Ecommerce Delivery Benchmark Report 2024

Navigating the complexity of the modern buyer's journey

METAPACK

AUCTANE | RetailEconomics

About AUCTANE

This research was conducted by Auctane, a family of brands offering shipping and logistics technologies. Auctane products serve businesses of all sizes all around the world, from small businesses right through to enterprise retailers. No matter the size, we help online sellers around the world with their mailing, shipping and logistics needs. Each year, 3 billion orders are processed using Auctane products.

Great shipping experiences leave a lasting impact. Today's consumers want faster, cheaper, and more transparent shipping practices, and they favour businesses that rise to the occasion. We won't rest until every company has the tools they need to delight their customers, whether down the street or across the globe.

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Packlink® PRO
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stamps.com®

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ShipWorks

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shipsi

Return Rabbit

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About Retail Economics

Retail Economics is an independent economics research consultancy focused on the consumer and retail industry. We analyse the complex retail economic landscape and draw out actionable insight for our clients. Leveraging our own proprietary retail data and applying rigorous economic analysis, we transform information into points of action.

Our service provides unbiased research and analysis on the key economic and social drivers behind the retail sector, helping to inform critical business decisions and giving you a competitive edge through deeper insights.

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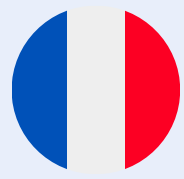
RetailEconomics

Methodology

Consumer and B2B surveys were undertaken in November 2023 and include answers from a sample of 8,000 nationally representative households and 800+ online sellers across the UK, USA, Canada, Australia, Germany, France, Italy and Spain.

US

UK

France

Germany

Canada

Australia

Italy

Spain

Participants

total
8,000+

Introduction

Entering 2024, the retail sector breathes a sigh of cautious optimism after recent years of upheaval. Inflation has retreated, marking a reprieve from the acute pressures on household budgets without triggering significant spikes in unemployment. Yet, this recovery treads a delicate path: interest rates remain elevated, geopolitical tensions simmer, and the economic outlook remains fragile.

Against this backdrop, the ecommerce sector finds itself at yet another pivotal juncture. Now a matured industry, retail brands face an intensified battle for dif-ferentiation in a hyper-competitive arena. Success hinges on mastering an increasingly complex customer journey where online and offline intertwine, consumer loyalty is fluid, and expectations around delivery have reached new heights. Today's consumers demand not only a seamless purchasing process but also swift, reliable delivery services and hassle-free returns, showing little tolerance for delays or complications.

Central to navigating this landscape is the adoption of omnichannel strategies. These strategies extend beyond maintaining a multichannel presence; they encapsulate the creation of a seamless, integrated shopping experience that aligns with the modern consumer's demand for convenience and personalisation.

AI and emerging technologies are key drivers in revolutionising the customer journey. From personalised shopping recommendations to chatbots that enhance customer service, AI will reshape how ecommerce brands interact with their customers, ensuring more tailored experiences.

Our Ecommerce Delivery Benchmark Report 2024 explores the intricacies of these new customer journeys, emphasising the importance of an omnichannel approach and the critical role of delivery and logistics. It aims to provide ecommerce brands with insights and strategies to create outstanding shopper experiences, highlighting the need for a frictionless journey that meets the high expectations of today's consumers.

Insights within this report are crucial for retailers and ecommerce brands to better understand and navigate customer journeys over 2024 and beyond.

The report is divided into three main sections:

1

Evolution of omnichannel:
This section provides an in-depth analysis of the evolving customer journey, omnichannel shopper personas and presents an 'Omnichannel Behaviour Flow Analysis'.

2

Customer journeys and delivery trends in 2024:
Delves into the nuances of consumer preferences and behaviours throughout the entire customer journey.

3

Success strategies:
The final section outlines key strategies that retail brands must consider when adapting their models to achieve a unified omnichannel approach.

Key findings

The top trends you won't want to miss in 2024

What's the difference?
Omnichannel commerce focuses the customer experience across various, potentially disconnected channels.

Unified commerce integrates all business operations and channels onto a single platform.

Where are we heading?

The evolution of retail channels

MULTICHANNEL
1993-2006

UNIFIED COMMERCE
2023+

SINGLE CHANNEL
PRE 1992

OMNICHANNEL
2007-2022
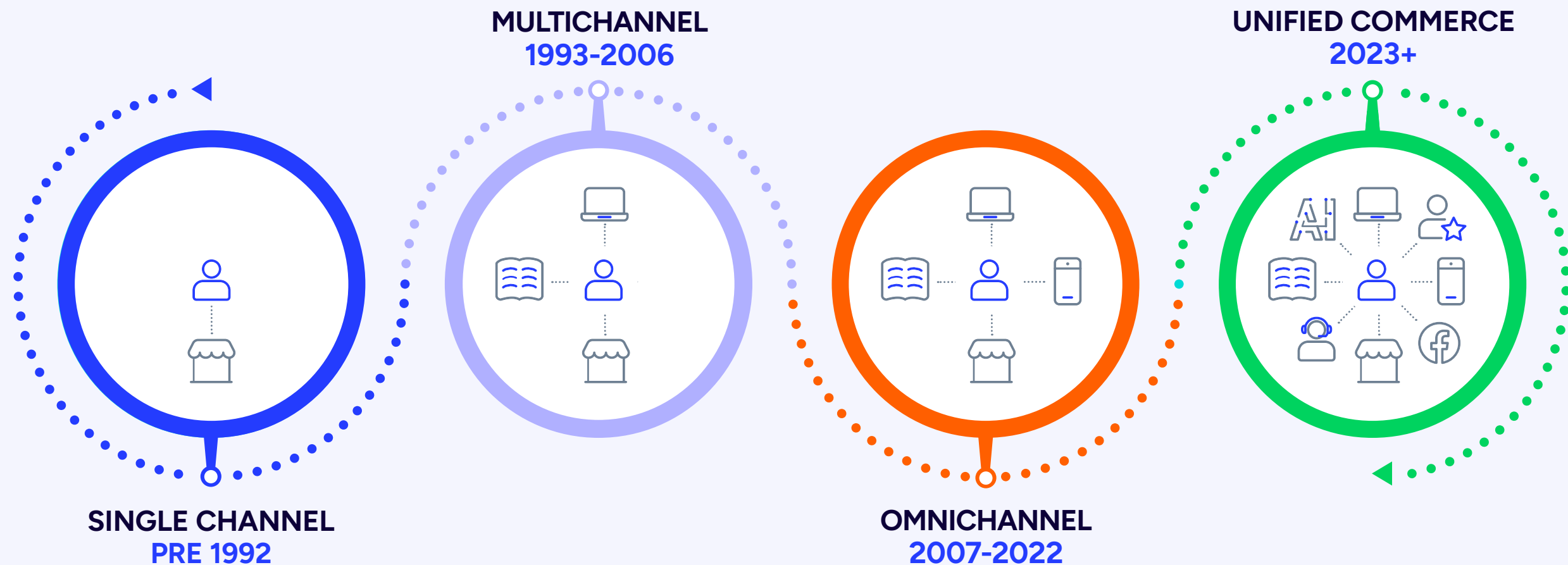
Where are your customers?

The buying path is no longer linear

75%

of shoppers use digital **and** physical touchpoints on the same customer journey
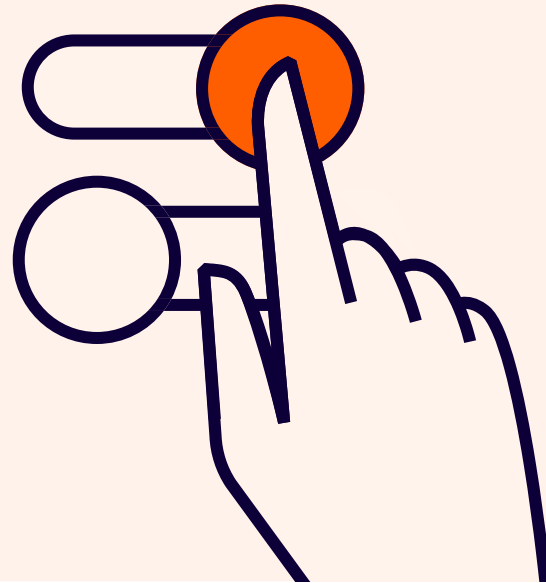
15%

of shoppers exclusively browse and buy online

And when they're forced to decide?

DIGITAL

IN-STORE

How might customers be able to help business?

There's a silver lining to red hot returns

47%

of Gen Z are open to pay a small fee to return their online orders
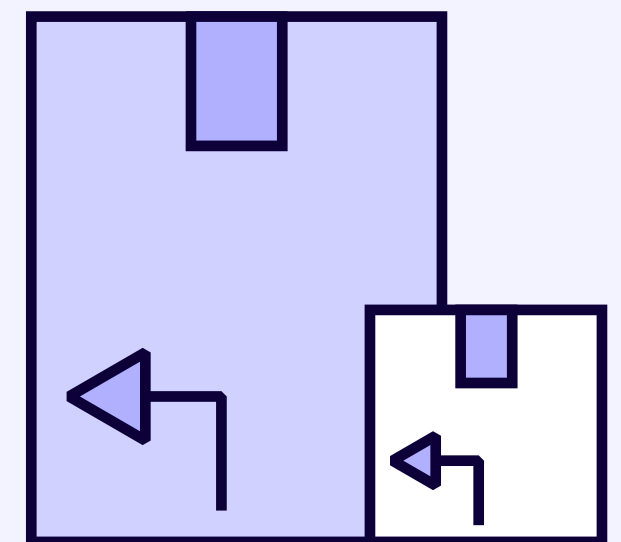
What matters most?

55%

of consumers across all markets expect delivery to arrive within just 48 hours

A 5% increase compared to 2023

45%
54%
43%
49%
35%
47%

● 2023   ● 2024
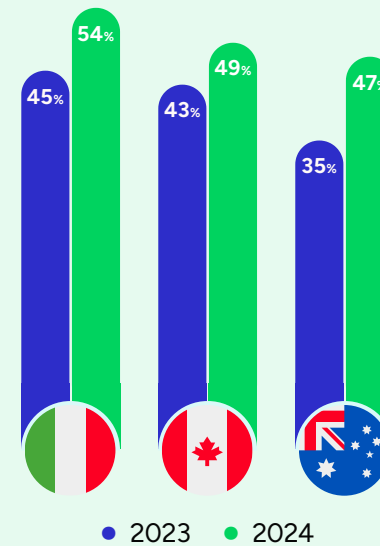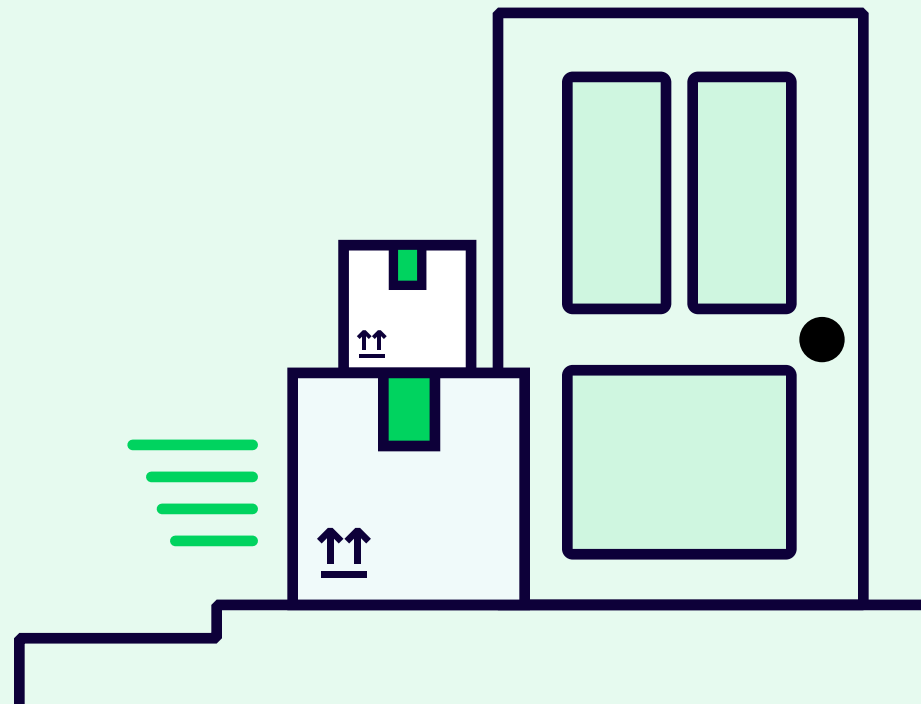
The markets showing increased demand for speedier delivery

Evolution of omnichannel: understanding complex customer journeys

'Omnichannel' has evolved from a buzzword a decade ago, to the bedrock of modern retailing in 2024. This section looks at how omnichannel retail is evolving, the complexity of consumer behaviour flows within the customer journey, and the key shopper personas for 2024.

How is technology driving omnichannel strategy?

Fig 1: Evolution of retail over the last 30+ years
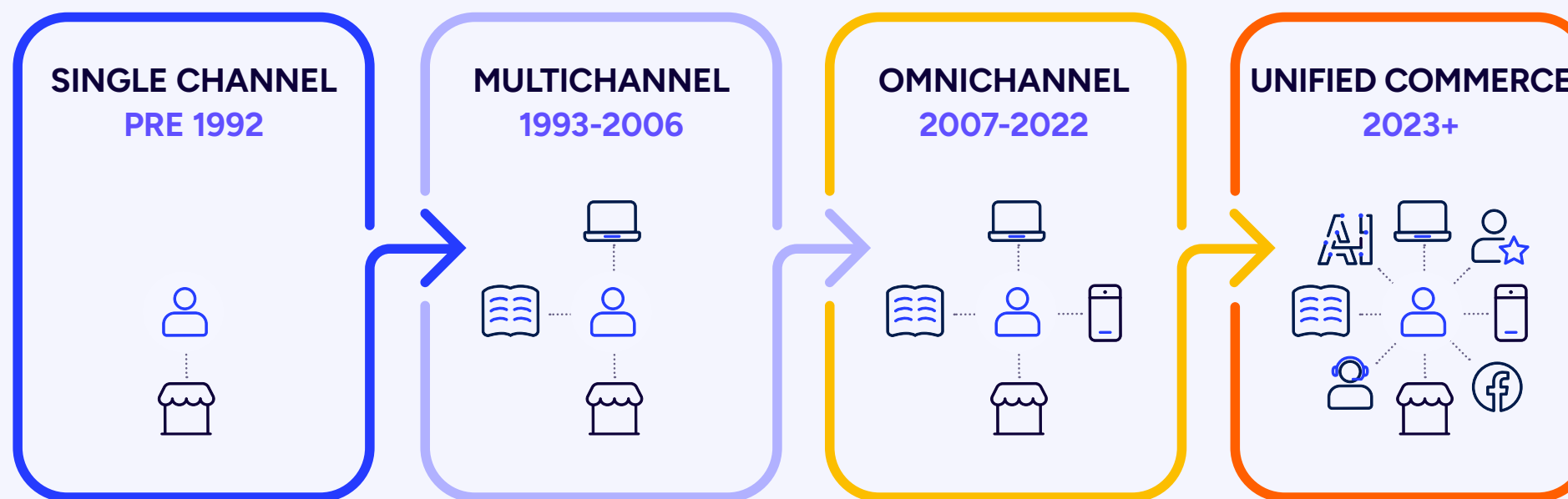
Source: Retail Economics, Auctane

Without doubt, digital transformation has been the critical enabler in facilitating this shift toward omnichannel strategies and shopping behaviours. From the rise of ecommerce and pandemic-induced challenges, to supply chain issues and more savvy consumer behaviours, increased adoption of technology has emerged as a key differentiator in supporting the retail sector navigate successive waves of disruption.

Strategic investment in digitalising the propositions of retailers, logistics companies, and technology providers (often collaboratively) have profoundly influ-

enced the retail value chain. This has driven innovation and efficiency in areas such as marketing, customer service, supply chain optimisation and fulfilment; the collective result — supercharged customer expectations.

Consumers now expect brands to satisfy their needs regardless of where, when or how they shop, and become quickly agitated with poor experiences. Essentially, **they expect seamlessly integrated experiences across multiple touchpoints (online and offline)** including web, mobile, social media, in-store, out-of-home delivery/pick-up locations, and more.

Throughout 2024, the continued rise of Generative AI alongside other emerging technologies, offers even **greater opportunity to enhance customer journeys to maximise engagement**. This includes integration of advanced chatbots, voice commerce, smart self-service kiosks, augmented (AR) and virtual reality (VR). The goal: a hyper-personalised **customer journey that leverages data science to serve individual customers' interests and preferences** to maximise lifetime value. This sets the stage for the industry to transition towards a truly omnichannel model — 'unified commerce'.

What is Omnichannel? Omnichannel is defined as the creation of a seamless and integrated customer experience across multiple channels. It ensures a consistent and cohesive interaction regardless of platform or device, aiming to provide customers with seamless experiences.

What is Unified Commerce? Unified commerce is the evolution of omnichannel retailing and goes beyond just integrating online and offline channels. It is an integrated approach that provides a seamless customer experience across all channels and touchpoints, 'unifying' all retail processes into a single platform.

Mapping complex journeys: omnichannel behaviour flows

Our research analyses customer journeys for non-food shopping to ascertain their characteristics. The findings clearly indicate an array of complex omnichannel behaviours, often reflecting heightened consumer expectations. Here, **three in every four customer journeys will involve both digital and physical touch-points.** Whether this implies discovering products online, making purchases in-store, or ordering online and opting for an out-of-home delivery — the fusion of online and offline is evident.

Collectively, this results in **increasingly complex and more dynamic customer journeys**. In order to better understand different journeys, our research uses an 'Omnichannel Behaviour Flow Analysis', exemplified in Fig 2.

Importantly, a key takeaway from our omnichannel flow diagram is that **just 15% of shoppers complete the entire customer journey, from pre-purchase to returns, with no physical touch-points – even if buying online.**

In reality, each customer journey is unique and can be quite complex in today's omnichannel world. Shoppers' channel and delivery priorities are dynamic, influenced by factors like age, affluence, type of product, shopper mission, and more.

Fig 2: Omnichannel behaviour flow across online and in-store channels

● Digital
● Physical

For non-food items

Browse Online **62%**
Browse In-store **38%**

Buy Online **47%**
Buy In-store **53%**

41%
6%
20%
32%

Home Delivery **74%**
Out of Home Delivery **26%**

26%

Courier Pick Up **30%**
30%
31%

In-store Return **24%**
23%
24%

Drop-off Point **27%**
25%
29%

Online Postal Return **19%**
22%
16%

Pre-Purchase **1**
Purchase **2**
Delivery **3**
Returns **4**
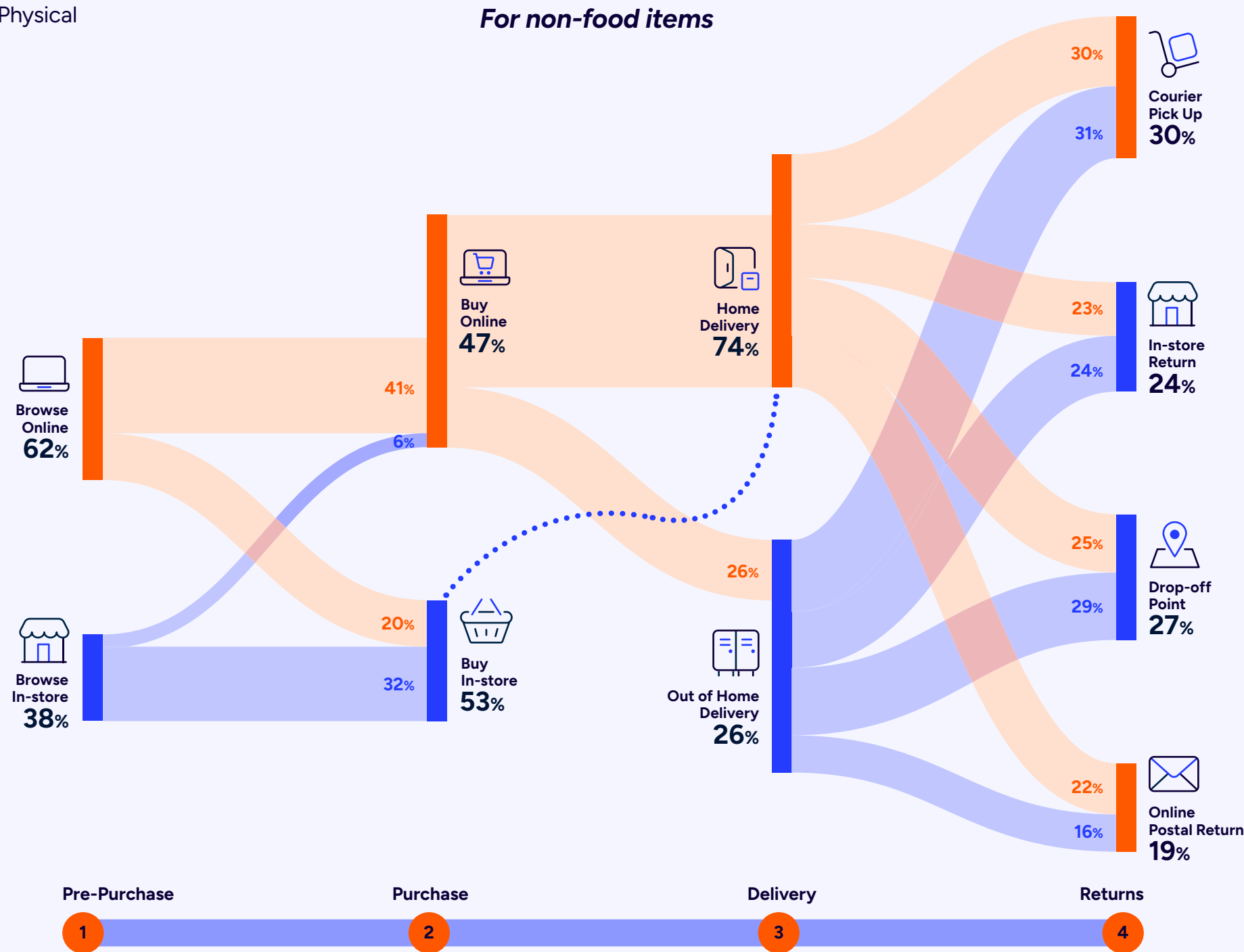
Note: The dotted blue line acknowledges a minority of consumers who buy in-store and opt for home delivery. Our research focus is predominantly on online behaviour.

Fig.2 shows the consumer behaviour 'flows' at different stages of the customer journey for a typical non-food purchase, based on consumer survey responses.

How to read the diagram:

- **Pre-purchase**: 62% of shoppers typically start their customer journey browsing online rather than in-store to discover and compare products, whereas 38% prefer to browse in-store.

- **Purchase**: Just under half (47%) of all shoppers proceed to buy items online rather than purchase in-store. 20% of shoppers that browse online, will buy in-store.

- **Delivery**: Of these online buyers, the majority (74%) will generally opt for a home delivery and about a quarter 26% will opt for out of home (e.g. collect from store, locker or other location).

- **Returns**: When it comes to returns, there is a fairly equal split in preference between returning via courier (30%) or post (19%), and returning to store (24%) or other drop off points (27%).

Fig 3: Omnichannel behaviour flow for Digital Natives vs Digital Adopters

- **Digital**
- **Physical**

Digital Natives (Under 45 years old)

Browse Online **71%**
Browse In-store **29%**

Buy Online **58%**
Buy In-store **42%**

Home Delivery **69%**
Out of Home Delivery **31%**

50%
8%
21%
21%
31%

Courier Pick Up **23%** — 23% / 24%
In-store Return **31%** — 32% / 29%
Drop-off Point **28%** — 24% / 32%
Online Postal Return **18%** — 21% / 14%

Pre-Purchase **1** — Purchase **2** — Delivery **3** — Returns **4**

Digital Adopters (Over 45 years old)

Browse Online **54%**
Browse In-store **46%**

Buy Online **40%**
Buy In-store **60%**

Home Delivery **86%**
Out of Home Delivery **14%**

35%
5%
18%
42%
14%

Courier Pick Up **21%** — 19% / 23%
In-store Return **24%** — 19% / 29%
Drop-off Point **25%** — 22% / 28%
Online Postal Return **30%** — 39% / 21%

Pre-Purchase **1** — Purchase **2** — Delivery **3** — Returns **4**

Source: Retail Economics, Auctane

Digital Natives embody omnichannel agility; starting their shopping online, they frequently transition to physical options like out-of-home delivery and in-store returns as their journey progresses.

In contrast, Digital Adopters (over 45) browse and buy less often online, but tend to remain within the digital sphere once they engage, preferring home delivery and online-initiated postal returns. This highlights **a distinct generational**

divide: younger shoppers seamlessly navigate between online and offline experiences, while older consumers are more likely to adhere to a consistent digital-focused path once they have made an online purchase.

Omnichannel shopper personas in 2024

Our research reveals five key omnichannel shopper personas based on their behavioural characteristics (e.g. channel preferences, delivery options, behavioural complexity).

Online-Only Shoppers (16%) - These consumers *almost always browse and purchase online*, choose home delivery wherever possible, and send items back via courier or mail – with little (if any) engagement with physical touchpoints. They are most likely to be Millennials (30-44) and Gen X (45-59), live in suburban areas juggling work and family commitments, but with relatively high spending power. Convenience is king for these consumers.

Online-First Flexers (33%) - These shoppers *lean towards digital channels*, browsing and purchasing more online than in-store. However, when purchasing online, they will frequently choose out-of-home delivery and returns options (e.g. click-and-collect, lockers). Typically residing in urban areas, these shoppers value expanded choices and accessibility to a diverse range of retail and delivery options, both online and offline.

Omnichannel Maestros (19%) – Exhibit *no clear channel preference* in their shopping behaviour, confidently switching between online and in-store, as well as home and out-of-home delivery, based on individual needs or circumstances. They're typically younger digital natives with elevated expectations and low tolerance for inconvenience, and epitomise the truly balanced and fluid omnichannel shopper.

Store-First Flexers (21%) – Typically older and/or on lower incomes, these consumers *prefer to shop in-store*, but will often initiate their purchasing journey online - browsing products, comparing prices, and checking stock availability. They demonstrate a blend of digital exploration and physical purchasing or fulfilment.

Store Loyalists (11%) - These consumers *almost exclusively shop in-store*, both when browsing and buying, preferring physical touchpoints across every stage of the customer journey. Opting for in-store experiences with staff interaction and the ability to 'try before you buy' (or perhaps lacking digital skills), these consumers are twice as likely to be over 65 years old.

Merchant outlook: convenient, frictionless customer experiences key to success in 2024

In the current trading environment where consumer expectations are high and loyalty is fragile, **brand success often means efficient handling of the many omnichannel behaviour flows** within the customer journeys to deliver convenient, reliable and seamless experiences.

Any friction encountered along the journey risks consumers seeking out competitors or alternative channels that better cater to their needs. Therefore, the pressure on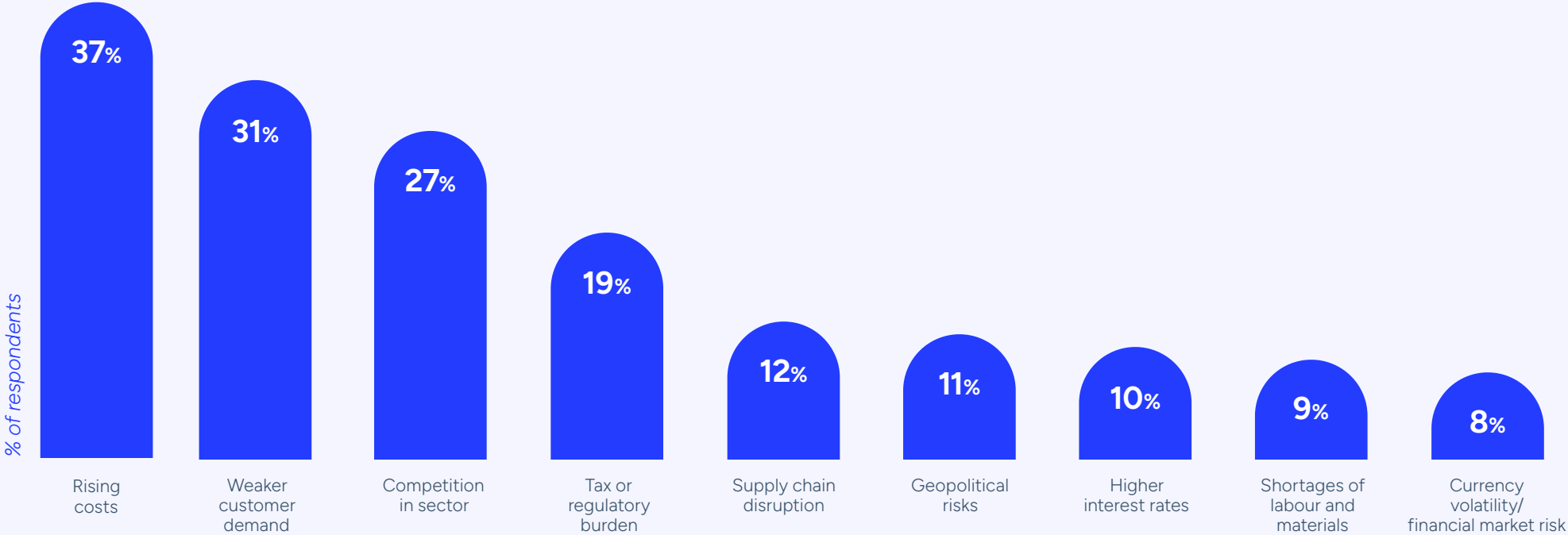 businesses to consistently meet heightened expectations now is a formidable task, particularly when the operational backdrop remains challenging.

The worst of inflation has now passed, but online merchants remain concerned by **rising overheads** (37%), **weak customer demand** (31%) and **intense competition** (27%) — identified as the top three challenges in 2024 (Fig 5).

Industry disruption endured over the past few years has highlighted the importance of **investing in omnichannel capabilities and consistently offering exceptional value-for-money**. This proven strategy is instrumental in overcoming challenges and navigating consumer slowdowns. In the dynamic realm of retail where consumer behaviours and expectations constantly evolve, businesses need to meet the challenge of delivering seamless and value-driven experiences to secure customer lifetime value to ensure success.

Flexibility and adaptability are fundamental when meeting consumer demands

Fig 5: Challenges to overcome in 2024

Q: Which of the following do you see as the main challenges to your business performance and growth prospects in 2024?
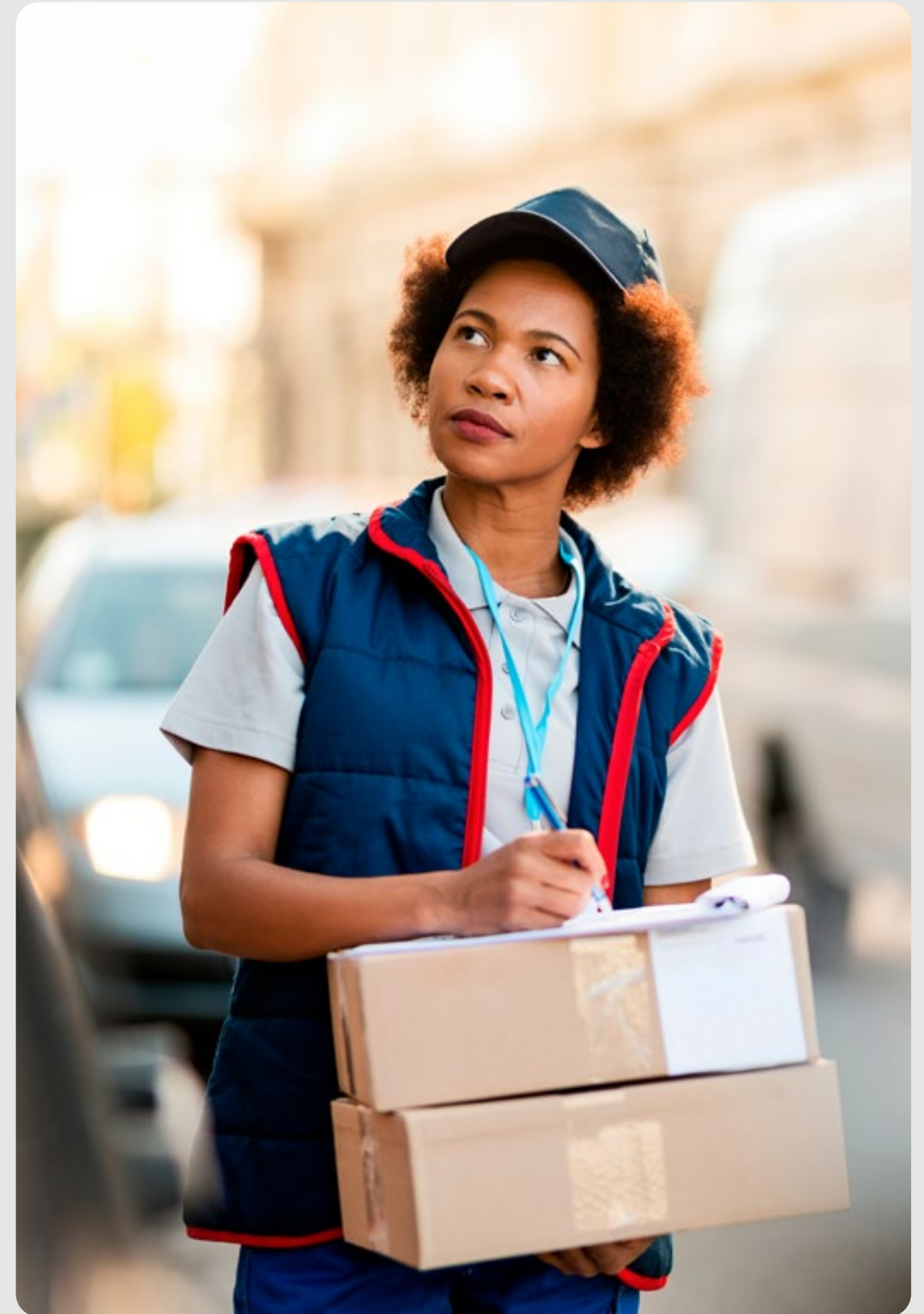
% of respondents

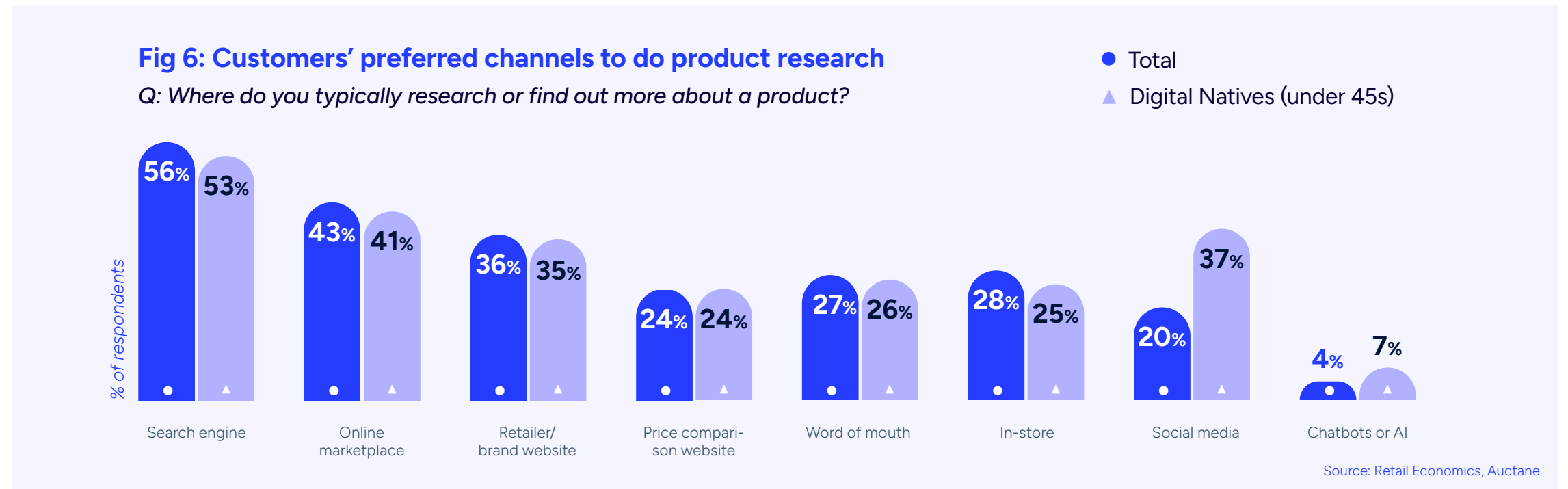| Challenge	%
Rising costs	37%
Weaker customer demand	31%
Competition in sector	27%
Tax or regulatory burden	19%
Supply chain disruption	12%
Geopolitical risks	11%
Higher interest rates	10%
Shortages of labour and materials	9%
Currency volatility/ financial market risk	8%

Source: Retail Economics, Auctane

Omnichannel customer journeys and delivery trends in 2024

This section explores five key themes that will shape the online retail and delivery sector in 2024 from the pre-purchase to post-delivery stages.

Pre-purchase: browsing, researching and discovery

Fig 6: Customers' preferred channels to do product research

Q: Where do you typically research or find out more about a product?

● Total
▲ Digital Natives (under 45s)

% of respondents

Channel	Total	Digital Natives
Search engine	56%	53%
Online marketplace	43%	41%
Retailer/brand website	36%	35%
Price comparison website	24%	24%
Word of mouth	27%	26%
In-store	28%	25%
Social media	20%	37%
Chatbots or AI	4%	7%

Source: Retail Economics, Auctane

Digital acceleration has led to an explosion of potential touchpoints at the early stages of the customer journey. This means **more areas and skills for retail brands to master** in order to engage and acquire customers.

The rise of mobile device use, social media, and proliferation of ecommerce platforms has created a fiercely competitive 'attention economy'. It has driven up marketing costs and presented new challenges for brands to differentiate themselves – this will toughen in 2024. As such, **one in two (48%) online merchants surveyed plan to** *increase* **their marketing activity** this year, while more than a third (38%) intend to launch new products and services. Understanding key strategies to cut through the 'digital noise' and engage target audiences with relevant, personalised content that encourages conversion is therefore crucial.

Online marketplaces: key for research and discovery

Most customer journeys start online. Nine in ten (87%) consumers routinely use online platforms for browsing and researching products, with search engines and marketplaces the most popular 'go-to' destinations (Fig 6). Today, many online marketplaces have become highly sophisticated in serving shoppers relevant product recommendations. Such sophistication often saves customers valuable time when researching and comparing products, avoiding the need to visit numerous websites. **Retailers can therefore benefit from the investment and complex infrastructure offered by marketplaces** to get their products found.

For digital-native Gen Zs and Millennials, social media is seen as more important than a retailer's own website for purchase inspiration and product discovery. As exposure to digital continues to grow, **today's consumers are spending more and more time browsing and exploring retail products**. In the UK, the typical shopper devotes around four hours per week to researching and discovering products – an extra 1.5 days per year compared to pre-pandemic habits.

Browsing vs buying: channel preferences by category

Across all non-food categories, consumers browse more online than in-store. This preference can be attributed to convenience and immediacy afforded by online devices, giving shoppers the flexibility to explore a vast range of products and reviews with near-instant information.

However, the transition from online browsing to actual sales varies across categories. **The significance of physical stores becomes more pronounced at the purchase stage of the customer journey**. For homewares, and health and beauty products, shoppers tend to research online, but prefer in-store purchases where tactile experiences still play a crucial role.
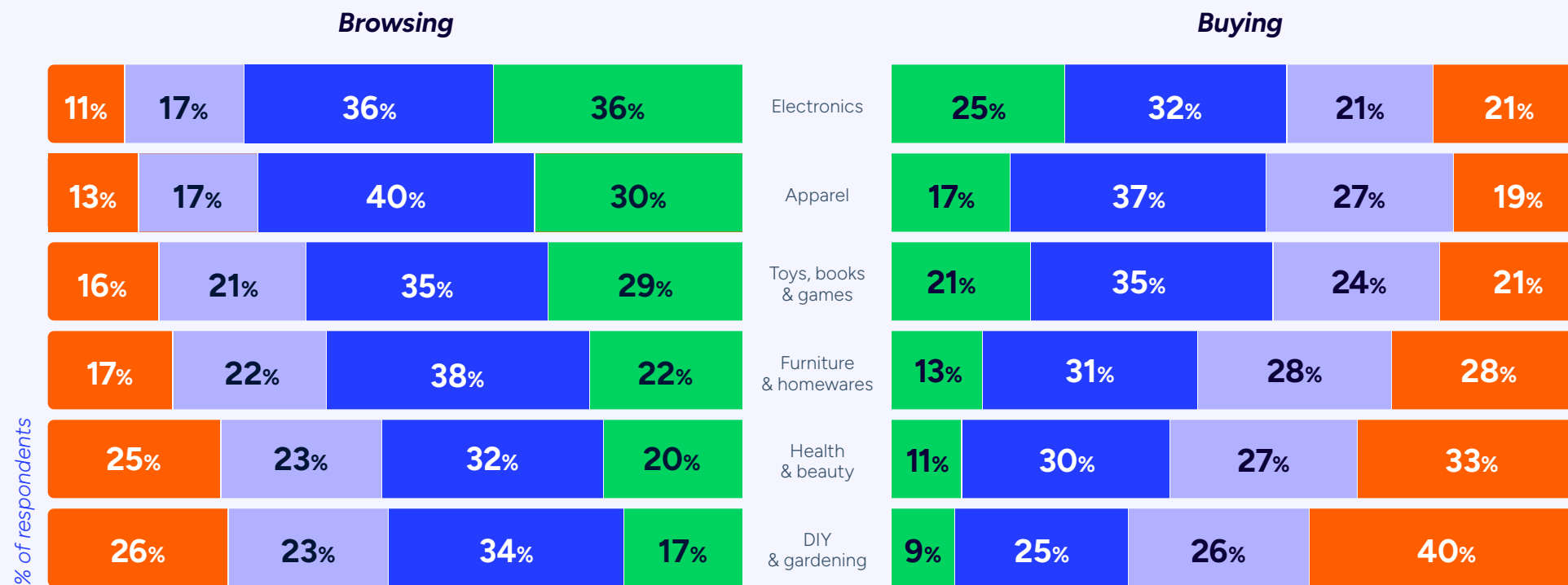
Conversely, mature online categories such as apparel, toys and electronics are less reliant on stores for sales (Fig 7 blue bars). Here, the customer journey is more likely to remain online from browsing to buying. This reduced dependence on brick-and-mortar for sales suggests **shoppers are more comfortable buying lower value or homogenous products online.**

Apparel, toys and electronics are less reliant on stores for sales

Fig 7: Browsing vs buying – customer channel preferences by category

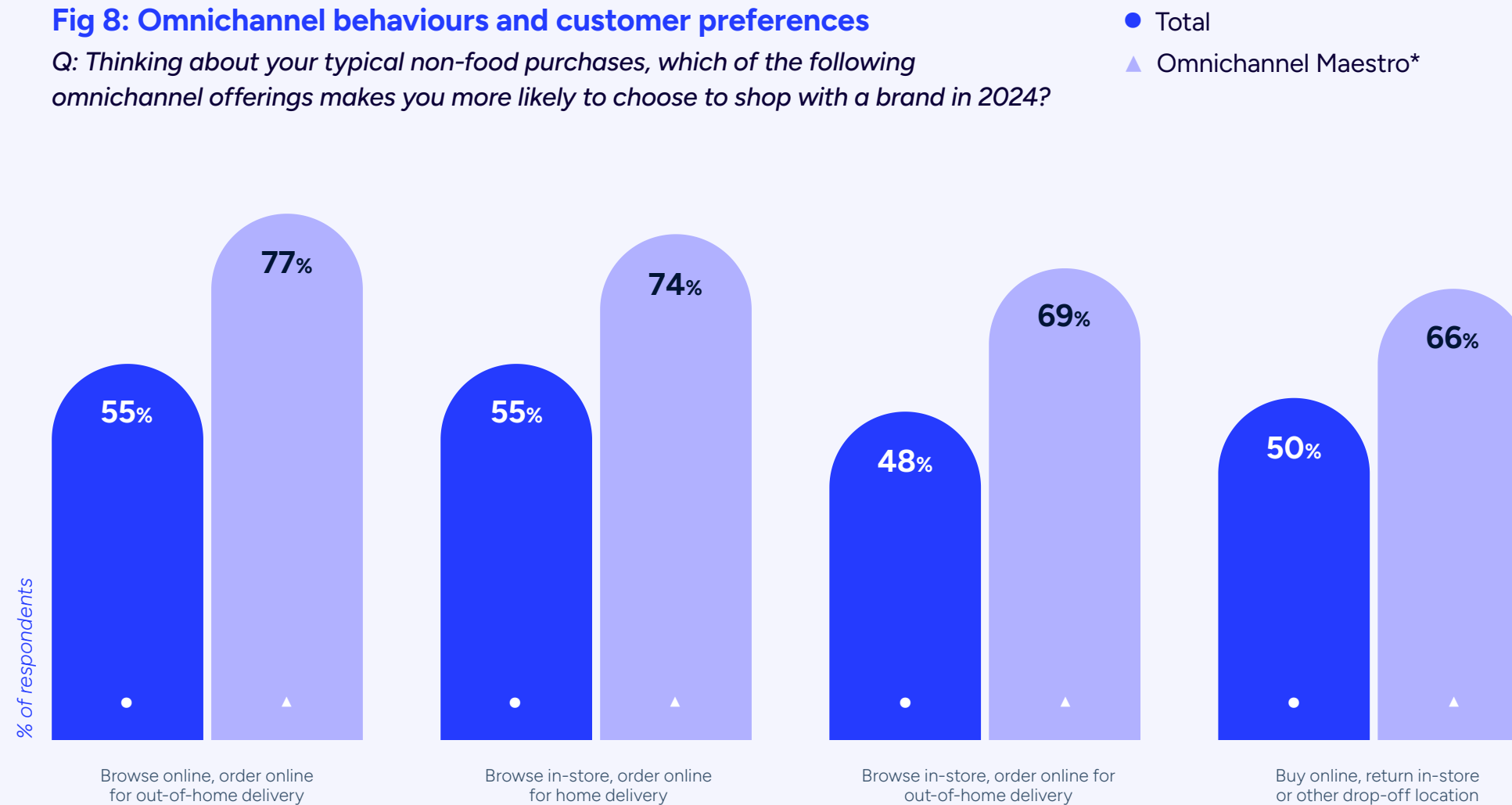*Q: What proportion of browsing and buying did you do online for each of the categories below?*

Legend:
- ■ Almost entirely online (green)
- ■ Mostly online, sometimes in-store (blue)
- ■ Mostly in-store, sometimes online (light purple)
- ■ Almost entirely in-store (orange)

% of respondents

Browsing

Category	Almost entirely in-store	Mostly in-store, sometimes online	Mostly online, sometimes in-store	Almost entirely online
Electronics	11%	17%	36%	36%
Apparel	13%	17%	40%	30%
Toys, books & games	16%	21%	35%	29%
Furniture & homewares	17%	22%	38%	22%
Health & beauty	25%	23%	32%	20%
DIY & gardening	26%	23%	34%	17%

Buying

Category	Almost entirely online	Mostly online, sometimes in-store	Mostly in-store, sometimes online	Almost entirely in-store
Electronics	25%	32%	21%	21%
Apparel	17%	37%	27%	19%
Toys, books & games	21%	35%	24%	21%
Furniture & homewares	13%	31%	28%	28%
Health & beauty	11%	30%	27%	33%
DIY & gardening	9%	25%	26%	40%

Source: Retail Economics, Auctane

Fig 8: Omnichannel behaviours and customer preferences

Q: Thinking about your typical non-food purchases, which of the following omnichannel offerings makes you more likely to choose to shop with a brand in 2024?

● Total
▲ Omnichannel Maestro*

% of respondents

	Browse online, order online for out-of-home delivery	Browse in-store, order online for home delivery	Browse in-store, order online for out-of-home delivery	Buy online, return in-store or other drop-off location
● Total	55%	55%	48%	50%
▲ Omnichannel Maestro	77%	74%	69%	66%

*See page 12 for definition of profile — Source: Retail Economics, Auctane

The modern buyer's journey is complex and intertwined, with regular switches from online to offline

Omnichannel behaviour: the browsing channel switch

In an omnichannel world, the customer journey is far from linear or a binary choice between digital and physical channels.

For example, **55% of shoppers embrace the convenience of online shopping, yet value retailers who offer out-of-home delivery** and returns (Fig 8). When browsing online, they seek retailers that give them the flexibility to have purchases delivered securely to a nearby store or a parcel locker. For 'Omnichannel Maestros' (typically time-poor Millennials often away from home), this rises to as high as 77%.

Similarly, many consumers appreciate the ability to browse and explore products in-store, before purchasing online for home delivery.

Importantly, the pre-purchase journey here transforms into a search – *not just for products*, but also for the right fulfilment option. Retail Economics research shows a third of consumers want to know the delivery and return options before they consider purchasing online.

This emphasises **the dynamic nature of consumer needs and the integration of digital and physical touchpoints** to accommodate different life situations. Understanding and accommodating for this complex interplay of omnichannel behaviours is critical to convert customers by delivering excellent pre-purchase experiences.

At the checkout: offering choice and the right options

At the checkout stage, online shoppers have come to expect choice and a range of delivery options that best suit their needs at time of purchase. Retailers offering multiple options (e.g. same-day or next-day delivery, click-and-collect, out-of-home pick-up) can empower consumers to shop 'on their terms'. This significantly reduces basket abandonment and enhances the customer experience within the omnichannel proposition.

Importance of alternative delivery options

Three in four (73%) international shoppers state 'home delivery' as their preferred 'go-to' option. This partly reflects a legacy of ecommerce in the early days, where the imperative to grow and attract consumers led to the provision of fast, free, and ultra-convenient home delivery— despite incurring substantial costs for both retailers and their logistics partners.

However, Out-Of-Home (OOH) delivery options, such as **lockers, click-and-collect, and other pick-up points, are gaining momentum**, forming a significant and rising share of consumer delivery preferences.
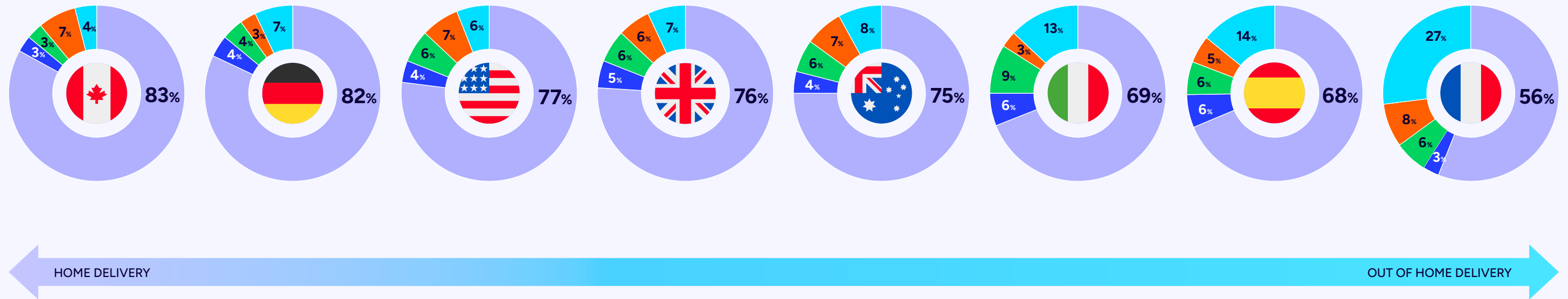
How we can help you

Cater for your customers' varied delivery preferences by presenting them with a wide range of carrier options at checkout. **Metapack's Delivery Options** allows you to offer multiple shipping choices, from the classic home delivery to PUDO, locker, pick-up locations and other alternatives gaining popularity among online shoppers.

Fig 9: Customers' delivery preferences by country

Q: Where do you prefer to have your online non-food orders delivered?

● Home   ● Delivery Locker   ● Pick-up Point
● Workplace   ● To Store

Canada: 83% — 3%, 3%, 7%, 4%

Germany: 82% — 4%, 3%, 4%, 7%

USA: 77% — 4%, 6%, 7%, 6%

UK: 76% — 5%, 6%, 6%, 7%

Australia: 75% — 4%, 6%, 7%, 8%

Italy: 69% — 6%, 9%, 3%, 13%

Spain: 68% — 6%, 6%, 5%, 14%

France: 56% — 3%, 6%, 8%, 27%

← HOME DELIVERY   OUT OF HOME DELIVERY →

Source: Retail Economics, Auctane

Adoption of OOH delivery is particularly pronounced in EU markets, where OOH delivery networks are widely accessible and well-integrated into courier systems. For instance, 94% of online sellers in Spain provide OOH delivery options to customers — the highest among our eight international markets.

Even in the US and UK, where free home delivery is commonplace, one in four consumers now opt for out-of-home delivery as their first choice, up from less than a fifth in our 2021 benchmark survey.

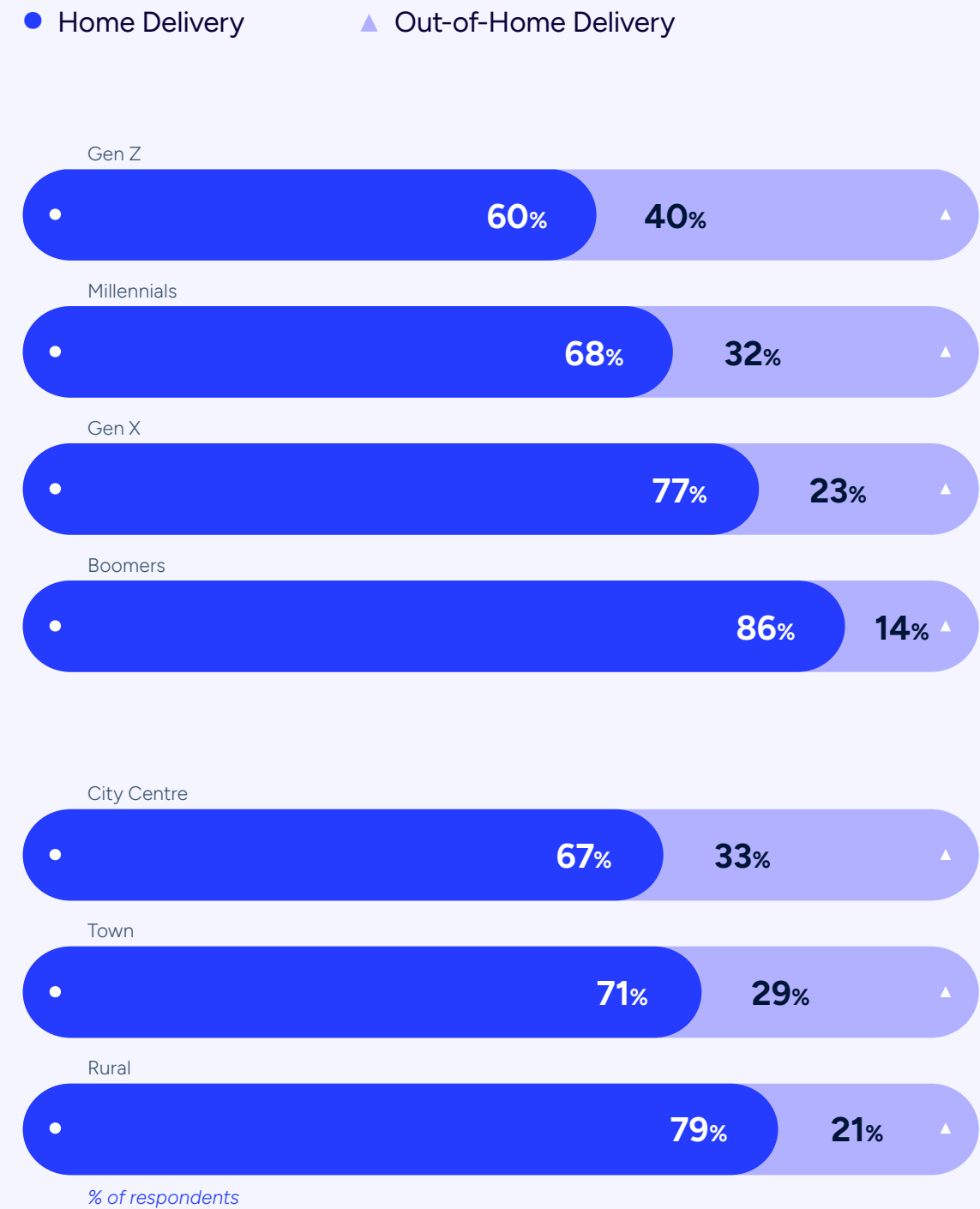*French shoppers present the most diversified delivery preferences*

Shopper location also plays a role in delivery preferences. **One-third of city centre residents prefer out-of-home locations**, compared to less than a fifth of rural dwellers. Urban shoppers value the convenience and accessibility to nearby stores or collection points, influenced by busy lifestyles and communal/apartment-style living.

Urban shoppers value the convenience and accessibility to nearby stores or collection points

Offering out-of-home delivery not only provides shoppers with flexibility in picking up orders as part of their daily routines, but also enables retailers to drive cost savings and operational efficiencies through consolidated deliveries. As the online market matures and ecommerce shifts from growth-centric to a profitability-first phase, increased adoption of out-of-home options becomes an attractive solution for both consumers and retailers.

Fig 10: Customers' preferred delivery methods by age and location

● Home Delivery ▲ Out-of-Home Delivery

Gen Z
60% 40%

Millennials
68% 32%

Gen X
77% 23%

Boomers
86% 14%

City Centre
67% 33%

Town
71% 29%

Rural
79% 21%

% of respondents

Source: Retail Economics, Auctane

Delivery priorities and expectations in 2024

Our annual benchmark survey tracks consumers' delivery priorities and expectations over time. This reveals interesting dynamics that capture economic, industry development, and seasonality effects (e.g. peak vs non-peak).
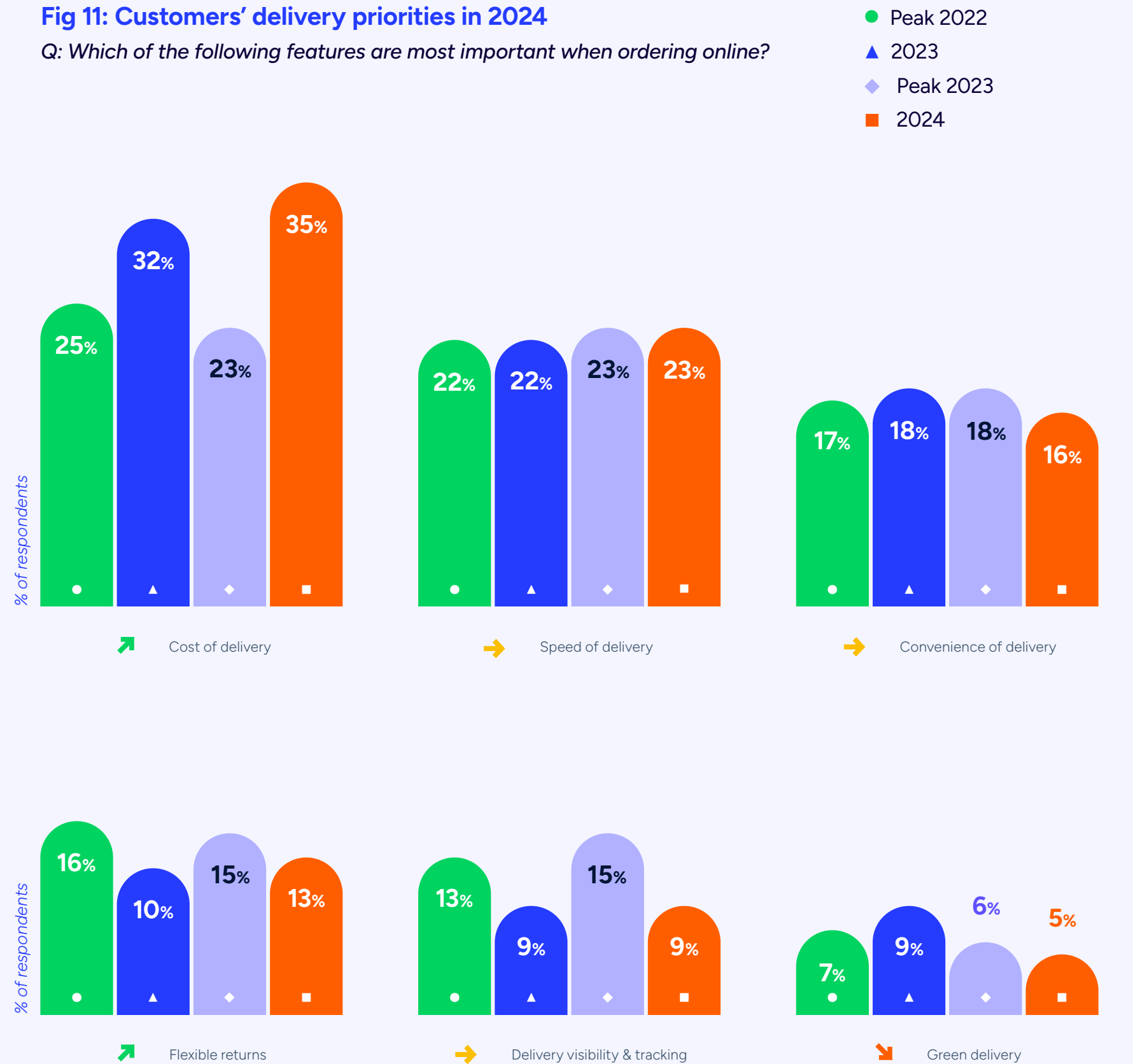
Cost: Delivery cost remains the most important conversion factor for shoppers. Heightened cost of living pressures last year prompted consumers to place increased focus on free delivery. Despite the easing of inflation, value for money remains a non-negotiable aspect of a retailer's delivery offering in 2024 (Fig 11).

How we can help you

Reduce cart abandonment and secure your conversion rates by offering your clients varied carriers options and competitive shipping prices. **ShipEngine Carriers Library** allows you to connect your online shop with over 100 local and global carriers, through a single integration, helping reduce shipping costs and ultimately improving customer satisfaction.

Fig 11: Customers' delivery priorities in 2024

Q: Which of the following features are most important when ordering online?

- ● Peak 2022
- ▲ 2023
- ◆ Peak 2023
- ■ 2024

Cost of delivery: 25%, 32%, 23%, 35%
Speed of delivery: 22%, 22%, 23%, 23%
Convenience of delivery: 17%, 18%, 18%, 16%
Flexible returns: 16%, 10%, 15%, 13%
Delivery visibility & tracking: 13%, 9%, 15%, 9%
Green delivery: 7%, 9%, 6%, 5%

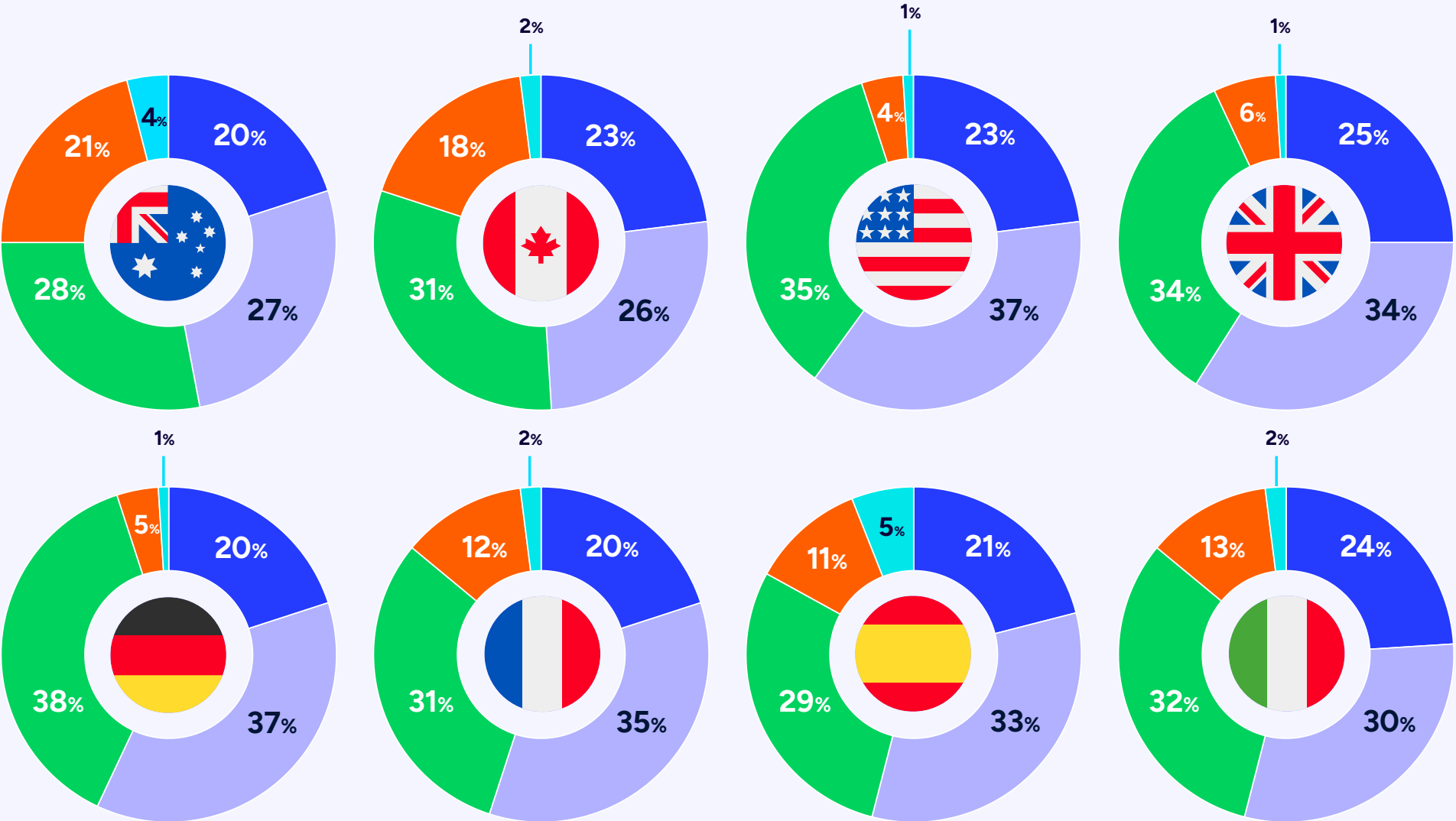Source: Retail Economics, Auctane

Speed: Consumers not only seek free delivery – but swift delivery. 'Speed of delivery' ranks as a consistent priority for online shoppers across our annual benchmark survey. Over half (55%) of online shoppers now expect an order to arrive within two days as standard, but only a third of online merchants currently offer this.

A free three-day or four-day shipping window is the slowest most consumers are willing to tolerate before they shop elsewhere. But our research suggests as many as a fifth of online merchants do not currently provide this as standard (Fig 13).

Fig 12: Customers' delivery expectations

Q: How quickly do you expect a typical online order to arrive (without paying extra for shipping)?

- Overnight/ Next day
- 2 days
- 3-4 days
- 5-7 days
- 7+ days

Australia: Overnight 20%, 2 days 27%, 3-4 days 28%, 5-7 days 21%, 7+ days 4%

Canada: Overnight 23%, 2 days 26%, 3-4 days 31%, 5-7 days 18%, 7+ days 2%

USA: Overnight 23%, 2 days 37%, 3-4 days 35%, 5-7 days 4%, 7+ days 1%

UK: Overnight 25%, 2 days 34%, 3-4 days 34%, 5-7 days 6%, 7+ days 1%

Germany: Overnight 20%, 2 days 37%, 3-4 days 38%, 5-7 days 5%, 7+ days 1%

France: Overnight 20%, 2 days 35%, 3-4 days 31%, 5-7 days 12%, 7+ days 2%

Spain: Overnight 21%, 2 days 33%, 3-4 days 29%, 5-7 days 11%, 7+ days 5%

Italy: Overnight 24%, 2 days 30%, 3-4 days 32%, 5-7 days 13%, 7+ days 2%

Source: Retail Economics, Auctane
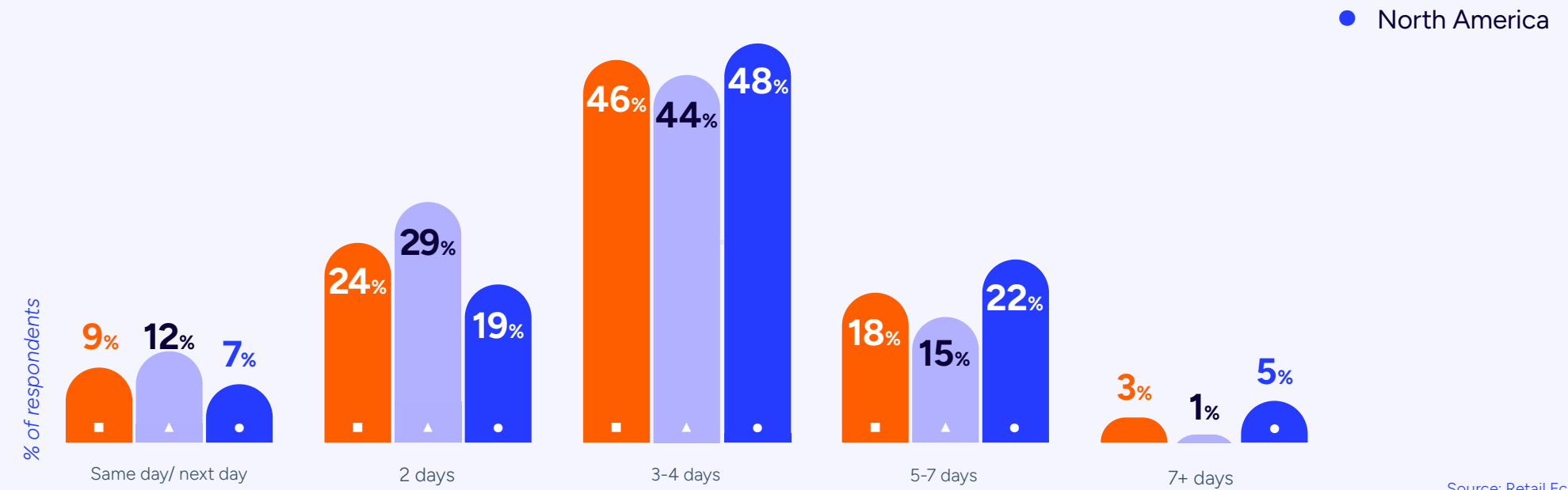
The end of free standard delivery?

Industry expectations of offering quick, low-cost delivery poses a dilemma for retail brands. While this benefits customers, it creates a 'race to the bottom' on pricing that detracts from the customer experience and puts profitability at risk.

The rising cost of delivery is seen by over half (55%) of online merchants as the main threat to business performance in 2024, ahead of other cost pressures such as materials and labour.

Offering free delivery as standard will likely become a point of differentiation for many retailers, but this may become financially unsustainable. As a result, a net balance of 34% of businesses are set to increase their delivery charges in 2024, up from 28% a year ago.

Fig 13: Merchants delivery time frames (Europe vs North America)

Q: What is the standard delivery time frame you offer your customers (without charging additional fees)?

Legend:
- ■ Total
- ▲ Europe
- ● North America

% of respondents

	Same day/ next day	2 days	3-4 days	5-7 days	7+ days
Total	9%	24%	46%	18%	3%
Europe	12%	29%	44%	15%	1%
North America	7%	19%	48%	22%	5%

Source: Retail Economics, Auctane

Convenience reigns: empowering consumers through omnichannel approaches

The retail landscape has undergone a seismic shift, with empowered customers now at its core, compelling retailers to swiftly meet ever-changing demands. Currently, **55% of global consumers expect deliveries within two days**, reflecting a strong desire for convenience. This demand has propelled brands towards omnichannel strategies, effectively eliminating the online-offline divide.

Strategies like Endless Aisle, BOPIS, BORIS, and BOSS prioritise seamless and convenient journeys. Central to this transformation is the **integration of a unified ecosystem, enabling retailers to synchronise their channels seamlessly**. This integration provides customers with a cohesive and consistent experience across all touchpoints.

This evolution involves merging customer data with shopping experiences to deliver personalised services, fortified by robust security measures. It's not merely commerce; it's an exploration. **Customers are transitioning from mere buyers to explorers**, while retailers act as guides navigating these shifting desires. The symphony of data-driven experiences is reshaping consumer-centric commerce, transforming transactions into transformative journeys.

INCREFF
Incredible Efficiency

Increff's omnichannel solution, **Omni**, enables a retail revolution by integrating Warehousing, Order, and Store Systems. Featuring complete inventory visibility, real-time dashboards, multi-system integrations, end-to-end traceability, and rapid implementation, it achieves nearly 100% inventory accuracy and order fulfilment. This results in lightning-fast experiences, lowered logistics costs, and a threefold increase in sales velocity - setting new standards for retail efficiency.

Understand where cost and speed matters

Offering customers premium delivery services for a nominal fee offers retailers an avenue to diversify revenue streams, safeguarding margins and mitigating potential losses linked to free delivery.

Most consumers are hesitant to pay £5-£6 for premium services like same or next-day delivery, but our research cru-

cially reveals a nuanced perspective. Digital natives (the most frequent online shoppers) demonstrate a considerably higher willingness (77%) to pay for super-fast or chosen-day delivery services.

Sub-regional variation adds another layer of complexity. Shoppers living in major cities like London or New York are almost twice as likely to expect rapid delivery compared to those in rural areas — and are also more likely to pay for the privilege.

This suggests the need for a strategic and segmented approach to delivery speed 'promises' and offerings. This could involve targeting premium options to specific cohorts and adjusting offerings in different locales to balance urgency with cost-effectiveness. Ultimately, the most successful retailers will be those agile enough to optimise their fulfilment engines to provide varied delivery services and channels to meet diverse customer expectations.

Digital Natives show higher willingness to pay for an upgraded delivery experience

Fig 14: Customer willingness to pay for premium delivery

Q: Would you be willing to spend £5-£6 extra to have a typical £30-£50 internet order delivered by any of the below methods?

- Total
- Digital Natives (under 45s)

% of respondents

| Same-day delivery | Next day delivery | Nominated delivery | Two-day delivery | No, I would never pay extra for premium delivery |

- Same-day delivery: 46% / 64%
- Next day delivery: 28% / 39%
- Nominated delivery: 11% / 16%
- Two-day delivery: 5% / 6%
- No, I would never pay extra for premium delivery: 51% / 33%
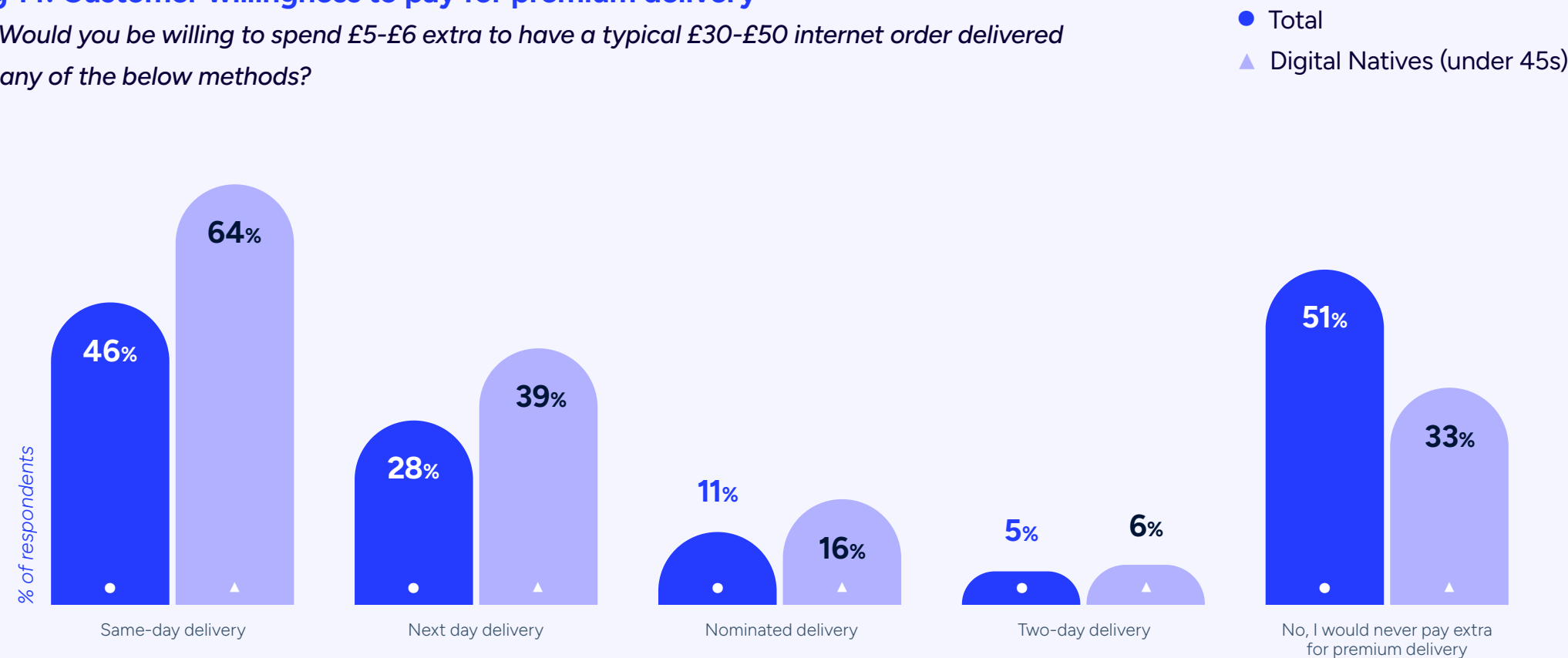
Source: Retail Economics, Auctane

Last mile: in-flight parcel tracking and visibility

How we can help you

ShipStation's Inventory Management Tool enables you to effectively monitor your inventory levels, offering the support you need to fulfil delivery promises and meet the modern buyer's growing expectations. Reduce unnecessary errors and increase efficiency with intelligent features and inventory-specific reports.

The last mile (distribution centre to delivery destination) has now become a critical 'moment' in the customer journey. It can significantly impact brand reputation and customer satisfaction. Upholding delivery promises and meeting growing expectations for convenient, personalised, and timely deliveries is crucial to maintaining trust going forward.

Today, getting omnichannel right with the 'last mile' demands intelligent integration of inventory management, order processing and shipping to craft a unified and outstanding delivery experience, this involves:

- **Route optimisation:** Ensuring timely and streamlined deliveries aligned with customer preferences. Overcoming challenges in fragmented courier networks requires effective coordination and automation to enhance resource efficiency—optimising the use of vehicles, drivers, and time for greater productivity and cost-effectiveness.

- **Clear communication:** Providing regular updates on estimated (or guaranteed) delivery times provides transparency and builds trust. Maintaining consistent messaging across various channels, including mobile apps, email or SMS, is also key to ensure overall cohesion of the customer journey.

- **Real-time tracking:** This empowers customers to monitor and control their delivery 'mid-flight' with options to reschedule or amend delivery to suit changing preferences. Real-time tracking also gives businesses visibility and insights into last mile performance, enabling them to identify potential risks, proactively manage exceptions, and ensure on-time delivery – all of which contribute to reducing last mile costs.

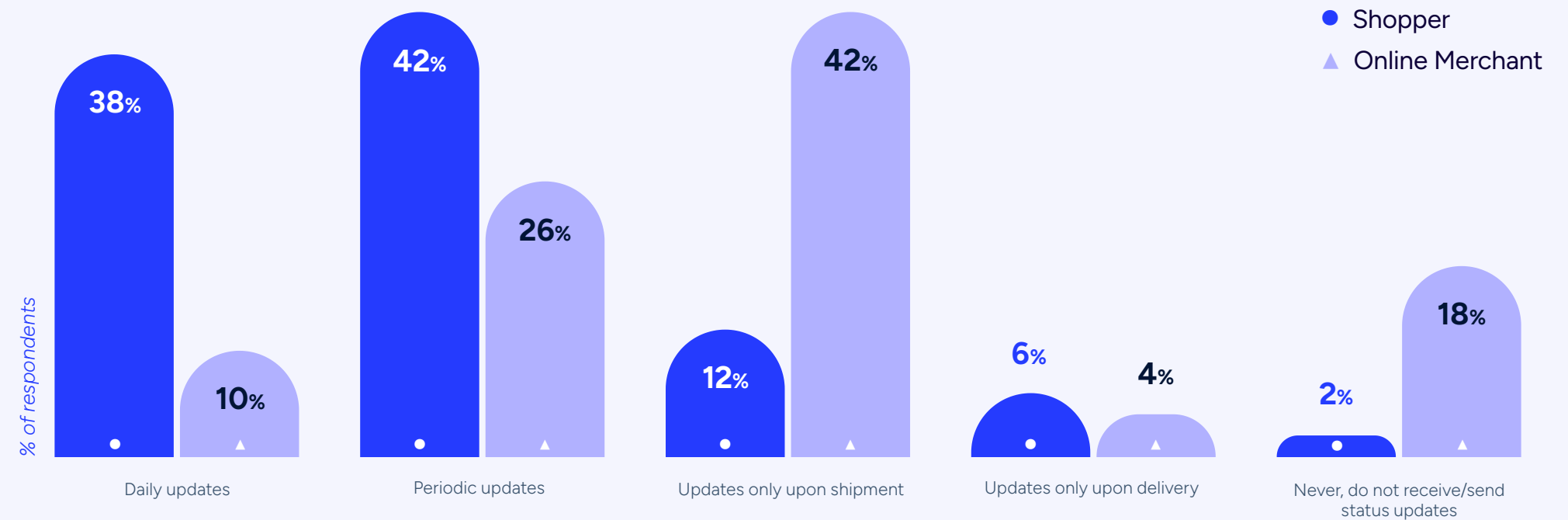## Customers seek greater visibility over parcel journeys

In today's data age with instant information and heightened expectations, consumers demand delivery transparency.

Our research shows that a significant four in five (80%) consumers would like a minimum of four updates per order (e.g. shipped, in-transit, out for delivery, delivered); and as many as a third (38%) would value daily updates, providing detailed information on their package's location and progress.

However, **many online merchants fail to meet this desired benchmark**, with two thirds of businesses falling short of customer expectations by only providing an update upon dispatch, if at all.

The new 'gold standard' in last-mile delivery now involves **cutting-edge tracking features that go beyond basic customer updates**. It now provides consumers with precise insights on a user-friendly interface, indicating estimated time of arrival, the order in the delivery queue, and live accurate GPS driver tracking.

Fig 15: Realities on delivery update frequency (customer expectations vs online merchant)

- ● Shopper
- ▲ Online Merchant

% of respondents

	Shopper	Online Merchant
Daily updates	38%	10%
Periodic updates	42%	26%
Updates only upon shipment	12%	42%
Updates only upon delivery	6%	4%
Never, do not receive/send status updates	2%	18%

Source: Retail Economics, Auctane

Preferred communication methods

Consumers' preferred method of communication is SMS text (39%), trumping email notifications (33%) and online portals or apps (28%).

Generational nuances come into play however, with Boomers leaning towards email updates, while Gen Zs prefer immediate mobile updates such as real-time texts or via an app.
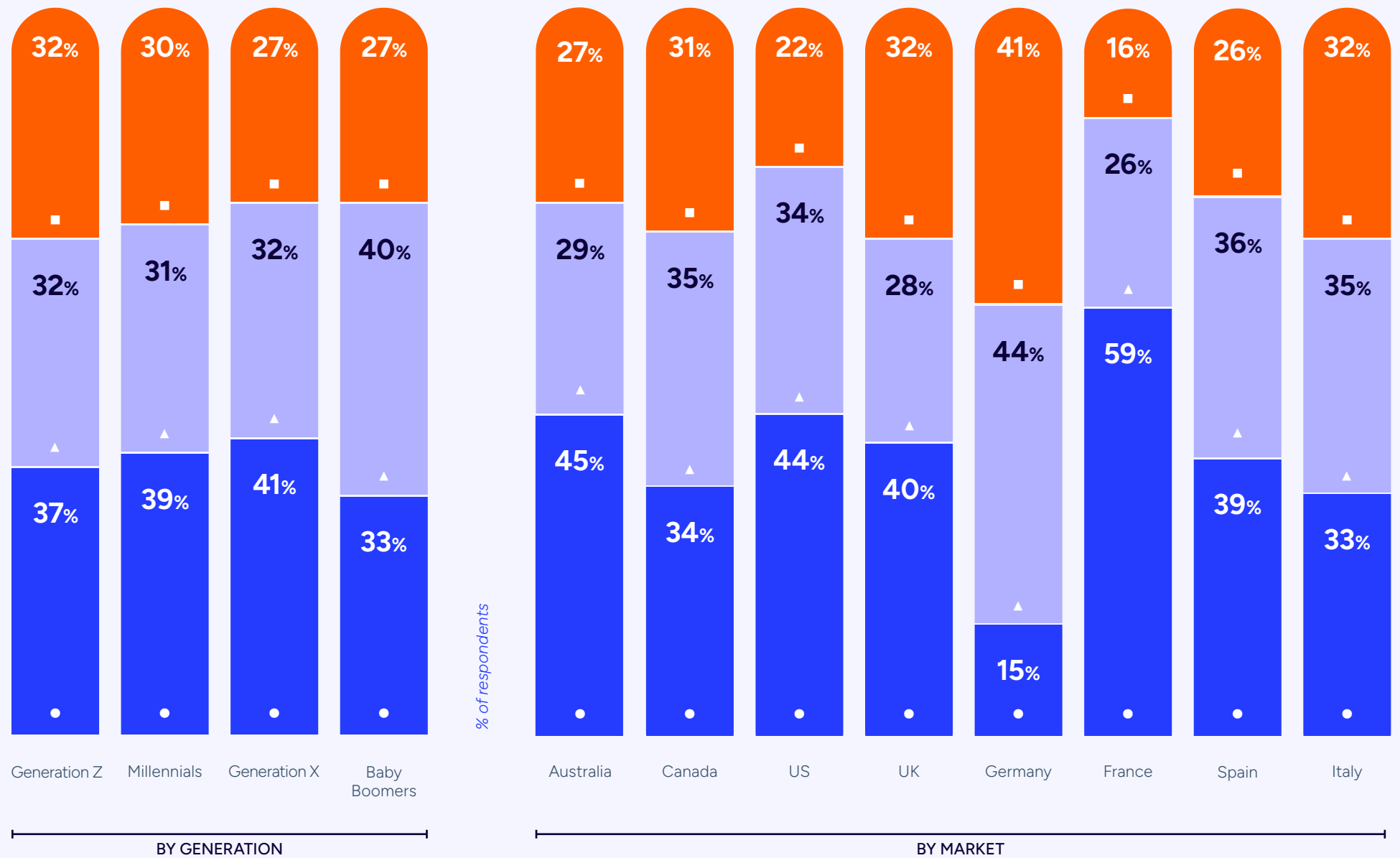
Across regions, email notifications reign in Germany, Italy, and Canada, while text updates are most popular in Australia, France, the UK, and the US. This highlights the importance of tailoring communication channels to local preferences.

SMS texts still reign when it comes to delivery notifications preferences

Fig 16: Customers preferred method for receiving delivery updates and notifications

Q: When tracking an online delivery package, which method(s) do you prefer for receiving updates and notifications?

■ Online (webpage or app)
▲ Email notifications
● Real-time text updates

% of respondents

	BY GENERATION				BY MARKET						
	Generation Z	Millennials	Generation X	Baby Boomers	Australia	Canada	US	UK	Germany	France	Spain	Italy

Source: Retail Economics, Auctane

Real-time tracking benefits merchants too

Real-time tracking is primarily viewed as a customer benefit, but it's a strategic asset for retailers too. Firstly, it tackles the age-old 'WISMO' (where is my order) issue. With tracking and automation processes, this generally means **fewer inquiries, reduced complaints and refund requests** – freeing up resources for more complex customer service tasks.

Secondly, tracking serves as a **powerful tool for disruption mitigation** (e.g. adverse weather), enabling logistics networks to respond swiftly by re-routing parcels and providing accurate delivery predictions. **Historical tracking data can also be used for performance assessment** and forecasting, allowing retailers to leverage predictive analytics, especially during peak periods. This insight aids in pre-empting, mitigating, and planning contingencies, ensuring a smooth last-mile experience.

With all this in mind, retailers will be well placed to invest in technology and operational 'know-how' to put the final furlong on a par with the pre-purchase and purchase phases they've worked so hard to achieve.

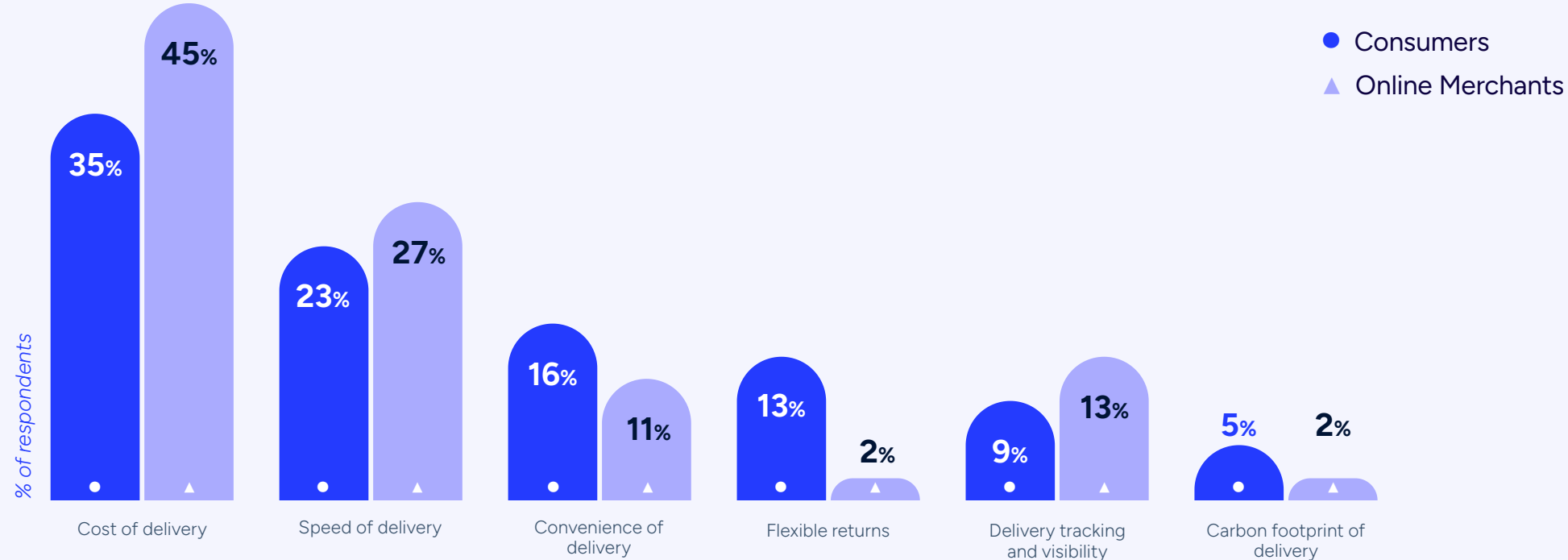# Returns: balancing cost and customer satisfaction

With heightened customer expectations, the modern shopper seeks the same level of choice and control over the return process—deciding when, where, and how they return items.

Yet, inbound logistics doesn't always receive the same strategic attention as the outbound side of operations. Many online retailers appear to underappreciate the importance of flexible returns for customers (Fig 17), particularly in certain categories. Marrying the depth of seamless convenience with affordability becomes a critical challenge that online businesses must strive to overcome in 2024.

Many online retailers appear to underappreciate the importance of flexible returns for customers

Fig 17: Factors influencing the delivery experience

Q: Thinking about the online delivery and returns experience for customers, what do you think is most important?

% of respondents

- Consumers
- ▲ Online Merchants

	Consumers	Online Merchants
Cost of delivery	35%	45%
Speed of delivery	23%	27%
Convenience of delivery	16%	11%
Flexible returns	13%	2%
Delivery tracking and visibility	9%	13%
Carbon footprint of delivery	5%	2%

Source: Retail Economics, Auctane

How do consumers seek to return?

Understanding how consumers initiate returns is critical for delivering the desired service. **Our research reveals a relatively balanced split in preference** across the returns landscape.

A little over half (51%) of consumers prefer the ease of in-home or self-service returns, entrusting their items to the courier or postal system. Conversely, 49% prefer physical returns, opting for in-store returns or designated drop-off points (Fig 18).

However, only a fifth (19%) of international online merchants surveyed currently offer an out-of-home returns option, potentially alienating a significant share of the customer base.

Return dynamics

Country: The US and the UK demonstrate a net preference for in-store or drop-off returns; whereas, German and Italian consumers distinctly favour home collection or postal returns.

Generational dynamics: Older demographics find comfort in returning items via the postal system; Gen Zs and Millennials value the flexibility of out-of-home returns.

Fig 18: Customers return preferences by country

Q: When you returned an item ordered online over the last 12 months, which of the following methods did you prefer to use if all the options below were available free of charge?

- ● In-store returns
- ▲ Drop-off at designated location
- ■ Courier pickup returns policy
- ◆ Online self-service (return yourself via mail)

% of respondents

	Australia	Canada	US	UK	Germany	France	Spain	Italy
Drop-off / Online self-service	21% / 19%	23% / 20%	26% / 20%	25% / 14%	17% / 42%	24% / 21%	24% / 15%	21% / 15%
In-store / Courier pickup	31% / 29%	28% / 29%	29% / 24%	30% / 31%	21% / 21%	28% / 27%	24% / 37%	18% / 45%
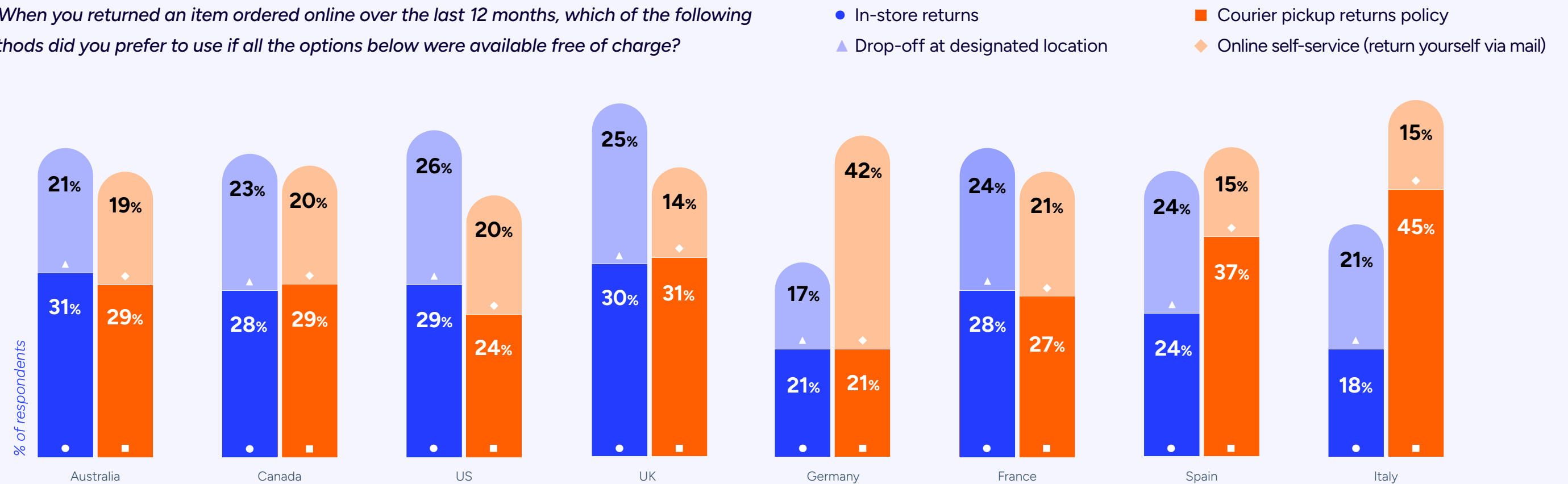
Source: Retail Economics, Auctane

Category variations: Apparel stands out as the only category where in-store returns are first-choice with shoppers. Home courier collection emerges as the clear winner for bulky or big-ticket items like furniture and electricals.
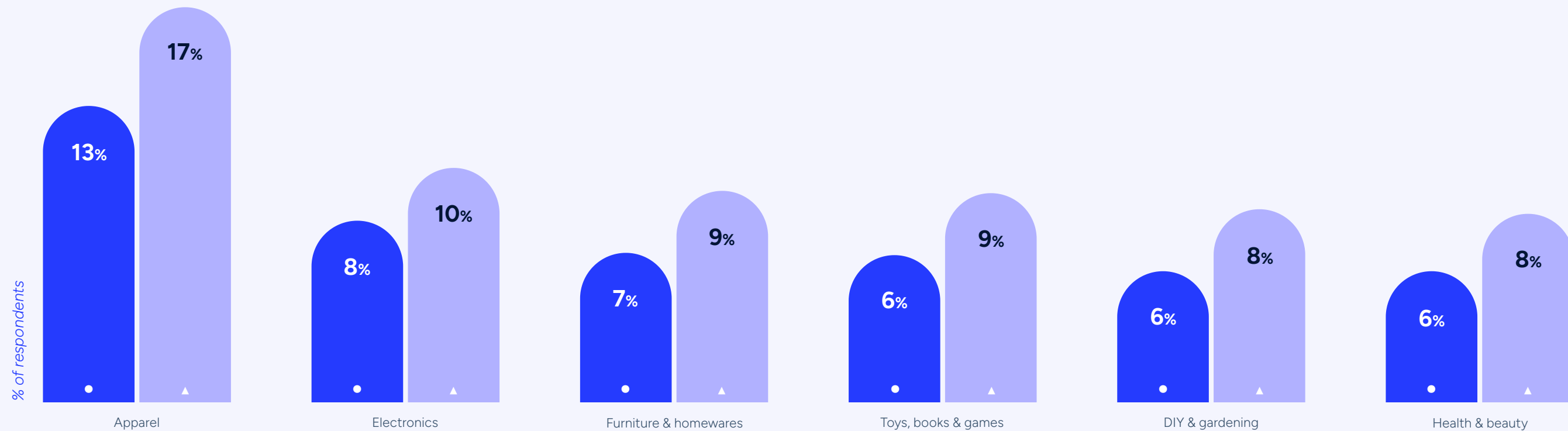
Retail brands must strive to offer choice, so that their customers can purchase knowing that their preferred returns method is catered for, irrespective of age or location

Fig 19: Customers return preferences by sector (in-store vs courier pick up)

● Return in-store
● Courier pick up

RETURN IN-STORE

COURIER PICK UP

PREDOMINANTLY APPAREL

MULTIPLE CATEGORIES

Source: Retail Economics, Auctane

Fig 20: Returns rates by category

Q: Please estimate the proportion of your total purchases, either online or in-store, that you ended up returning over the last 12 months?

● Total
▲ Under 45

% of respondents

Category	Total	Under 45
Apparel	13%	17%
Electronics	8%	10%
Furniture & homewares	7%	9%
Toys, books & games	6%	9%
DIY & gardening	6%	8%
Health & beauty	6%	8%

Free online returns on the wane

Free online returns, once an industry standard, is an increasingly unsustainable option for ecommerce, both from a financial and environmental standpoint.

Online accounts for less than 20% of total non-food retail sales internationally, but contributes to over half of all returns. This is fuelled by factors such as product dissatisfaction, sizing issues, poor online product descriptions, and overordering. **Consumers often view orders as 'risk-free discoveries', making returns a routine part** of the online shopping experience, particularly with apparel.

The apparel sector exhibits the highest return rates of all retail categories (Fig 20), averaging 13% across both in-store and online transactions, but frequently hovering as high as 30% for online.

The escalating tide of returns poses a costly predicament for businesses. **Retailers spend around (£27)[1] per return**, accounting for postage fees, processing, repackaging, item depreciation, labour and missed sales windows.

This surge in returns has prompted a strategic shift among many retailers. The likes of H&M, Zara, Boohoo, Urban Outfitters, and JC Penney have introduced return fees for online transactions, with more expected to follow in 2024.

One in two online merchants surveyed acknowledged they are likely to pass on rising costs to customers, with returns the obvious target, given the spiralling costs associated in this area.

1 National Retail Federation

How willing are consumers to pay for online returns?

While the majority of consumers still expect free online returns, an increasing number are open to paying for a seamless returns experience. In 2024, 28% of shoppers express a willingness to pay for returns, up from 24% the previous year.
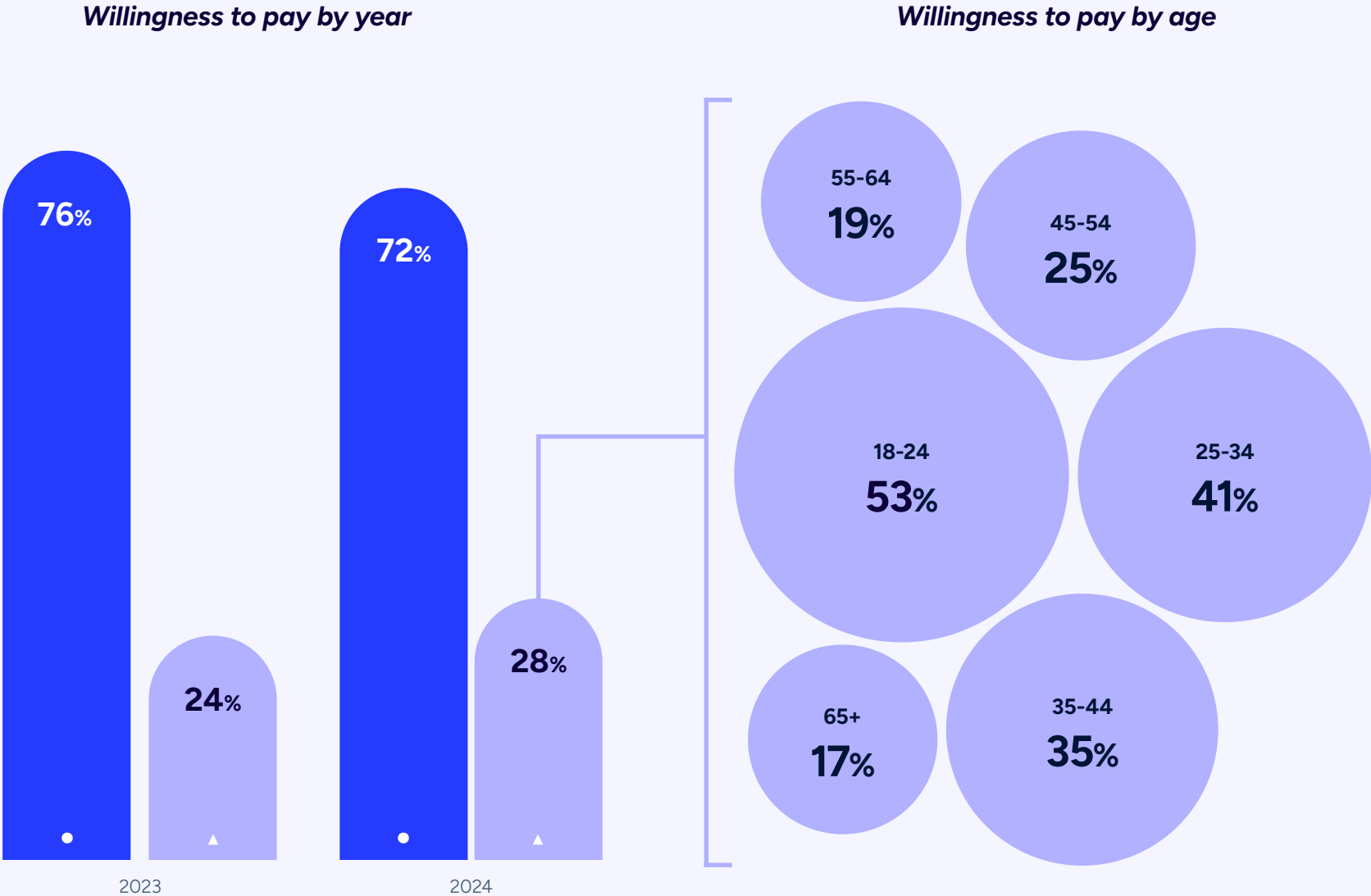
Notably, over half of Gen Zs are willing to pay for a quick and hassle-free return, making them three times more likely than Boomers (aged 65+) to do so.

The willingness to pay for returns is highly dependent on the context and the possible related benefit

Fig 21: Customer receptiveness to online return fees

Q: Thinking about when you need to return an item, are you willing to pay for returns for products ordered online?

- ● No - online orders should always be free
- ▲ Yes - willing to pay to return product ordered online

Willingness to pay by year

Willingness to pay by age

76% 2023
24%

72% 2024
28%

55-64 19%
45-54 25%
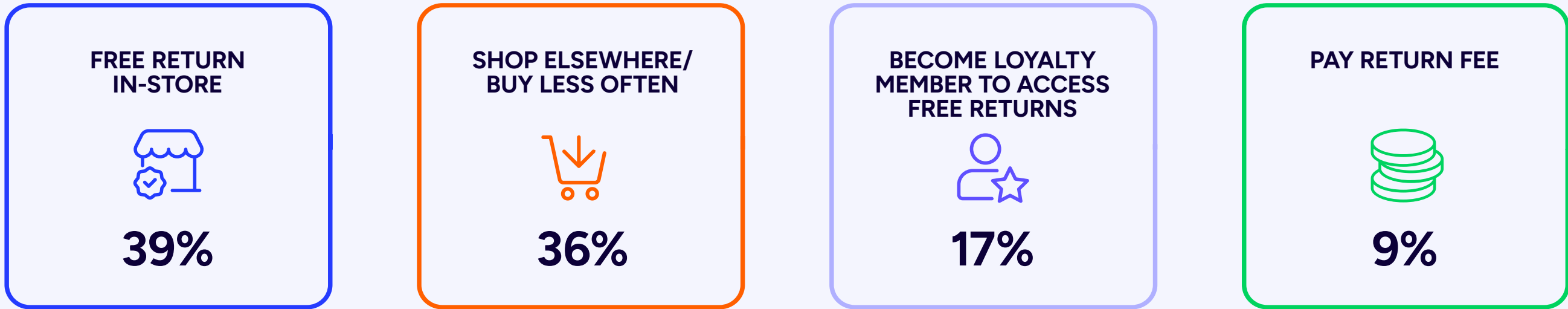18-24 53%
25-34 41%
65+ 17%
35-44 35%

Source: Retail Economics, Auctane

Although this may be the case when having to return an item by carrier, interesting insights emerge in a scenario where shoppers are faced with a brand introducing a small return fee for online orders - when it was previously free. Here, our research shows that the most likely reaction would be to either return the item in-store for free (39%), shop less often with the brand (36%) or join a loyalty programme to access free returns (17%). Only 9% of shoppers would opt to actually pay a return fee in this situation (Fig. 22).

Fig 22: Reactions to being charged for online returns

Q: Imagine a brand you regularly shop with introduces a small fee to return items ordered online. However, returns remain free if you return to one of their stores, or if you're a member of their loyalty program which incurs a fee. How are you most likely to react to this policy change?

FREE RETURN IN-STORE	SHOP ELSEWHERE/ BUY LESS OFTEN	BECOME LOYALTY MEMBER TO ACCESS FREE RETURNS	PAY RETURN FEE
39%	36%	17%	9%

Source: Retail Economics, Auctane

Omnichannel-powered return solutions

- **Free returns in-store:** For retailers with a physical store presence, instituting a fee for online returns while maintaining free in-store returns represents a strategic omnichannel approach. This not only reduces costs, but also boosts store footfall. It provides opportunities to convert a potential loss into revenue by encouraging secondary purchases, exchanges, or upselling to customers.

- **Loyalty members:** The introduction of online return fees can serve as an incentive for customers to enrol in membership programs that waive these costs and reward loyal customers with a seamless and convenient returns experience. By persisting in providing free returns exclusively for members, retailers not only attract new sign-ups to loyalty programs, but also indirectly mitigate the financial impact of returns.

- **Technology:** Leveraging technology is paramount in addressing the returns challenge. Beyond providing accurate sizing information, emerging technology like virtual reality and 3D-scanning avatars enable customers to accurately visualise how a garment will fit, fostering more confident purchasing decisions. Zalando, for example, reported a 10% decrease in returns and reduced instances of ordering multiple sizes in their jeans category after implementing avatars.

Post-purchase and loyalty: addressing delivery pain points in the customer journey

Excelling in the post-purchase experience enables retailers to help dissatisfied customers and turn satisfied customers into brand advocates, fostering retention and loyalty.

Customer journey frustrations

Shopper dissatisfaction is distinctly pronounced in areas of **cost and reliability**. A striking 66% of shoppers globally are turned off by high shipping costs, while 53% express dissatisfaction with poorly packaged or damaged goods.

The complexity and **inconvenience of the returns process** also emerge as significant pain points, prompting 41% of customers to consider taking their business elsewhere.

These pain points considerably reduce the likelihood of repeat purchases, signalling an **urgent need for retailers to address such aspects** by monitoring and evaluating customer feedback post-purchase.

Retailers can **leverage this data to refine their omnichannel strategies**, ensuring tailored experiences that address specific pain points. Focusing on delivery cost, packaging quality, timely delivery, and convenient returns is essential for fostering engagement, and securing customer loyalty in a competitive omnichannel environment.

How we can help you

ShipEngine Shipping Rates API enables you to avoid frustrating your customers with unaffordable shipping options at checkout, and rather offer them an enhanced buying experience. Its comparison panel allows you to compare carrier rates, build carrier selection logic, calculate taxes and duties, and display accurate shipping prices for an optimal customer journey.

Regional variations

High shipping costs and poor packaging are common frustrations across all markets, but **late delivery is particularly problematic in the UK and Spain**, with 30% of consumers experiencing delays, emphasising the need for more reliable logistics.
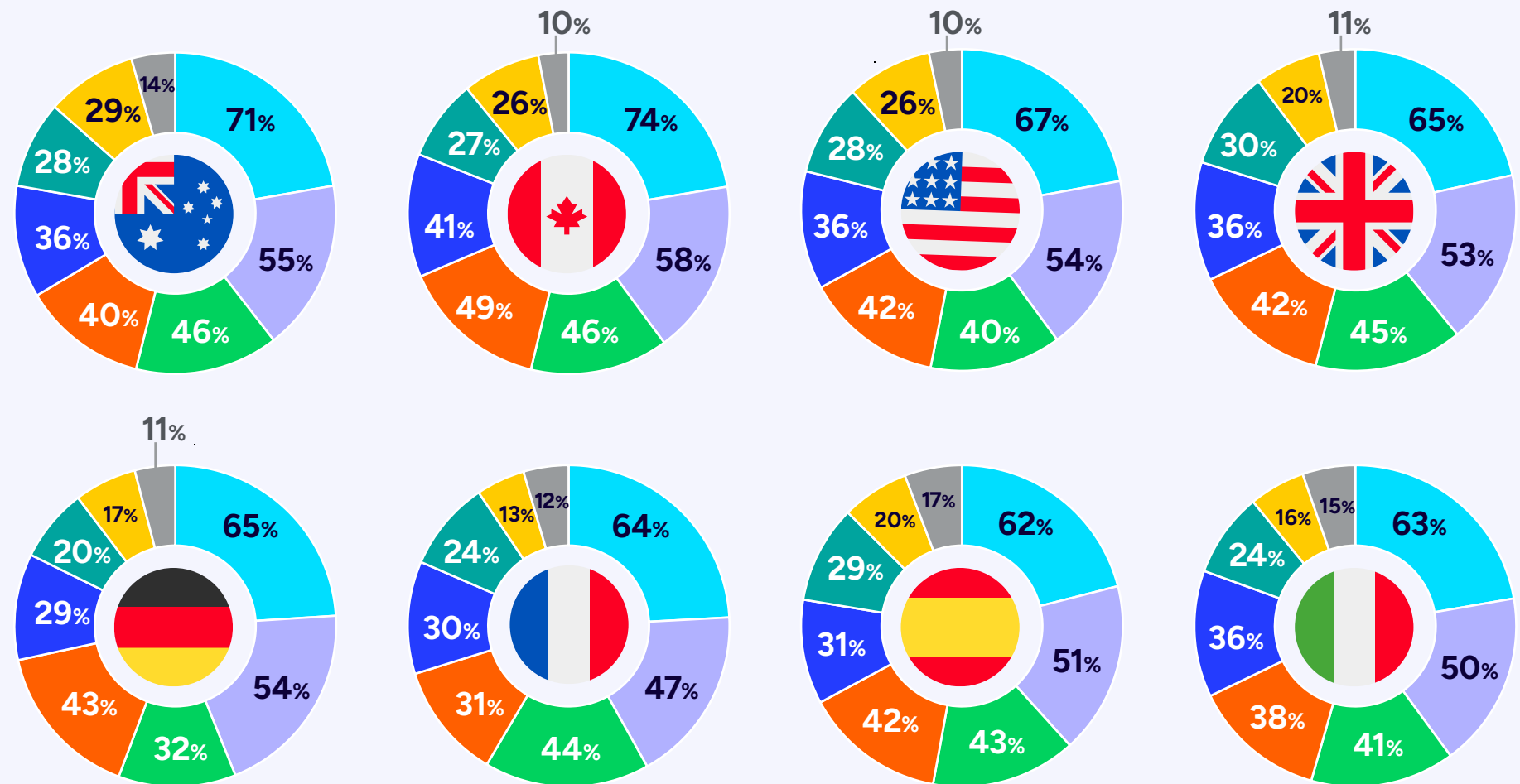
Canada stands out with the highest percentage of consumers citing inconvenient return policies (49%), suggesting significant opportunity for retailers to streamline returns processes in this market.

In contrast, **France shows a remarkably lower rate of frustration with lost packages**, possibly indicative of the country's efficient out-of-home delivery systems that reduce misplacement incidences.

Fig 23: The 'make or break' of the customer journey

Q: Which of the following would make you less likely to shop with a brand in the future?

- ● High shipping costs
- ● The product was poorly packaged or damaged
- ● Brand or carrier lost package
- ● Brand has an inconvenient returns policy
- ● No convenient delivery options
- ● Package arrived later than communicated
- ● Brand did not send tracking updates
- ● Brand did not offer insurance

Australia: 71%, 55%, 46%, 40%, 36%, 28%, 29%, 14%

Canada: 74%, 58%, 46%, 49%, 41%, 27%, 26%, 10%

USA: 67%, 54%, 40%, 42%, 36%, 28%, 26%, 10%

UK: 65%, 53%, 45%, 42%, 36%, 30%, 20%, 11%

Germany: 65%, 54%, 32%, 43%, 29%, 20%, 17%, 11%

France: 64%, 47%, 44%, 31%, 30%, 24%, 13%, 12%

Spain: 62%, 51%, 43%, 42%, 31%, 29%, 20%, 17%

Italy: 63%, 50%, 41%, 38%, 36%, 24%, 16%, 15%

Fig 24: Reasons for affluent shoppers to abandon and switch brands

Q: Which of the following would make you less likely to shop with a brand in the future?

● High-Income
▲ Low-Income

% of respondents

	High shipping costs	Product was poorly packaged or damaged	Brand or carrier lost package	Brand has an inconvenient returns policy	No convenient delivery options	Package arrived later than communicated	Brand did not send tracking updates
High-Income	71%	55%	47%	50%	41%	27%	23%
Low-Income	64%	49%	41%	31%	31%	27%	22%
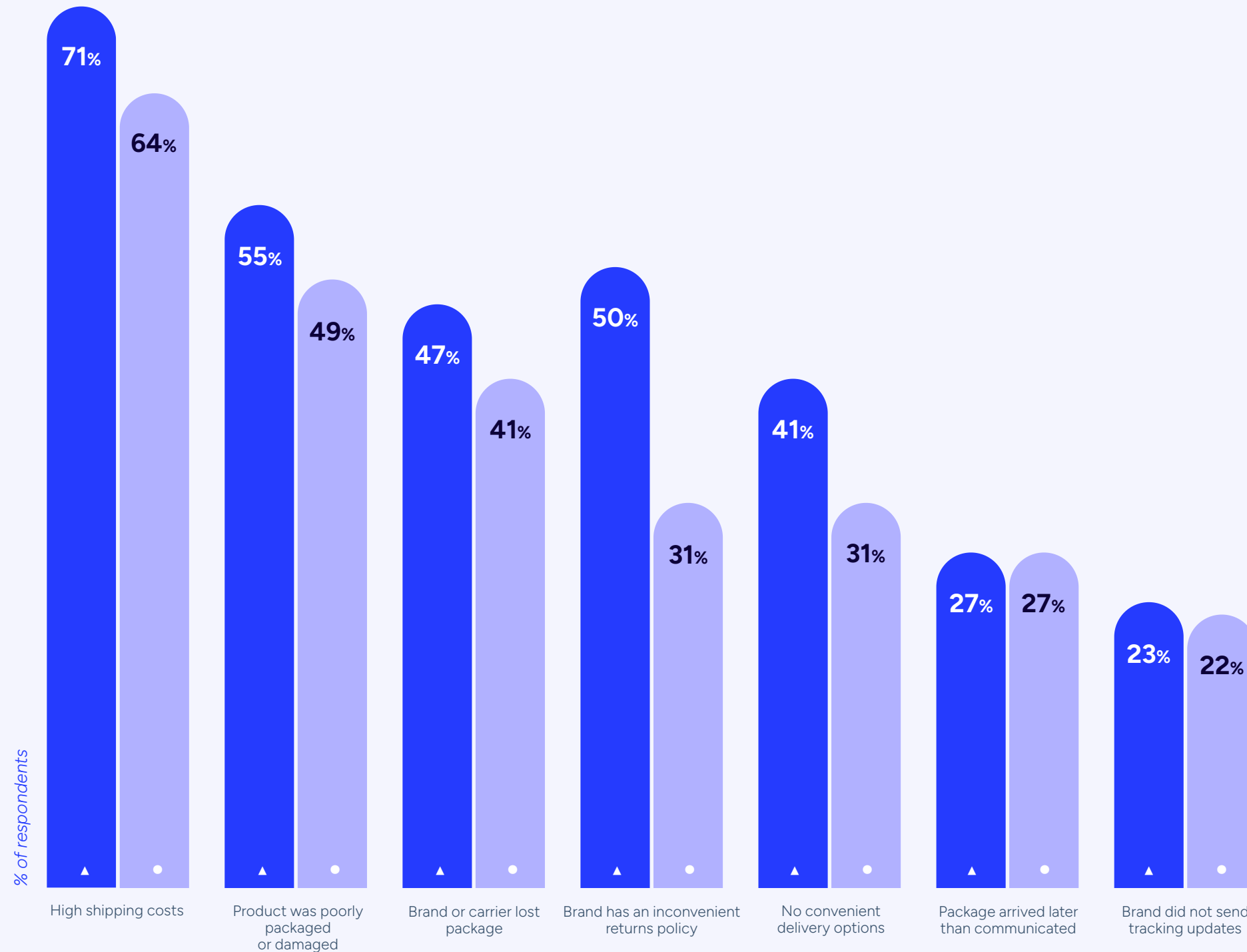
Source: Retail Economics, Auctane

Affluent shoppers less tolerant

High-income consumers are more likely to switch brands when inconvenienced (Fig 24). Affluent shoppers demonstrate significantly **higher expectations and have less patience** with poor experiences. This can quickly drive them towards competitors.

This disparity in expectations between income levels suggests that value-added offerings could be an effective strategy for retaining high-income customers. For instance, where high shipping costs and inconvenient returns policies cause pain, **implementing tiered shipping models and premium return services** to meet exacting standards could help to maintain loyalty.

AI can improve customer journeys and drive loyalty

In 2024, as AI technology is increasingly adopted by retailers, consumers perceive it having the most impact in the logistics and last mile space (e.g. sending order and delivery updates, managing returns and exchanges). These touchpoints are pivotal for ensuring **customer satisfaction and driving repeat purchases, arguably more so than AI's** **role pre-purchase** (e.g. chatbots), which historically has been the focus.

While AI promises to enhance engagement, its reception varies widely. **Consumers in Spain and Italy display the greatest enthusiasm here, in contrast to those in the US and UK**, who show more caution despite AI's prominence in these markets. Our research also underscores a generational divide: 46% of Boomers (65+) exhibit little interest in AI services, possibly due to a preference for traditional interaction or less exposure to AI-related benefits.

This nuanced landscape demands retailers to **adopt a balanced and informed approach with AI deployment** – one that acknowledges the diverse attitudes across different regions and age groups that values human qualities within customer service as well as greater efficiency.

Consumers expect AI to be implemented in the logistics and last-mile space

Fig 25: The interest and disinterest in AI

Q: Recent advancements in Artificial Intelligence (AI) have expanded retailers' capabilities as part of the customer experience.

Would you be interested in using AI/chatbots to help with any of the following functions?

% of respondents

Function	%
Sending order and delivery updates	31%
Managing returns and exchanges	28%
Searching for product information before making a purchase	26%
Answering general questions about a retailer or brand's offerings	21%
Facilitating secure and convenient payments	21%
Receiving alerts and updates	20%
Receiving customer support	19%
Assisting with the product checkout process	17%
Providing personalised product recommendations	16%

Source: Retail Economics, Auctane

Nevertheless, retailers must capitalise on the technology's ability to personalise the customer journey. Retailers can **deploy AI-driven personalised communication strategies to convert one-time buyers into repeat customers**. Post-purchase periods ripe for high-engagement communications can be utilised to upsell products, offer promotions, and solicit feedback. This not only fortifies brand loyalty but also fosters direct customer relationships, encouraging future purchases.

Personalisation and customisation emerge as potent tools in enhancing the post-purchase journey. Retailers can **tailor delivery options to suit individual preferences**, such as offering delivery times based on historical data or customising thank-you notes in packages. CRM systems hold a wealth of past purchase behaviour data that can inform personalised touches, making customers feel valued and seen. This tailored approach will be key to driving customer satisfaction and loyalty in an increasingly AI-integrated retail future.

amazon shipping

Amazon Shipping offers a parcel delivery solution for orders placed on your own website, Amazon and more. Utilise Amazon's technology-driven logistics network to access fast and reliable delivery from your warehouse to your customers. With a strong record of innovation and experience in logistics, Amazon Shipping is rooted in expertise and technology to get the job done and exceed expectations.

Towards unified customer journeys: success strategies in 2024

In 2024, an omnichannel strategy for seamless and convenient customer experiences is essential - not optional. This report section delves into key themes and emerging technologies, providing strategic insights for retail brands to adapt and thrive.

Unified commerce: the cornerstone of modern ecommerce

Unified commerce currently represents the ultimate goal in retail strategy. It transcends traditional multichannel approaches to create a seamless integration across all platforms, ensuring that every customer interaction – whether online or offline – is curated to individual needs to foster a deep connection and loyalty.
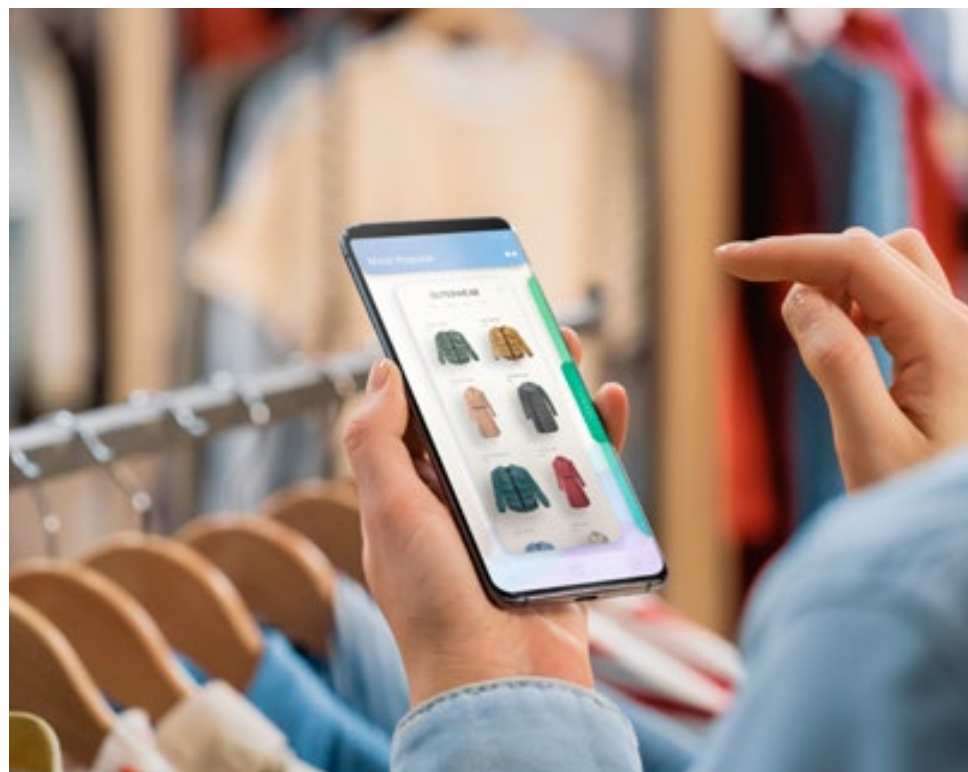
A single customer view: the next frontier
The crux of unified commerce lies in leveraging data science to work towards a single customer view (SCV). Advanced analytics, including machine learning algorithms and predictive modelling, can be employed to dissect vast arrays of customer data, which can then be translated into a comprehensive customer persona based on unique behaviours, preferences and purchasing patterns.

Customer segmentation: beyond demographics
Advanced data analytics facilitate a nuanced approach to customer segmentation, moving beyond traditional demographics to encompass behavioural and psychographic dimensions. This sophisticated approach categorises customers not just by who they are, but by how they interact with brands – their browsing habits, purchase history, and engagement levels, leading to more effective and personalised marketing strategies.

Channel optimisation: right product, right time, right place
Obtaining a single customer view leads to the strategic optimisation of channels. This ensures that the right product is presented at the right time to the right person through the right channel (and even the right device). Whether it's the initial product discovery on social media or final purchase on a mobile app, each channel plays a distinct role guided by data and insights.

SKU-Level customisation: precision targeting
Having a single customer view enables retailers to anticipate and influence purchasing decisions at a granular SKU-product level. This precision targeting enables the recommendation of the most relevant products at opportune moments, enhancing the customer experience and increasing conversion rates.

Generative AI in 2024: from excitement to deployment

Generative AI differentiates itself from other emerging technologies (e.g. blockchain or the metaverse) by its direct applicability to the customer journey. Its ability to personalise, predict, and enhance each stage makes it a vital tool for ecommerce businesses in 2024, promising significant enhancements in customer experience and operational efficiency.
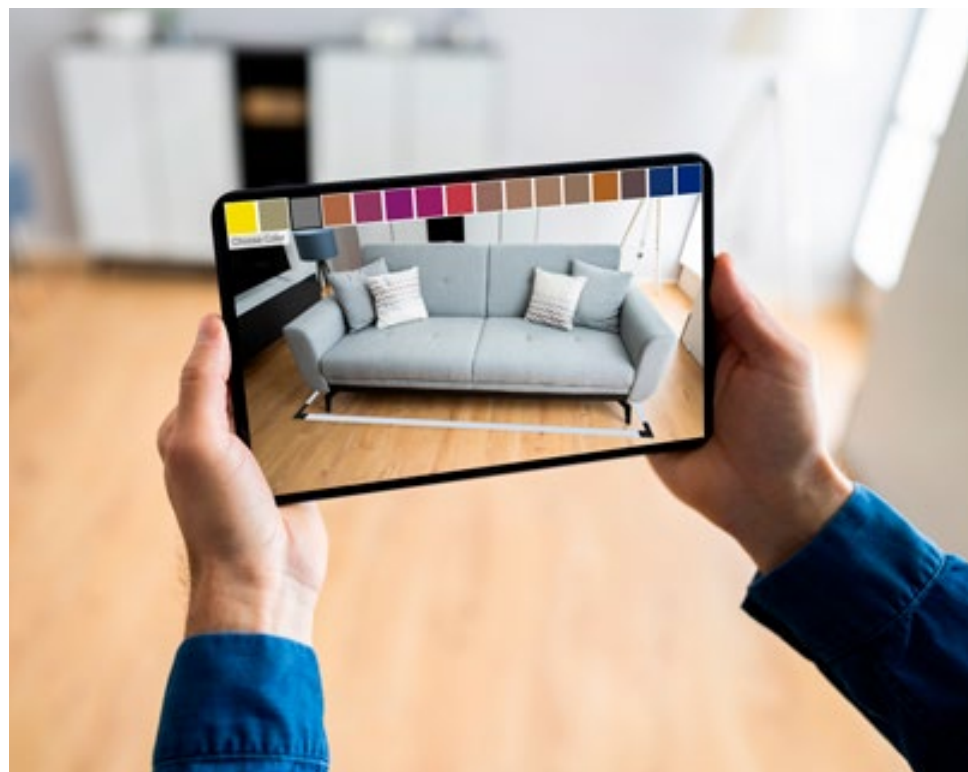
AI-Driven marketing
Generative AI will evolve the pre-purchase shopping experience via targeted marketing content. Dynamic recommendation engines will allow retailers to better understand customer behaviour, then provide them with highly tailored product suggestions to drive conversions. This approach allows for more effective communication of product offerings that align with customer interests and behaviours to greatly refine marketing strategies.

Conversational commerce
AI-powered conversational commerce will become much more prevalent in customer journeys. Its sophisticated language models enable AI shopping assistants to engage in natural, interactive dialogues with shoppers. This advancement offers a departure from traditional chatbots and static online interactions, facilitating a more engaging and responsive shopping experience. The capability to provide tailored product recommendations and advice in real-time transforms how consumers interact with brands online.

Optimising delivery
AI will play an increasingly important role in optimising delivery logistics. Advanced algorithms can facilitate more efficient route planning and provide real-time tracking updates. This enhancement not only streamlines the delivery process for retailers, but also improves customer satisfaction through timely and accurate delivery updates.

Customer service
AI-driven systems are revolutionising customer service by efficient handling of fairly complex queries now. This shift not only improves response accuracy, but also enhances overall efficiency of customer support. The result is a smoother, more satisfactory interaction for customers seeking help and information.

Post-purchase engagement
By analysing customer feedback and purchase history, AI can generate personalised offers and content. This strategy not only enhances the customer experience, but opens up avenues for repeated engagement which strengthens the relationship between customer and brand.

Optimising delivery and logistics for omnichannel

In 2024, the focus in omnichannel retail logistics is on integrating flexibility, efficiency, and technological advancement. These elements work in harmony to elevate the customer journey, making it more seamless and aligned with evolving consumer expectations.

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Enhanced customer options at checkout
Offering diverse checkout options such as nominated or weekend delivery, store pick-up, locker collection, and local drop-off returns, caters to the diverse range of consumer preferences and schedules. This flexibility not only enhances the customer experience, but also encourages repeat purchases by accommodating different lifestyles. Our research shows out-of-home delivery and return options (including lockers and local collection points) are much valued by consumers. The environmental and logistical efficiency of these consolidated delivery points can also contribute to a more sustainable model.

Going global
Cross-border shipping should also be considered as part of an omnichannel strategy, enabling retailers to tap into global markets to serve customers wherever they are. The challenge lies in seamlessly integrating international shipping into the customer journey. This integration requires addressing complex logistics, varying customs regulations, and currency differences while maintaining a consistent brand experience. Retailers must adapt to diverse market expectations, offering localised content and payment options to appeal to international customers.

The power of partnerships
Omnichannel retail logistics rely on partnerships with carriers, third-party logistics (3PLs) and fulfilment providers to ensure faster and more reliable delivery services. These collaborations enable retailers to diversify their delivery offerings, including same-day and international delivery options, without incurring additional operational complexity. By partnering with courier aggregators, retailers gain access to a wider range of delivery solutions at competitive prices, simplifying their carrier management processes.

Digital technologies for improved performance
Digital technologies like real-time tracking systems, route optimisation software, and automated warehousing are critical for improving delivery performance. These technologies not only streamline operations, but also provide transparency and control for both retailers and consumers. This leads to a more synchronised omnichannel experience by streamlining operations and providing valuable insights into customer behaviour to further drive improvements.

Hybrid retail: ecommerce growing physical footprint

A growing number of Direct-to-Consumer (DTC) and ecommerce brands are venturing into bricks-and-mortar retail – a trend likely to gain momentum in 2024. In the US, AllBirds and Warby Parker continue to grow their store count after starting online, while Gymshark's flagship store opening on London's Regent Street, and Asos and Depop's pop-up initiatives signify a similar shift in Europe. As online businesses respond to evolving market dynamics, these cases exemplify how physical stores are becoming a crucial component of a successful omnichannel strategy.

Physical stores as customer acquisition tools
The cost of online customer acquisition has skyrocketed, prompting brands to leverage physical stores as effective marketing and customer engagement tools. Real estate market adjustments mean securing prime locations has become more feasible, offering brands an opportunity to increase visibility and engage with new customers. Physical stores are evolving beyond mere sales points, they are becoming dynamic spaces for brand storytelling, customer interaction, and elevating brand awareness.

Halo effect
Integrating physical stores within an ecommerce brand can create a 'halo effect' where the presence of physical stores significantly boosts online sales in the surrounding area. Warby Parker reports a tripling of online sales in areas where they open physical stores.

Fulfilment hubs
Physical stores can also serve as vital nodes in the supply chain, facilitating out-of-home delivery and returns. They act as fulfilment hubs to support inventory management, provide ship-from-store capabilities, and can help with in-bound logistics. The concept of 'dark stores (retail outlets functioning solely as local distribution centres) is also gaining traction. This shift not only offers convenience to customers but also streamlines logistics and inventory management for retailers.

In-store tech
Ecommerce brands hold a unique advantage in expanding their omnichannel experiences into physical retail. Leveraging data-driven insights and technological expertise, these brands are innovating the in-store experience. Features like interactive digital tables, in-store lockers, smart mirrors, touch displays, digital signage and self-checkouts are being used to create more engaging shopping experiences. This tech-minded approach allows digital native brands to offer a level of personalisation and engagement that aligns with their online presence for a competitive advantage.

Conclusion

In 2024 and the years to come, the ecommerce landscape will be shaped by ever-evolving omnichannel expectations and increasingly complex customer journeys. This report underscores the critical need for retail brands to adapt to a new paradigm of non-linear shopping experiences, where digital and physical realms are seamlessly integrated, and personalisation is key at every touchpoint. The absence of a frictionless journey can swiftly lead to abandoned carts, lost sales, and customer dissatisfaction.

Our findings emphasize the importance of adopting a flexible, customer-centric approach, particularly in the realms of delivery and returns. It's imperative to strike a balance between operational efficiency and providing the choice and convenience that today's discerning shoppers demand. The growing preference for out-of-home delivery options and the strategic necessity of cost-effective returns management are crucial in meeting these evolving needs.

The urgency for retail brands to embrace customer data, AI, and cutting-edge technologies cannot be overstated. These tools are vital for a flexible, omnichannel strategy, which is critical as the industry evolves towards achieving a 'single customer view' and a genuinely unified commerce experience. Implementing a more integrated approach is essential for keeping pace with these advancements.

With the sophisticated capabilities technology now offers, shoppers are coming to expect friction-free customer journeys at each and every step. Outperformers have set high expectations here. Looking ahead, the capacity to adapt and innovate in this dynamic landscape will remain a critical factor that separates the market leaders from the rest. As we navigate the future, this adaptability and forward-thinking will be the hallmark of success in the ever-evolving world of retail.

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