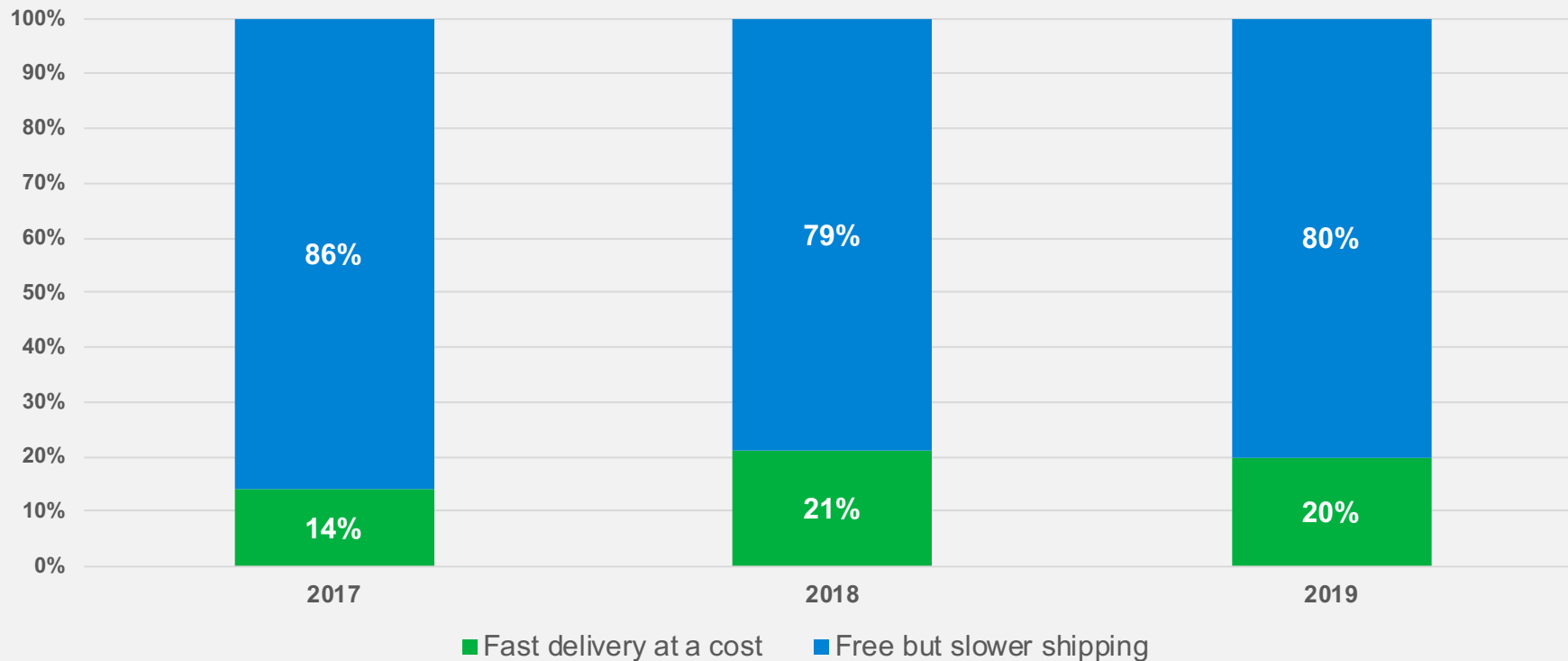
1. Ecommerce continues to grow as **consumers shop online more often**
2. More online purchases end in disappointment—**delivery issues** plague consumer experience
3. Just one poor experience can have **dire consequences** for brands and retailers
4. Younger shoppers are changing buying behaviors, led partly by the growth of **online subscription services**

Delivery



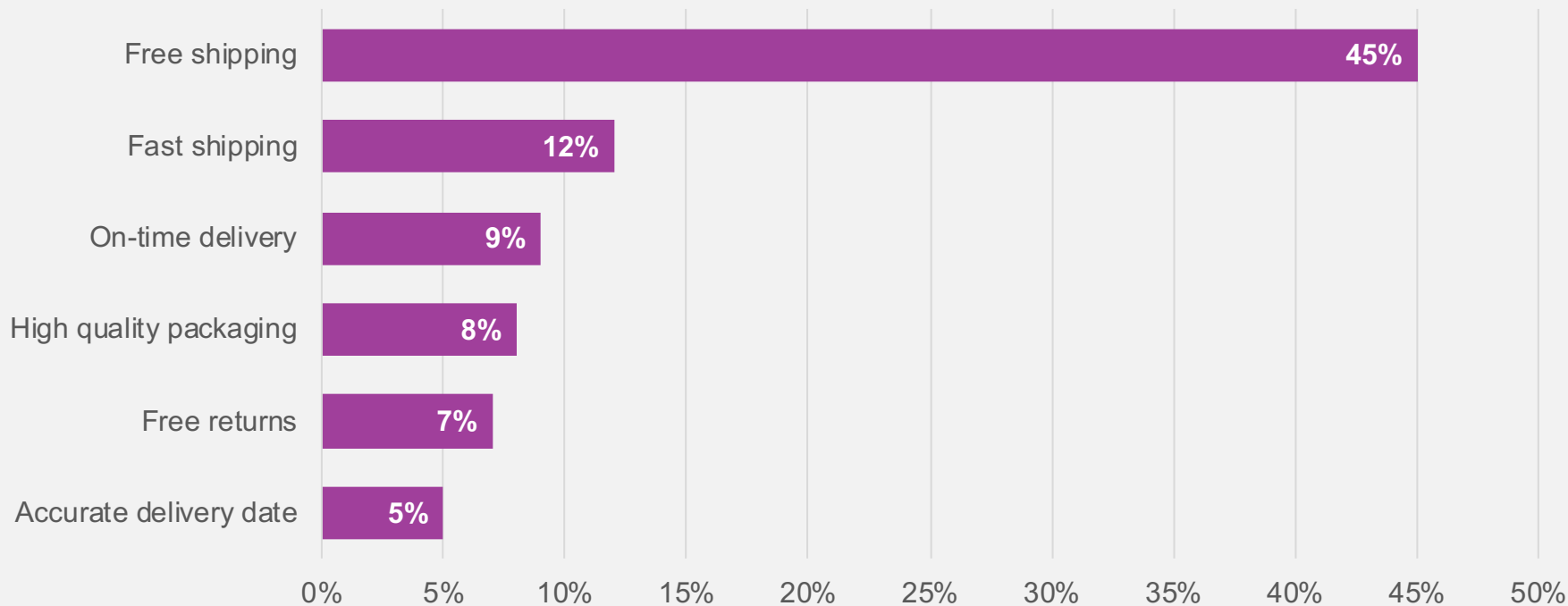
Consumers still prefer free over fast shipping

If they had to choose



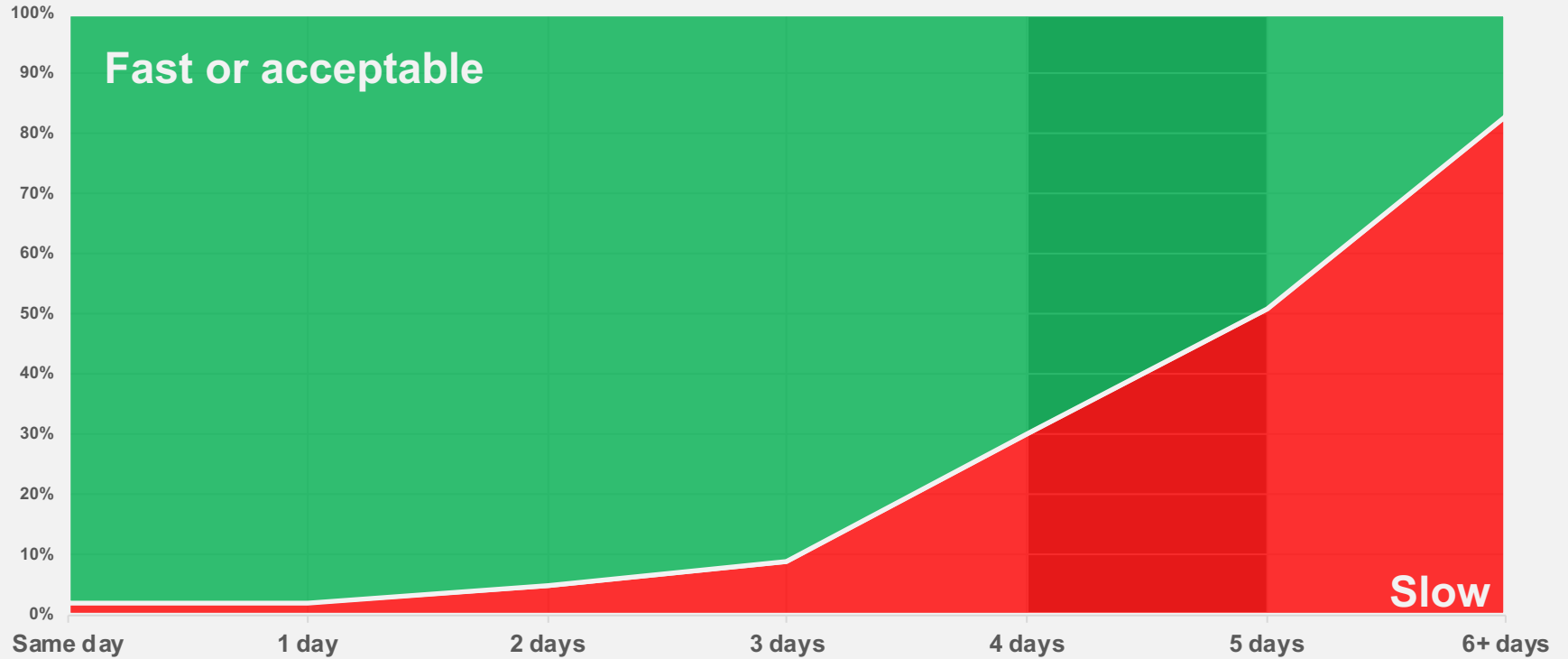
Free shipping is the #1 driver of repeat purchases

Among post-purchase experience options. It's ~4x more popular than fast shipping.



How fast is 'acceptably' fast shipping (when free)?

Most consumers think the tipping point is around 4-5 days

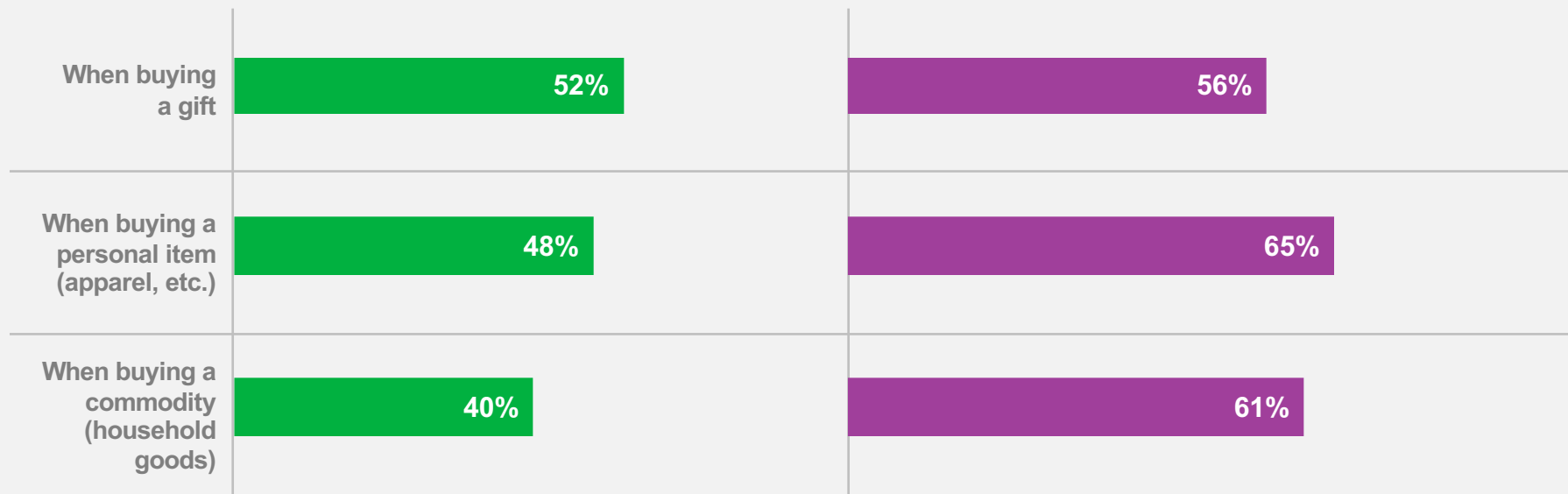


Consumers are even willing to negotiate 'fast'

Based on what they're buying

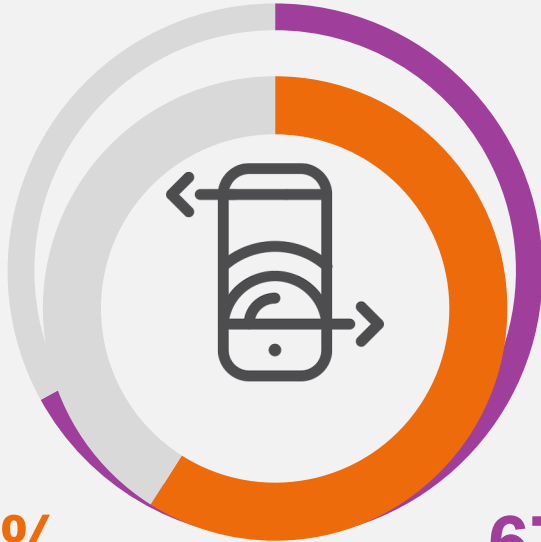
Will choose 4+ day delivery
with discount/credit
or delivery scheduling

Will choose 6+ day delivery
for *exact* item they want
(vs a 'good enough' item in ≤3 days)



'Slower' shipping may be acceptable

But that doesn't make waiting any easier—consumers want more tracking information



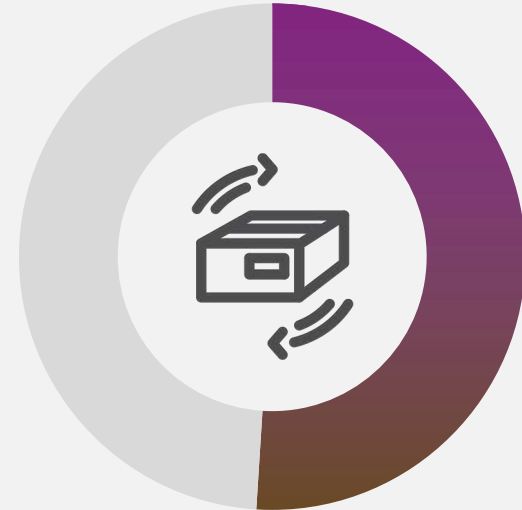
59%

of all consumers

track their packages *daily or multiple times* per day

67%

of Millennials



51%

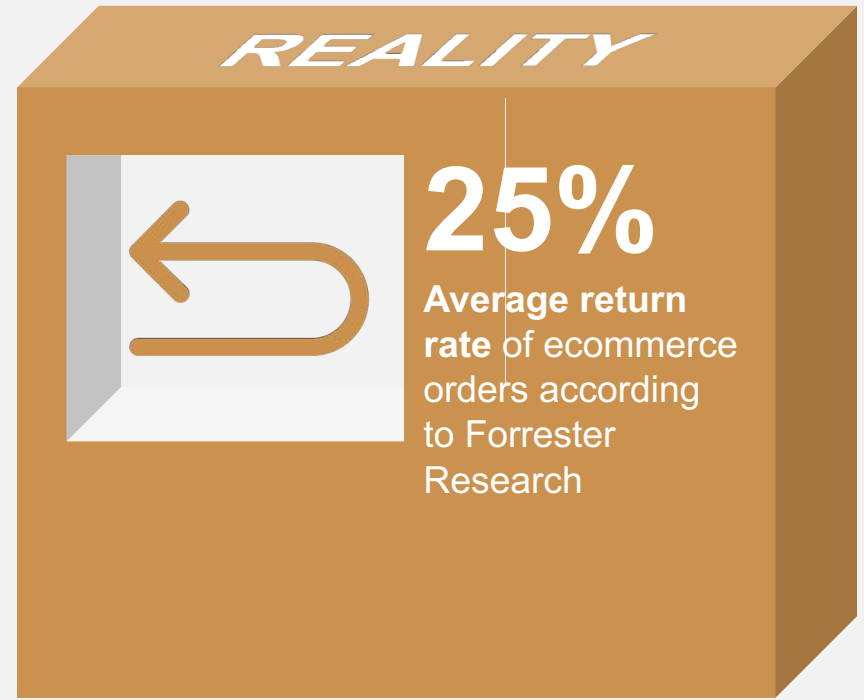
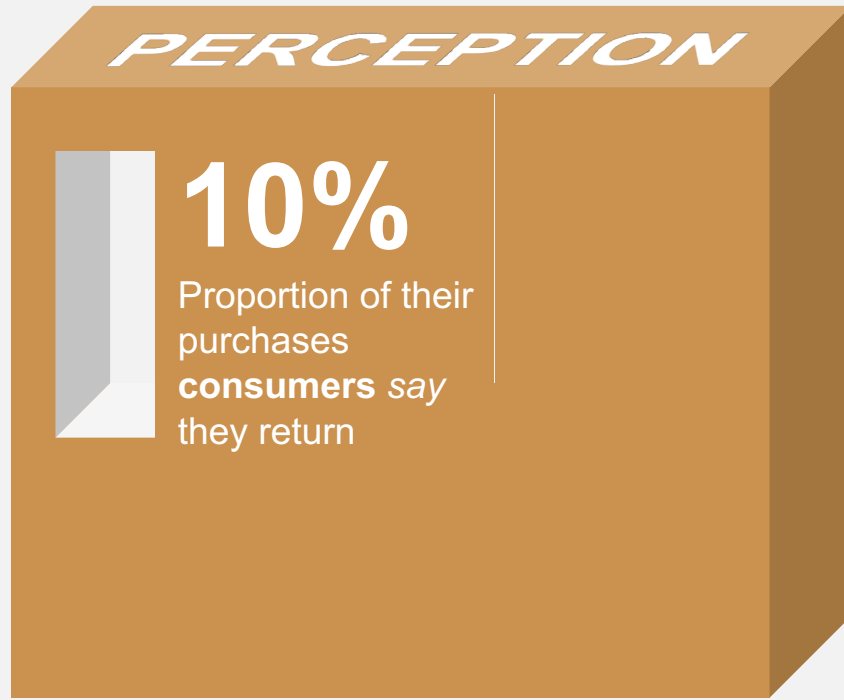
have either enrolled or are interested in enrolling in a **carrier tracking program** (UPS My Choice™, FedEx Delivery Manager™, etc.) vs. relying solely on retailers for visibility

Summary // Delivery

1. **Free shipping** beats fast shipping—almost every time—driving more loyalty
2. ‘Acceptably’ fast shipping can take as much as **5 days**—if shipping is free
3. Consumers will **wait even longer** if the product is unique or with a good promo
4. Regardless of delivery speed—**tracking is critical**, and many retailers are leaving this up to carriers to solve

Returns

Consumers don't think they return as much as they really do



“Bracketing” can now be called “buying”

A majority of consumers now purchase multiple sizes/colors of a product with the intent to return what doesn't work

51%

of all consumers confess to bracketing

44%

of bracketers say they 'always' or 'frequently' do so

27%

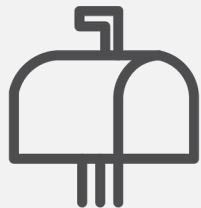
of men say they 'always' or 'frequently' bracket, while only...

19%

of women say they 'always' or 'frequently' bracket



Shoppers love home pickup & labels in-the-box



Among consumers, home pickup of returns is...



3x more popular than carrier drop-off...



and *nearly 4x more popular than return in-store...*

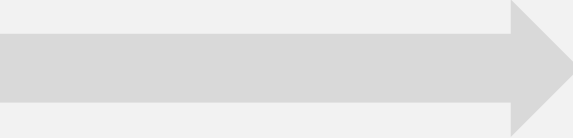


72%

of consumers prefer when retailers include pre-printed return labels in the shipped package

'Trunk time' makes refunds appear slower

Shoppers hold onto returns for an additional 4 days when drop-off is required



+4 days
average trunk time

+5 days
among Millennials

+8 days
Shoppers who return
>50% of their purchases

64%
of consumers liken slow refunds
to **getting a root canal**

4.5x
speed of Amazon refunds versus
the average online retailer

PB CXO Study, 2017

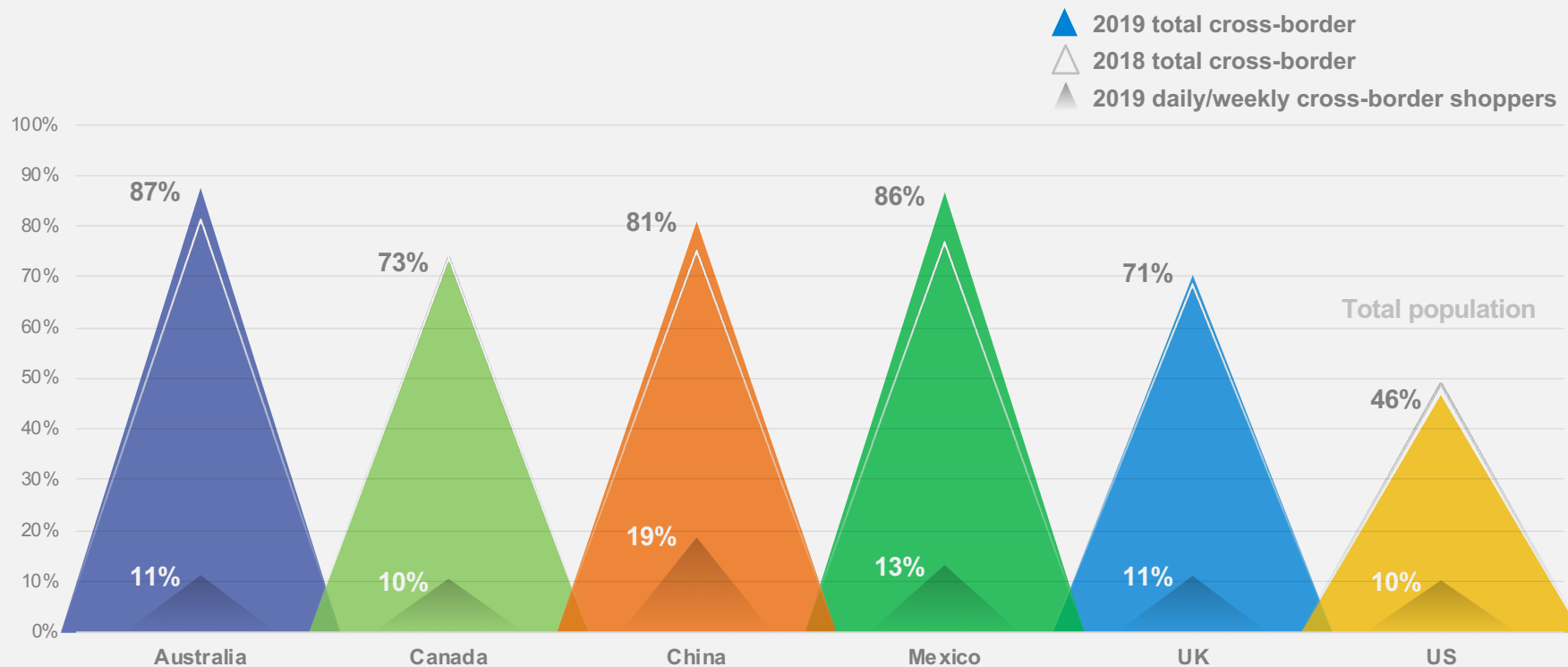
Summary // Returns

1. Consumers don't realize how much they return—meaning it's become **part of the fabric of shopping experience**
2. In fact, **most consumers** are now purchasing with full intent to return some items (aka bracketing)
3. Home pickup and labels-in-the-box are the **most convenient** returns options
4. Consumers **hate slow refunds**—and forcing a consumer to drop-off a return adds **4 days of “trunk time”**

Cross-Border

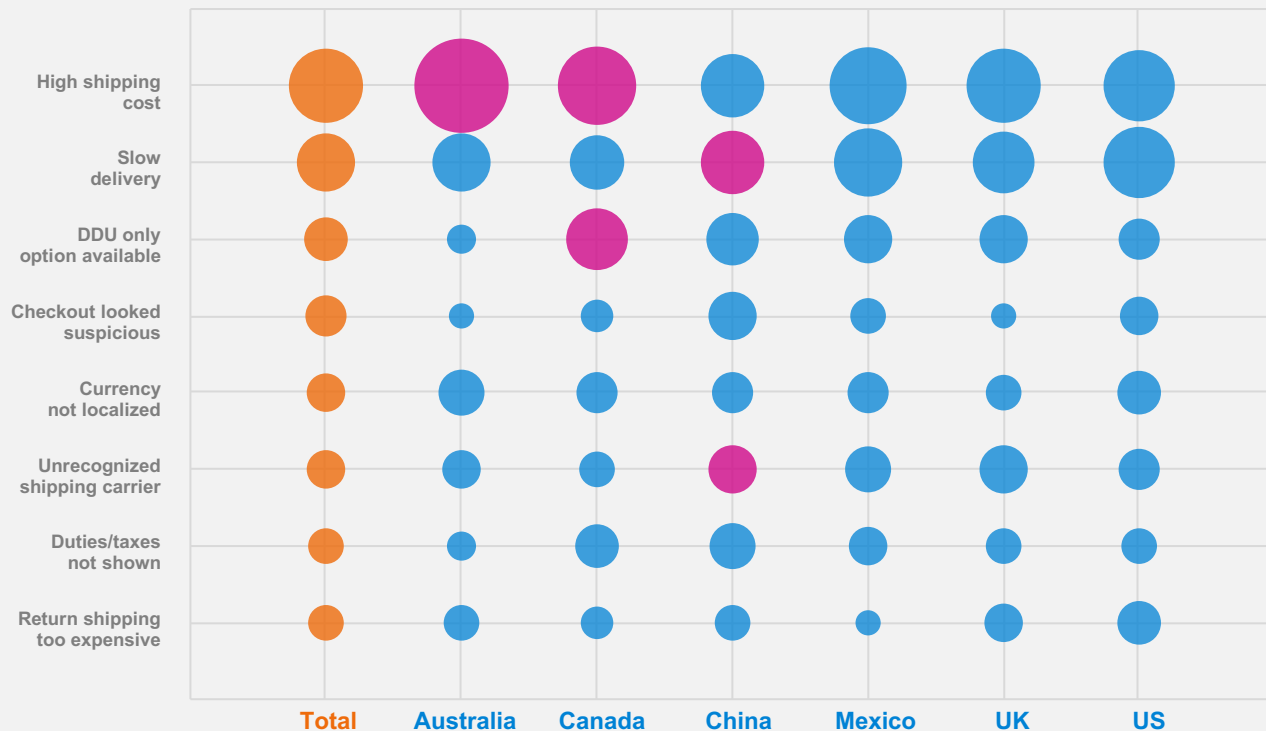
Cross-border ecommerce adoption is up globally

Except in Canada & the US, which are flat to down slightly YoY



Top reasons for cross-border cart abandonment

Shipping cost/speed are top concerns. Except in Canada, where incoterms annoy.

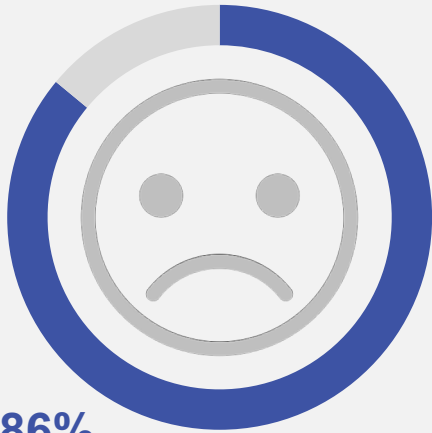


Country callouts

- With the government's introduction of new cross-border taxes (GST), Australian consumers are reacting to **higher duties & taxes being incorporated into shipping quotes**
- According to Pitney Bowes' shipping data, nearly half of all Canadian cross-border orders are shipped to the **Toronto metro area**—much closer to import hubs and should therefore typically lower cost. Retailers are advised to verify true rates/cost for these shipments.
- Canadian consumers are savvy cross-border shoppers. Retailers should provide both DDP and DDU incoterms for these customers to maximize flexibility.
- Same-day and 1-hour free delivery is more mainstream in China than in other countries—made possible by **local carriers** owned by/partnered with major marketplaces

9 out of 10 US cross-border shoppers buy from China sellers

Either via marketplaces or direct sale



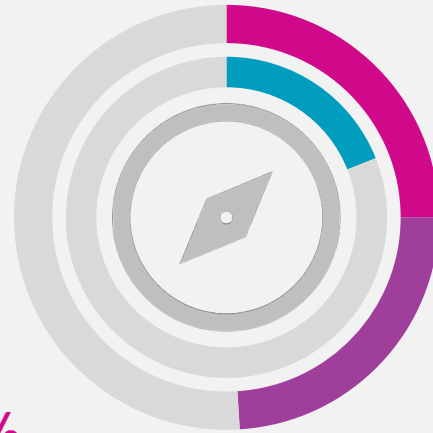
86%

of consumers who buy from China-based sellers are **disappointed by the delivery experience**



40%

felt the delivery **took longer than they expected**



25%

didn't receive tracking information

24%

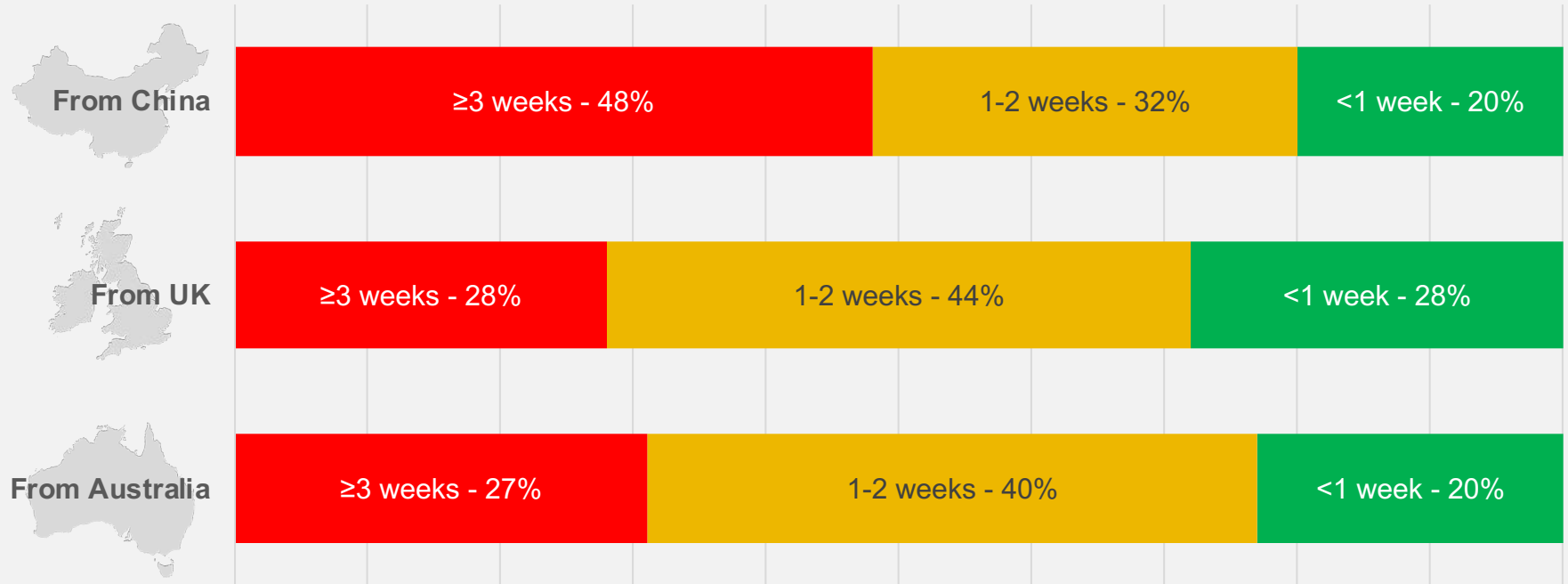
received inaccurate tracking information

19%

couldn't find or navigate the tracking site

Shopper disappointment isn't always driven by high expectations

US cross-border shoppers have reasonable (and even low) expectations on international transit times



Summary // Cross-border

1. Cross-border ecommerce **continues to gradually grow**, despite trade tensions
2. Shipping cost and slow delivery—as with domestic shopping—cause consumers to **abandon online cross-border purchases** most
3. 90% of US cross-border shoppers buy from China-based sellers—and **nearly 90% of those shoppers are disappointed** by the delivery experience
4. US cross-border shoppers have **reasonable expectations** on international transit times