



# Peak Season Report 2023

Building a risk-resistant  
ecommerce strategy



## 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.

## THE AUCTANE FAMILY OF PRODUCTS



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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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## METHODOLOGY

**Consumer and merchant surveys were undertaken in August 2023 and include answers from a sample of 8,000 nationally representative households and 2,000 online sellers across the USA, Canada, Australia, UK, Germany, France, Italy and Spain. Economic modelling and retail sales forecasts are based on proprietary Retail Economics data and official national statistics.**

Participants



US



UK



Canada



Australia



Germany



France



Italy



Spain



## INTRODUCTION

The holiday season is more than just a time of gift-giving – it's an 'annual pilgrimage' for many shoppers. It's a time when consumers discover new products, wallets loosen, and purchases hope to deliver seasonal joy on the 'big day'. For retailers, it's the apex of the year, the golden quarter.

Shoppers are primed and brands are presented with the opportunity to outperform, and in doing so, delight customers and generate much needed sales.

Optimism that 2023 would bring relief to retailers after a turbulent 2022 needs to be tempered and contextualised. While the spectre of pandemic-related disruptions and high inflation has largely stabilised for many markets, new challenges have arisen.

The global retail landscape continues to be dominated by cost-of-living concerns, as consumers feel the attritional effects of two years of squeezed disposable incomes. Inflationary effects continue

to smoulder and the rise in interest rates has resulted in cautious behaviour. Consumers' intention to cut back on non-essential spending remains high as shoppers continue to favour businesses and channels that offer value-for-money.

However, technological strides, digital transformation, and lessons from the past three years have readied many businesses for a successful holiday season in 2023. Here, brands can provide value-driven solutions and exceptional shopping experiences across the entire customer journey, from the discovery of products to delivery and returns.

Loyalty is increasingly becoming more fragile, and shopper expectations soar during the Peak Season. In this context, the need for delivery speed, flexibility, and reliability in the parcel journey has never been more critical. It transcends merely free shipping; it entails delivering a high-calibre, all-encompassing, and dependable service.

**Insights within this report are crucial for online businesses of all sizes to better understand and navigate the consumer crunch as it unfolds.**

**This report is divided into three main sections:**

### GLOBAL RETAIL & CONSUMER LANDSCAPE

An overview of the macroeconomic forces and cost of living pressures facing consumers and how this impacts demand expectations for Peak.

### KEY INDUSTRY THEMES FOR PEAK TRADING 2023

Explores shifting shopper behaviours and three key trends that will shape over the performance of retail markets during Peak Season.

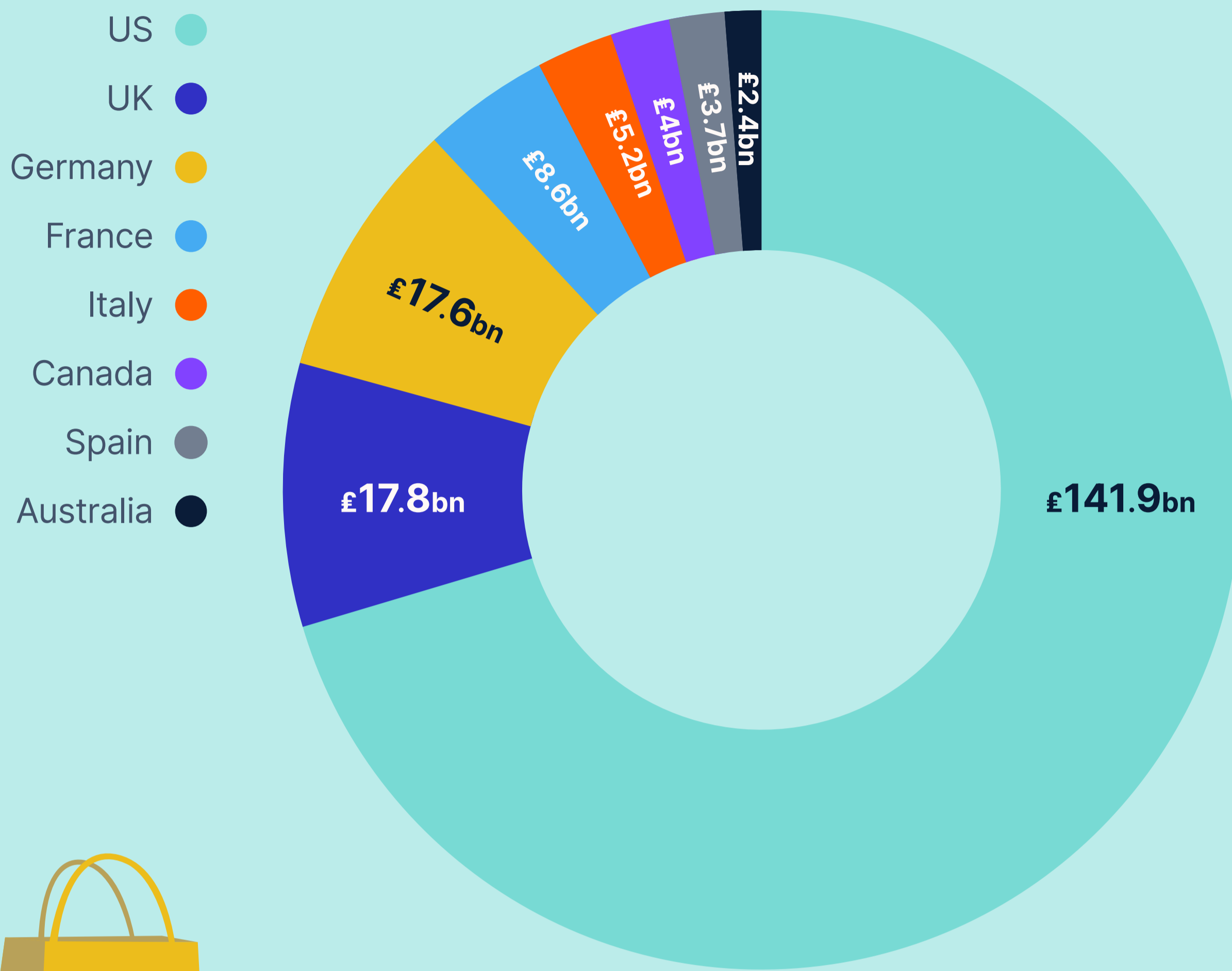
### STRATEGIES FOR SUCCESS AT PEAK

Key strategies for retailers to navigate ongoing economic pressures over Peak Season and beyond.

# KEY FINDINGS

## CHANNEL PREFERENCES

**£202bn** to be spent on marketplaces



**57%** of shoppers plan to do most of their shopping online

## DELIVERY

### CONCERNS



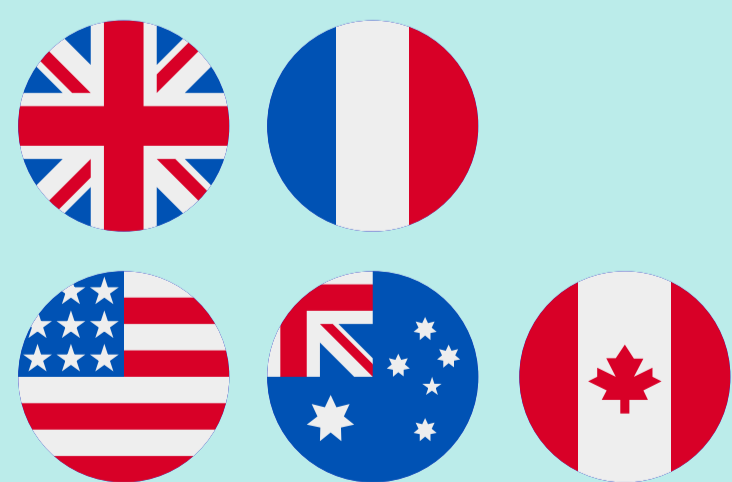
One out of two shoppers expect orders to arrive in under 2 days

### PRIORITIES



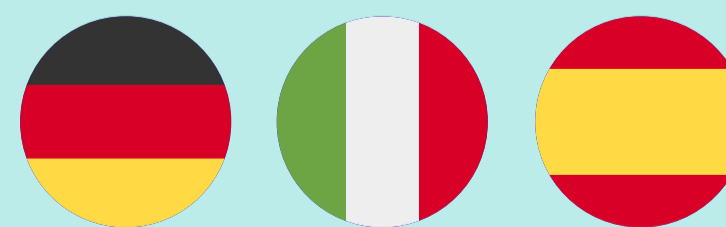
Flexible returns & visibility and tracking gain more importance

## TIME LINE



PRE-OCTOBER

OCTOBER



NOVEMBER

DECEMBER

Early shoppers ← • → Late shoppers

Source: Retail Economics, Autane

# Global Retail & Consumer Landscape

**This section focuses on the outlook for consumers and retail over the 2023 holiday season, the current economic challenges, and the regional differences and sales expectations.**





## PEAK UNCERTAINTY

As 2024 nears, advanced economies once again face heightened uncertainty. The global economic backdrop is mixed. For many consumers, the dual impact of sharp interest rate rises and prolonged cost-of-living pressures has dampened prospects for a continued post-Covid rebound.

**To some extent, economic conditions have improved since last year's Peak Season:** inflation has receded from decade-high Peaks, Europe's energy crisis has subsided, labour markets are resilient, earnings growth is accelerating, and consumer confidence has picked up from record lows.

On the other hand, to curb inflation, central banks worldwide have undertaken significant interest rate hikes, propelling borrowing costs to levels not seen

since the 2000s. Simultaneously, pent-up pandemic savings that sustained household spending over recent years are in decline, exposing consumers to the cumulative toll of nearly two years of disposable income erosion.

UK consumers have experienced the highest levels of inflation across the countries covered in the research and continue to show intentions to either cut back, trade down or fiercely manage budgets. However, in some markets such as the US, rates of inflation have been shallower, and spending power has already returned to positive territory. As such, this makes peak trading performances highly uncertain.



## ECONOMIC WORRIES PERSIST

As interest rates rise and cost of living pressures continue to pinch personal finances, Peak Season 2023 will once again be defined by a cautious consumer backdrop.

Across all major markets included in the research, **nine in ten (91%) consumers are concerned about economic prospects and their personal finances heading into the Peak Season (Fig 1)**, up from 87% last year.

Although global inflation is cooling, it remains the single biggest factor affecting households, as price pressures take time to return to palatable levels, particularly in the UK and EU which experienced steeper double-digit Peaks.

Lack of savings is also becoming a growing concern for consumers as the pandemic 'war chest', built up from fewer holidays and less commuting during lockdowns, starts to deplete.

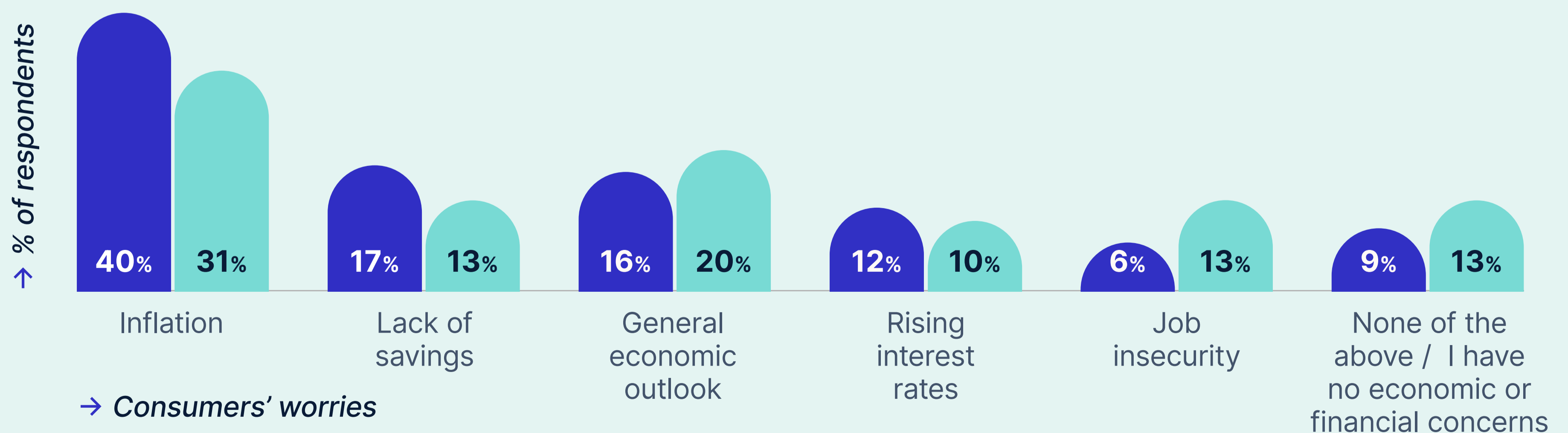


*Peak Season 2023 will once again be defined by a cautious consumer backdrop*

**Fig 1: Consumers' worries heading into the 2023 Peak Season**

Q: Thinking about the economy and your personal finances, what are you most concerned about heading into the Peak Season?

● Peak 2023  
● Peak 2022

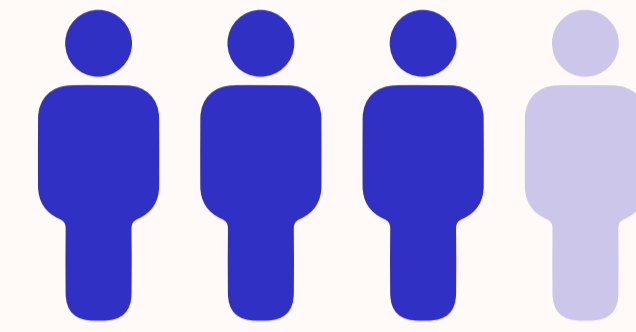


Source: Retail Economics, Autane

## PEAK CUT BACK INTENTIONS

Consumers' cutback intentions remain elevated. **Three in four consumers plan to cut back over the Peak Season, up from 58% in our 2022 Peak survey.** Only one in four (26%) intend to spend as normal over retail's golden quarter.

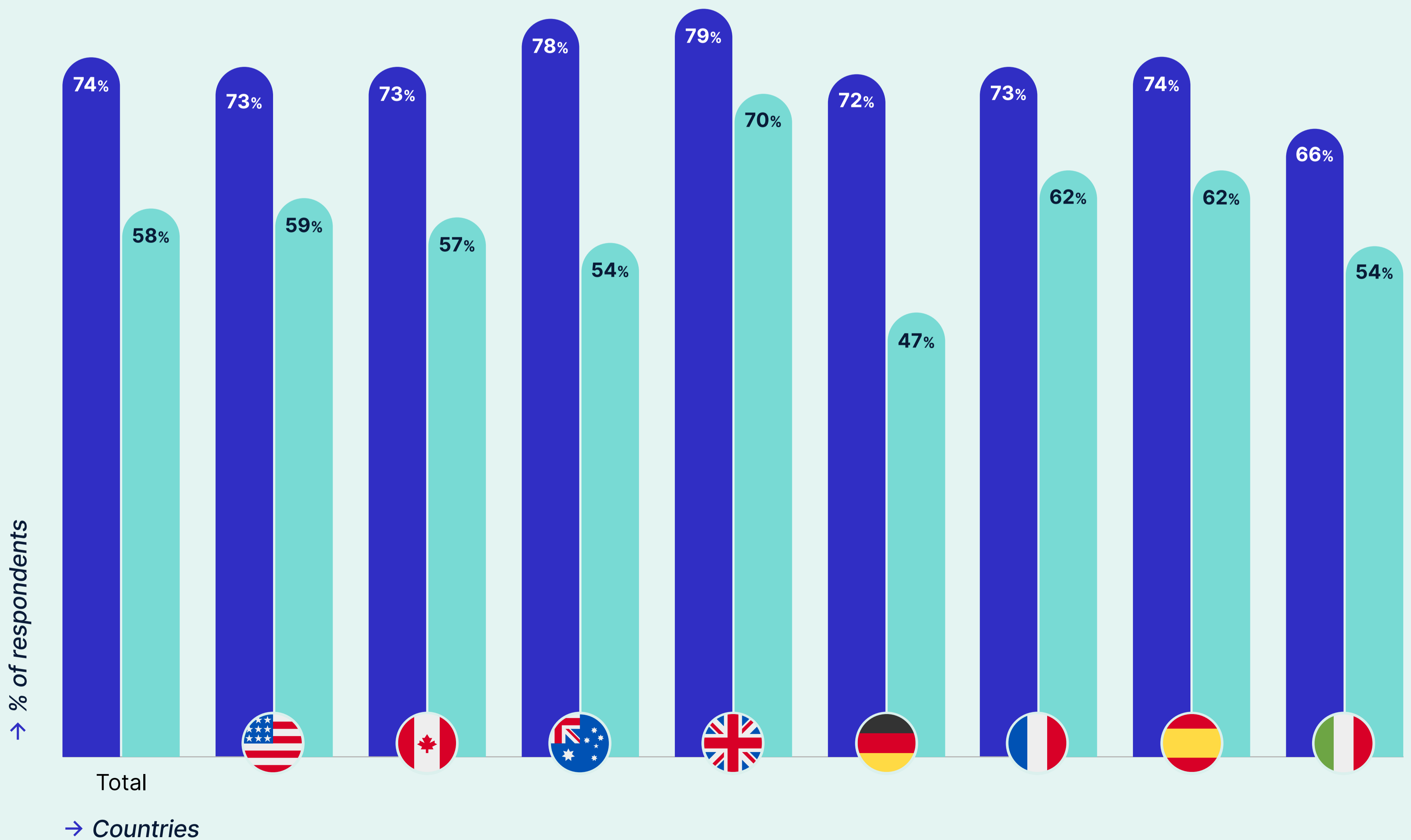
*Three in four consumers plan to cut back their holiday spending this year*



**Fig 2: Consumers cut back intentions at Peak, by country**

Q: Thinking about your non-food spending over Black Friday and Christmas, do you expect to cut back (i.e. spend less, delay purchases) this year compared to last year?

● Peak 2023  
● Peak 2022



Source: Retail Economics, Autane

The increase on the last Peak is being driven by a **step change in the proportion of middle and higher income households planning to cut back** (Fig 3). Cost of living concerns are extending beyond the least affluent, as higher interest rates increase pressure on the middle classes, including those with mortgages and student debts.

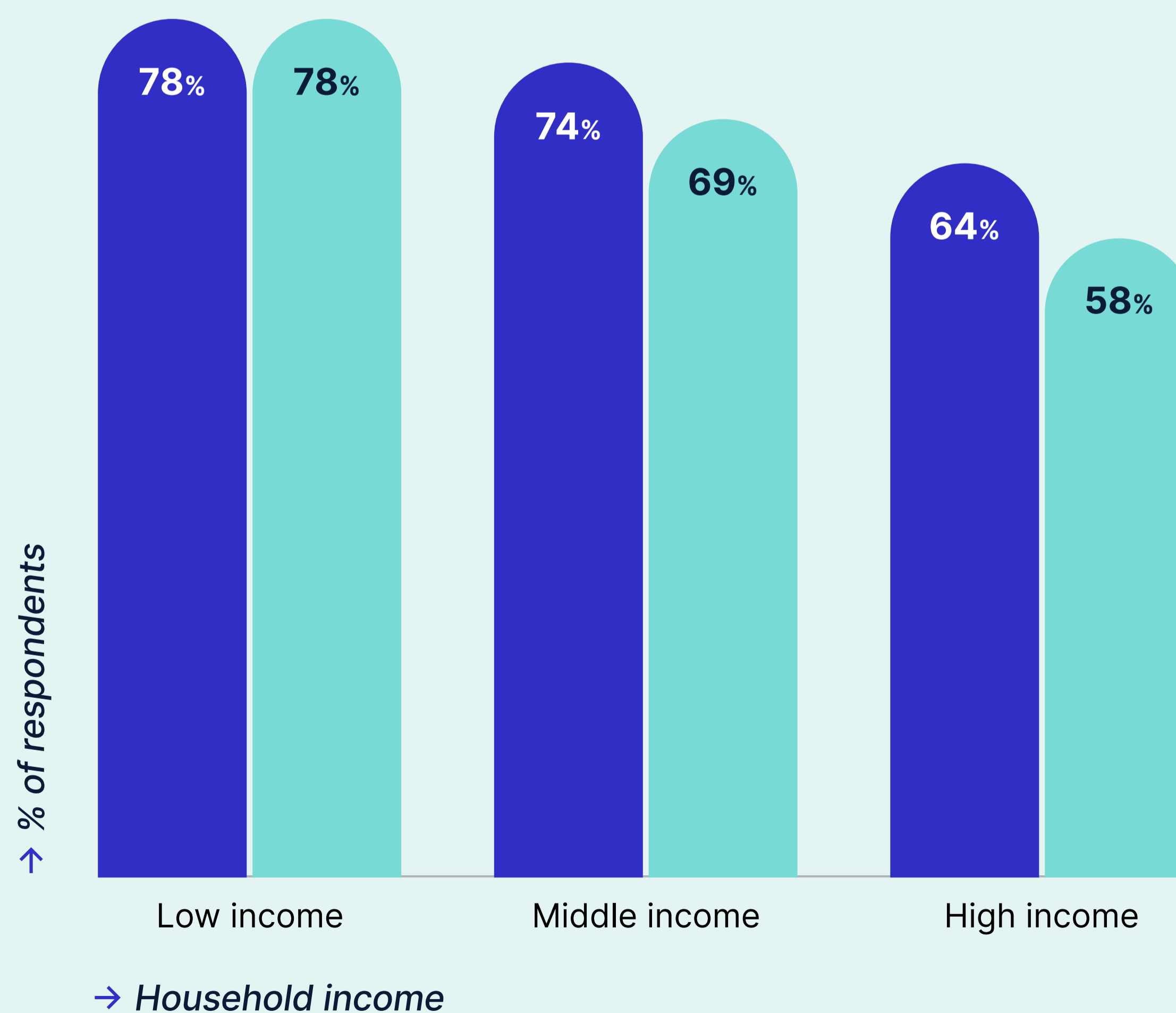


*Cost of living concerns are extending beyond the least affluent*

**Fig 3: Consumer cut back intentions at Peak, by household income**

Q: Thinking about your non-food spending over Black Friday and Christmas, do you expect to cut back (i.e. spend less, delay purchases) this year compared to last year?

● Peak 2023  
● Peak 2022



Source: Retail Economics, Autane

## REGIONAL VARIATIONS

The impact of the cost-of-living crisis varies widely by country, which will shape industry growth prospects over Peak.

Across the studied markets, households are entering the holiday season with an almost two-year span of declining real earnings, encompassing 23 months (data to June 2023).

However, relief emerges for certain markets as the cost-of-living crisis has abated, easing the burden on households just in time for the festive period.

**Disposable income growth has tiptoed into positive territory in the US, Canada, and France.**

This positive shift, attributed to cooling inflation and the resurgence of genuine earnings growth, arrives despite consumers' anticipation of cutbacks.

For instance, **consumers in Australia and Germany find themselves in a more financially strained situation compared to the previous Peak Season.** This is reflected in their significantly heightened cutback intentions, which have worsened due to ongoing economic challenges. These challenges have resulted in a notable economic slowdown, with consumers actively reducing non-essential spending in response to continuous declines in disposable income.



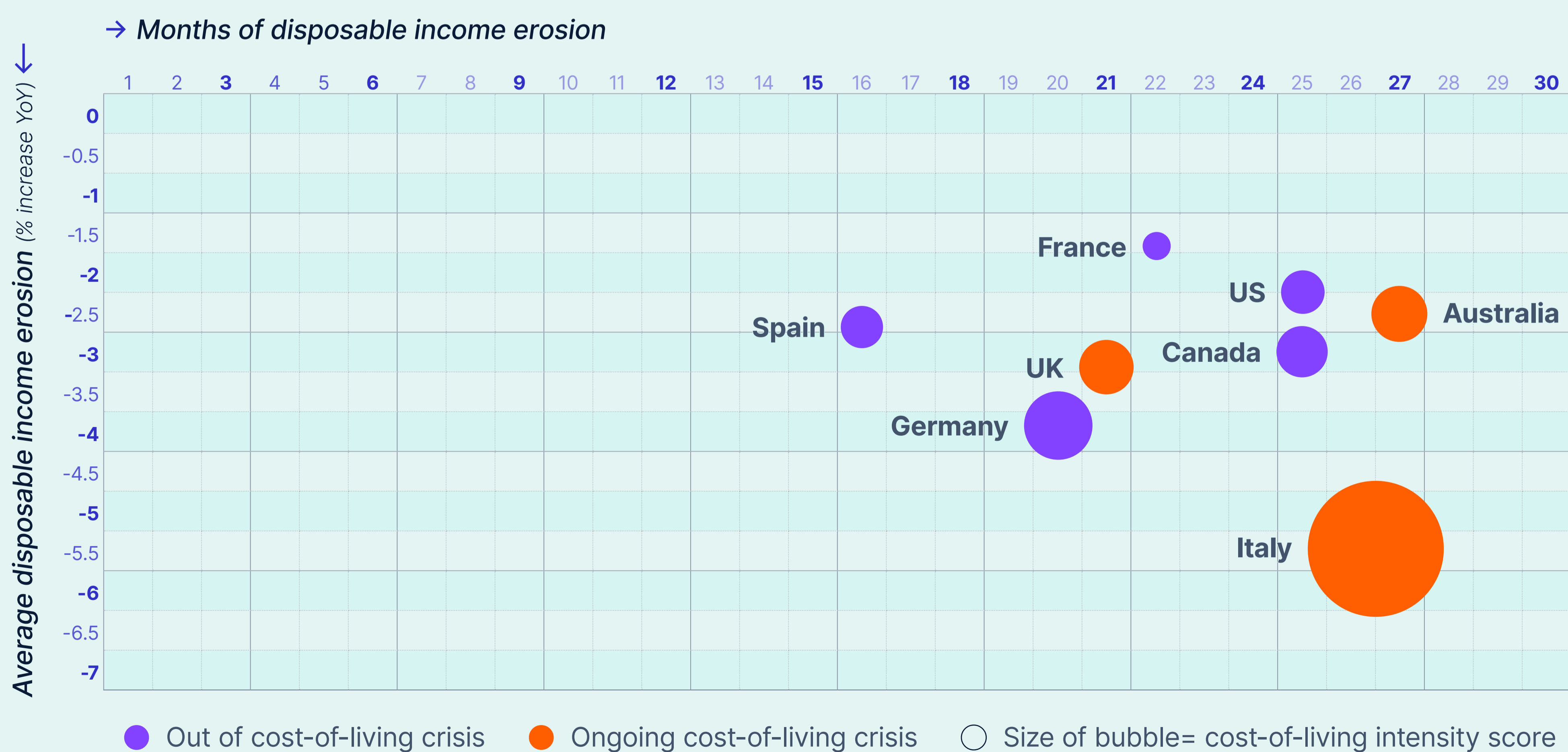
Fig 4 presents a clear link between countries experiencing a notable increase in cutback intentions this Peak compared to last year, and the severity of their cost-of-living crisis – defined as both the duration and depth of disposable income erosion.

While the UK may appear to be an anomaly, this is because the intensity of consumers’ cutting back has been consistently strong over the last two years (ie. both this Peak and last Peak). Indeed, in Q4 2022, UK retail sales volumes fell 6.8% YoY – the worst for over a decade – reflecting predictions of last year’s research.

Concerningly, UK consumers face a further financial setback this holiday season, with households set to be £109 worse off this Christmas compared to last year as cost of living pressures persist. This underscores the enduring impact of the crisis on individuals’ financial well-being and its implications for their holiday spending.

Understanding these regional variations in consumer outlook is key to **identifying pockets of growth and adapting strategies to suit specific market conditions.**

**Fig 4: Correlation between cost-of-living crisis intensity and year-on-year change in Peak cut back intentions**



Source: Retail Economics, Autane

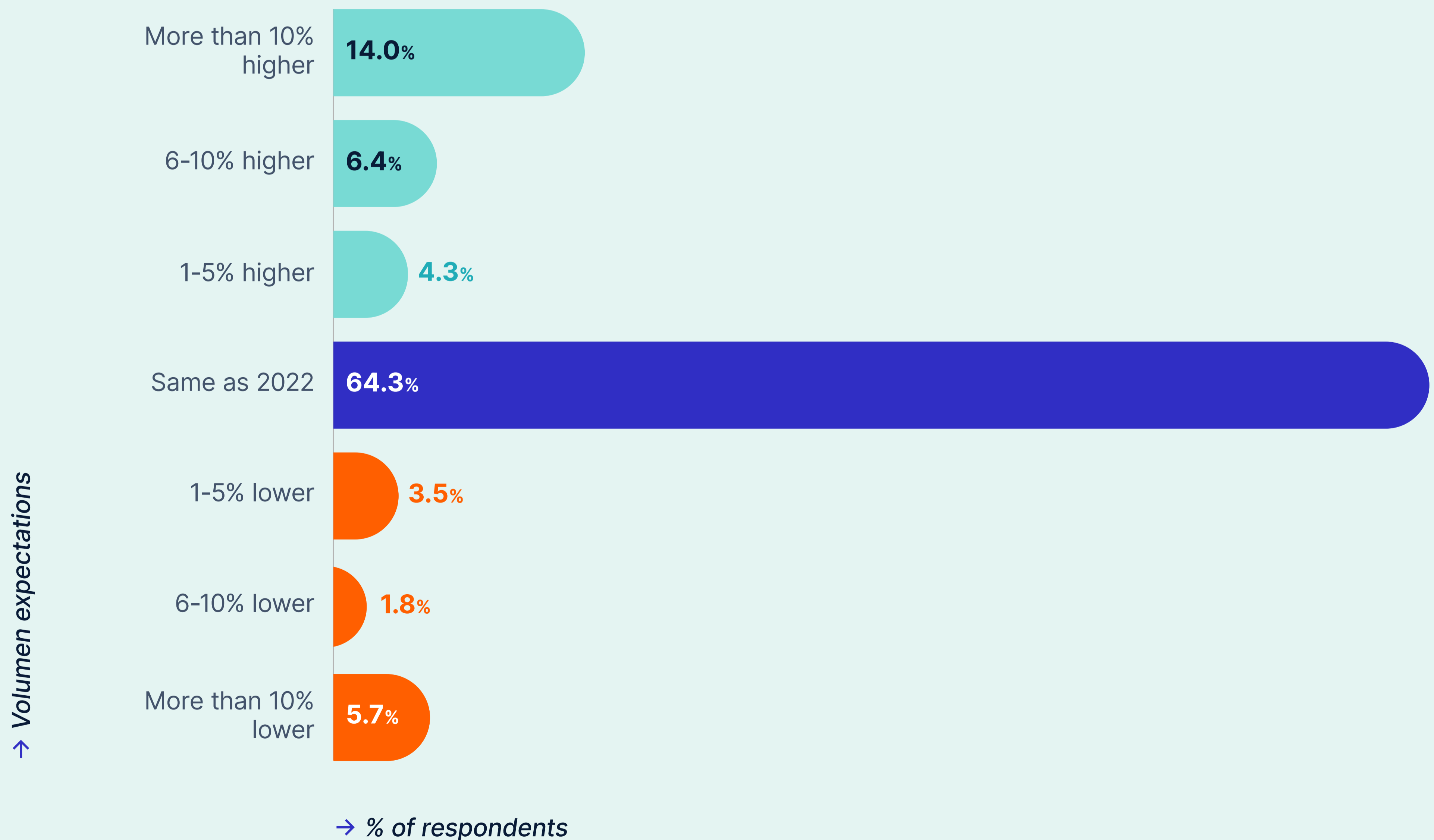
## MERCHANT SALES EXPECTATIONS

Despite consumer sentiment remaining weak, retailers appear to be more optimistic about the prospects for Peak demand this year.

Granted, almost two-thirds of online merchants surveyed believe that sales volumes are likely to be broadly aligned with last year, but a net 13% expect sales volumes to rise on last year, despite the continued pressure on households.

In part, this may reflect **improvements in business confidence compared with the same period last year** when the macroeconomic outlook was more uncertain. Either way, the divergence between business and consumer optimism could present challenges in early 2024 if retailers are left with excess stock.

**Fig 5: Online merchants' order volumes expectations for Peak Season 2023**



# Peak delivery trends and shopping behaviours

This section explores three key themes that will shape the online retail and delivery sector over Peak Season 2023.



THEME 1:

# PEAK TRADING: SPENDING INTENTIONS AND BEHAVIOURS

This section explores consumer behaviours during Peak trading in the context of spending intentions, shopping strategies and timings, and regional differences amongst other factors.

## REGION: STRONGEST SPENDING PROSPECT IN THE US

Reflecting ongoing cost-of-living concerns and cut back intentions (covered in section one), all international markets show an **overall negative net spending intention** over the holiday season.

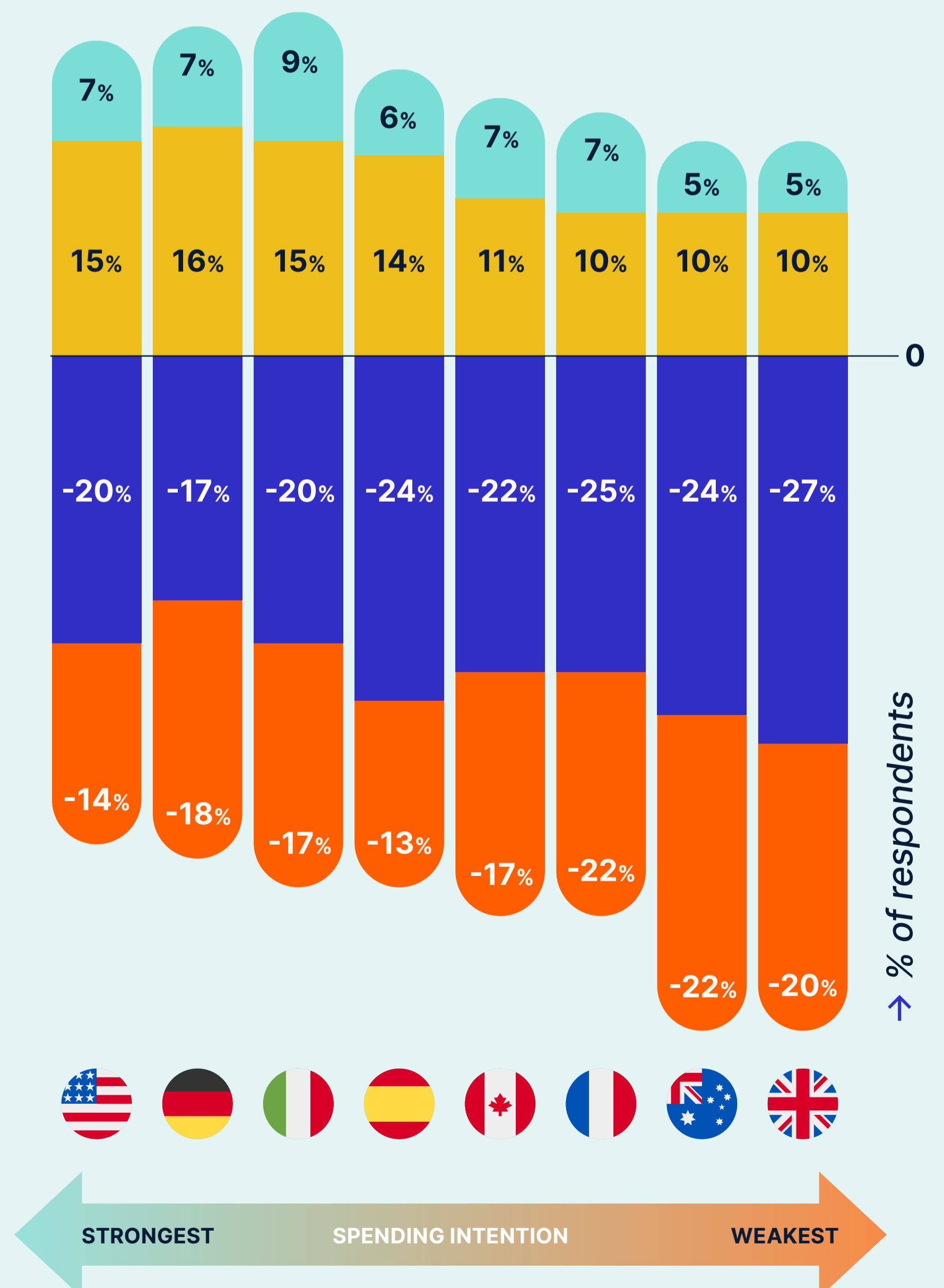
Shoppers in the US are most likely to ‘keep calm and carry on’, with almost two thirds (63%) planning to either spend the same, or more (24%), than last year. Whereas the UK, with the highest rates of inflation among developed markets, shows the weakest spending intentions. Here, almost half (47%) of consumers plan to spend less than last year.



**Fig 6: Consumer spending intentions by region**

Q: Thinking about your shopping in the final three months of the year (e.g. Black Friday and Christmas), what are your spending intentions?

- Spend **much more** than last year
- Spend **more** than last year
- Spend **less** than last year
- Spend **much less** than last year





## SECTOR: APPAREL AND BEAUTY PREFERRED OVER BIG-TICKET HOME PURCHASES

While all categories show negative spending intentions over Peak Season, some will prove more resilient than others as consumers adopt recessionary behaviours.

**DIY and Electricals are most at risk of consumer cutbacks.** Our research shows 48% of consumers plan to spend less on DIY and gardening items this holiday season, followed closely by electricals (44%).

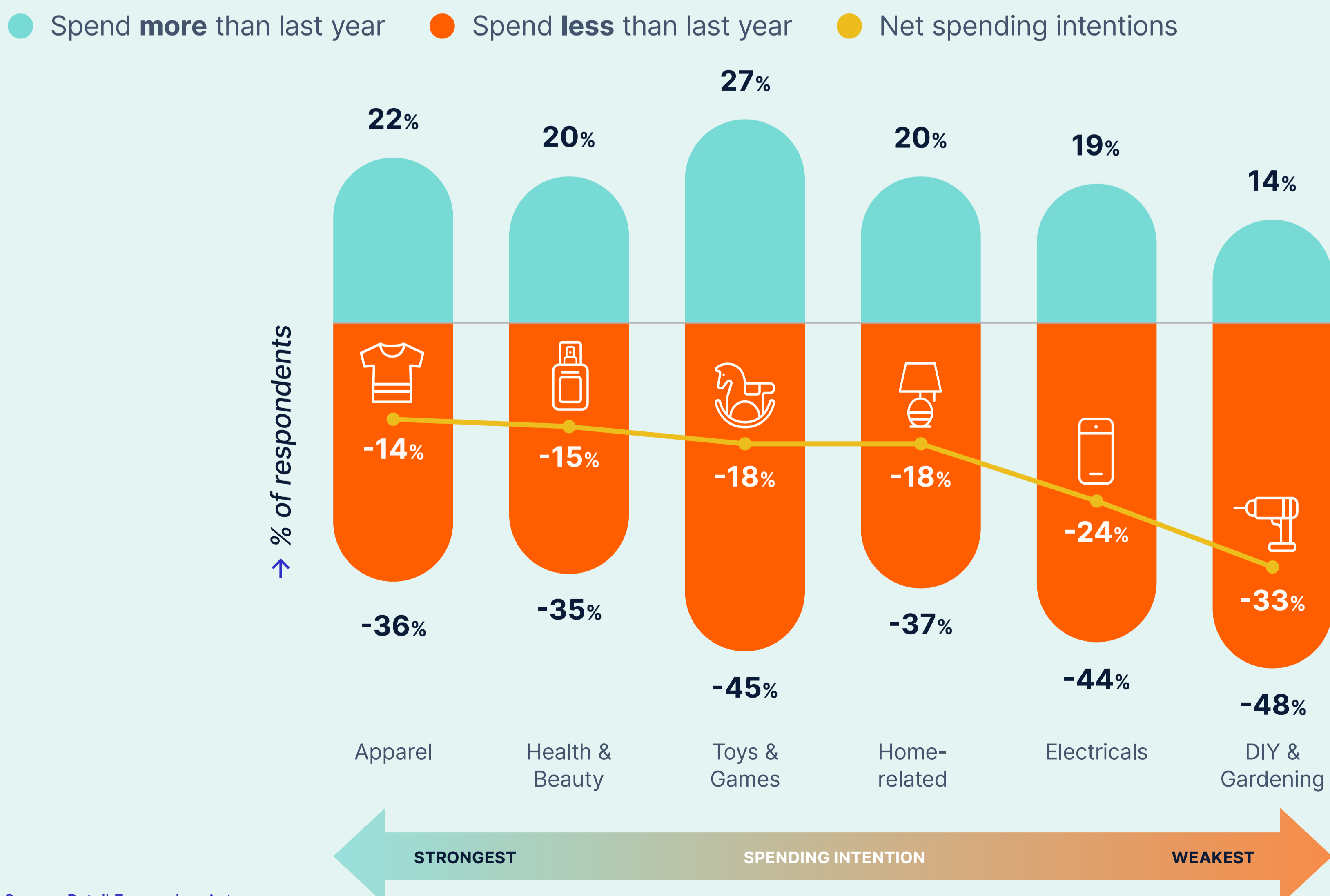
This reflects subdued demand for big-ticket items and home improvement as borrowing costs rise.

Electricals' sector also faces cyclical challenges as the latest generation of games consoles provides

less support with tougher annual comparisons. Last year, the men's FIFA World Cup helped boost sales of electrical products over the Black Friday period, particularly in Europe, additionally presenting tougher annual comparisons.

There also continues to be 'hangover effects' from Covid-19, as **consumers continue to prioritise leisure and social occasions, boosting categories such as Apparel and Beauty** which show the strongest spending intention over the Peak Season. In contrast, there is less demand for Home & Electrical items as demand was brought forward during lockdowns.

**Fig 7: Consumer spending intentions by sector**



Source: Retail Economics, Autane

## HOLIDAY SHOPPING STRATEGIES

During the holiday season, **consumers are likely to shop more strategically** as they maintain a festive spirit. These tactics involve focusing spend on promotional events like Black Friday, shopping for gifts early, being highly selective with who to buy gifts for, or opting for 'Secret Santa' exchanges.

In the wake of successive waves of disruption in recent years, consumers have become well-versed with these shopping strategies. Interestingly, women exhibit a greater inclination towards adopting astute holiday shopping tactics compared to men (Fig 8).



**46% of women plan to shop during promotional events such as Black Friday or Cyber Monday.**

**Fig 8: Peak Season shopping strategies**

Q: Do you plan to do any of the following when shopping over the Christmas holiday season this year?



Source: Retail Economics, Autane

## CHRISTMAS CREEP: EXTENDED PEAK SEASON AS CONSUMERS SHOP EARLY

Consumers are increasingly adopting an **'early bird' approach** when it comes to their holiday shopping. This strategy has intensified in response to harsh economic conditions. Here, shoppers look to spread the cost of Christmas across several paydays, while it gives them more time to shop around and capitalise on promotions.

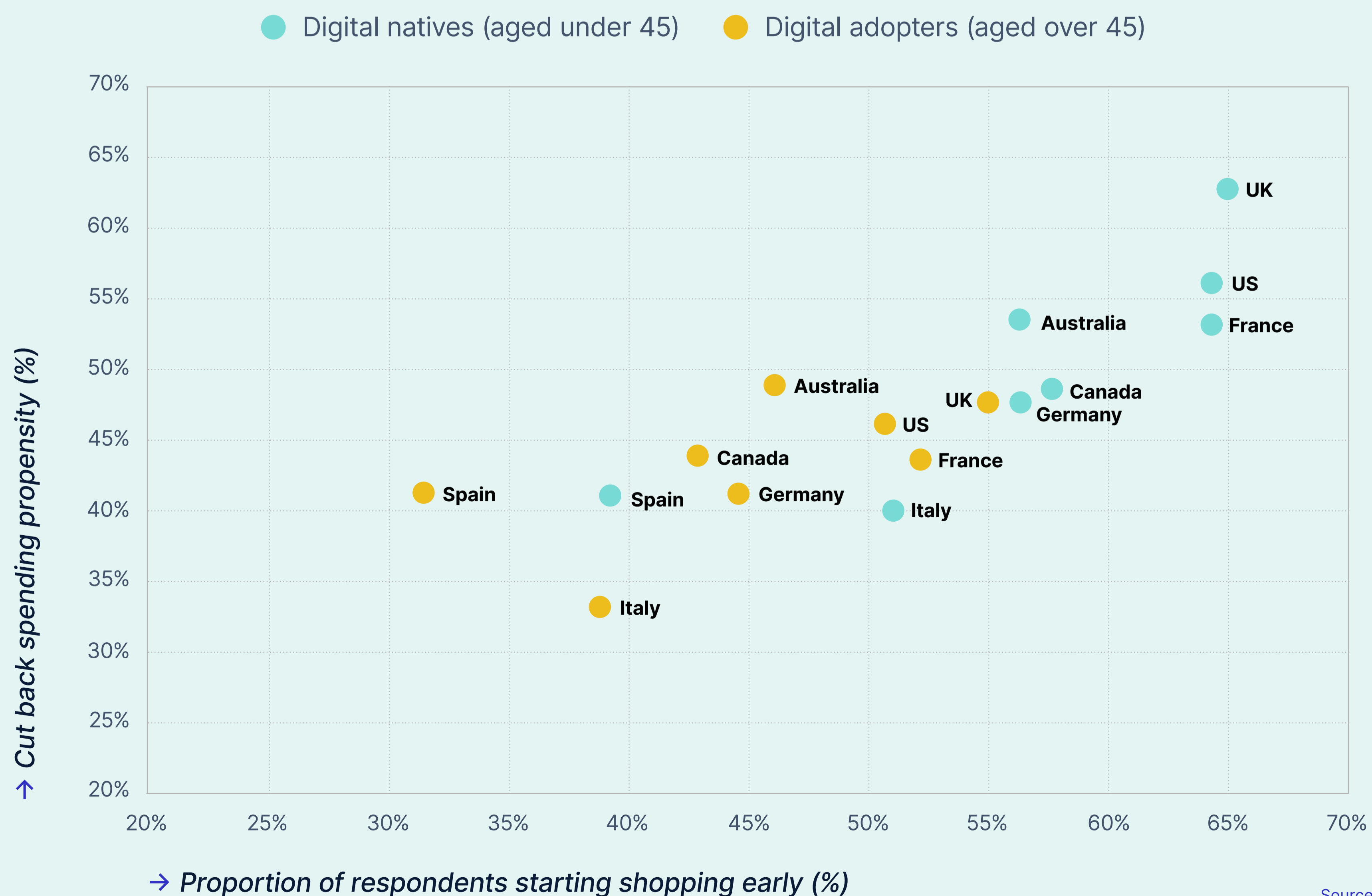
A third of consumers intend to embark on festive shopping and gift purchasing earlier than normal this year; **overall, as many as 54% of shoppers plan to start before Black Friday** and the Christmas trading period in November and December.

Furthermore, our research shows a distinct link between consumers' intention to cut back and their inclination to shop early (Fig 9).



*A third of consumers intend to embark on festive shopping and gift purchasing earlier than normal this year.*

**Fig 9: Correlation between cut back propensity and willingness to shop early**



Source: Retail Economics, Autane

## SECTION II: PEAK DELIVERY TRENDS AND SHOPPING BEHAVIOURS

The 'shop early' trend dovetails with the growing prevalence of mega-sale events such as Black Friday, Cyber Monday and Alibaba's Singles Day. These events, morphing into weeklong affairs, are now as much a part of the festive season as December itself.

Retailers' responses to the slowdown in discretionary spending is to **double down on anchor events like Black Friday and Christmas to entice consumer spending.**

Led by the likes of Amazon's Prime Early Access sales, last year many retailers rolled out Black

Friday promotions as early as October and offered holiday sales through to the end of the year – effectively elongating the Peak Season.

Our research suggests retailers will follow the same pattern this year as early shopping becomes the norm. **One in four (25%) merchants surveyed intend to increase the number of holiday promotions this year, with the same proportion planning to launch promotions ahead of the final quarter** (pre-October).



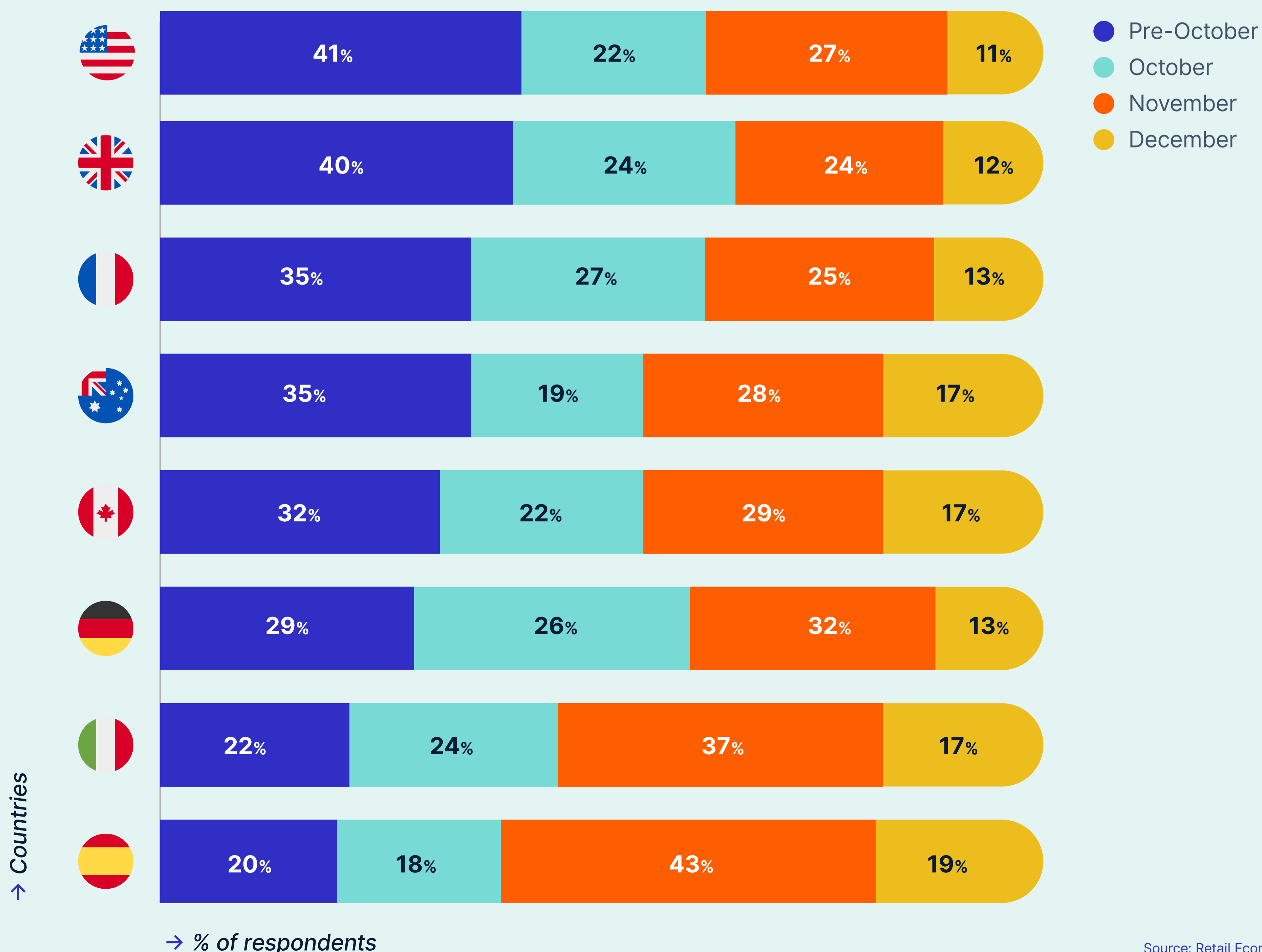
## WHO ARE THE EARLY BIRDS?

**US and UK consumers** are most likely to be ‘early bird’ shoppers, with as many as two in five US (41%) and UK (40%) shoppers starting their Christmas shopping pre-October, before Halloween and Thanksgiving.

This contrasts with **a more laid-back approach adopted by Spain and Italy**, where the majority of shoppers will not start their festive shopping until November at the earliest – partly cultural as many households wait until Epiphany in early January to exchange gifts.

**Fig 10: Purchasing start date by country**

Q: When do you expect to start your Christmas/Holiday shopping this year?

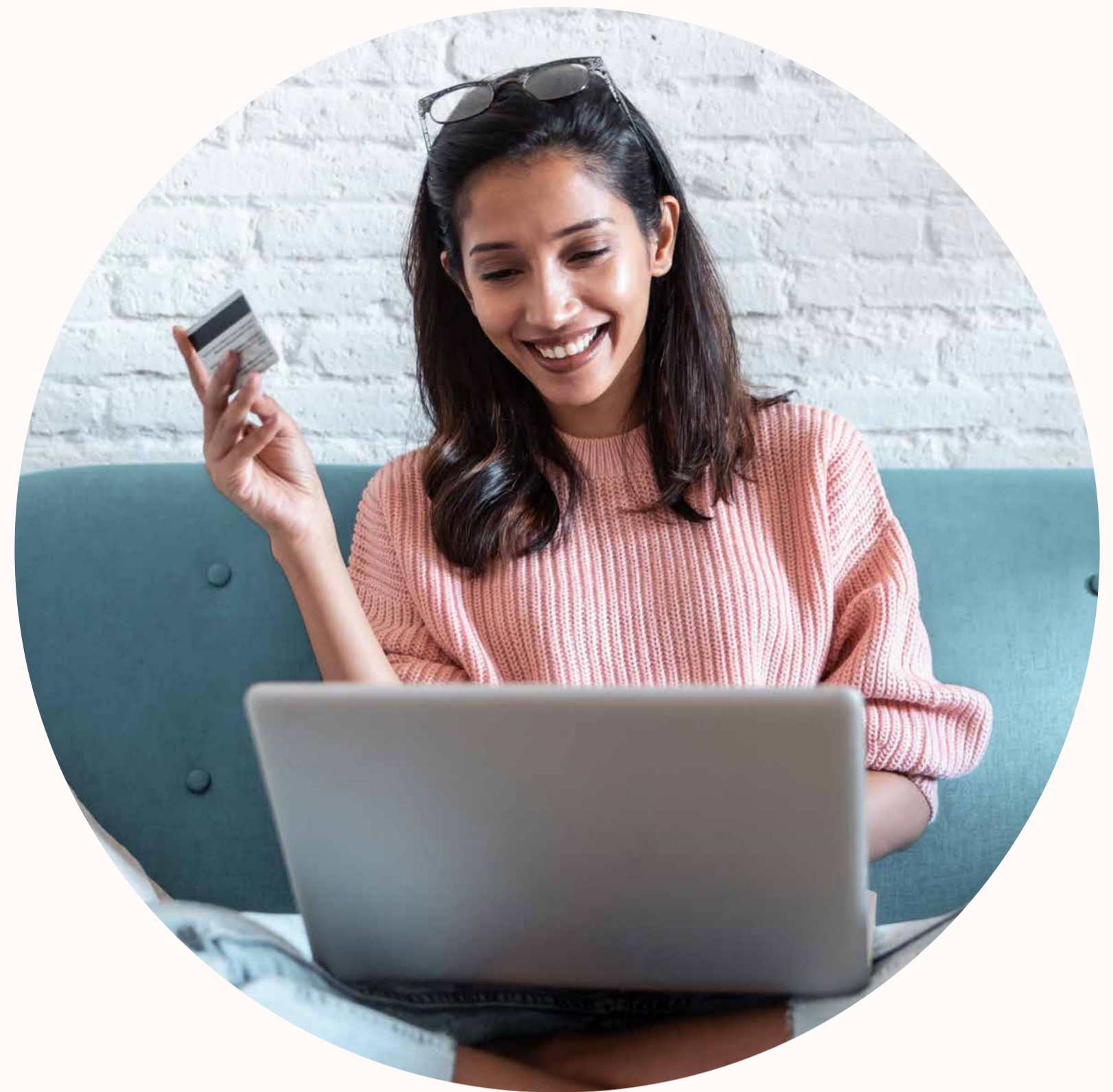


Source: Retail Economics, Autane

## DIGITAL NATIVES AND THE POWER OF PROMOTIONS

The impetus to shop early and benefit from promotions over the holiday season is particularly pronounced among younger shoppers. 44% of digital natives (under 45) intend to engage in their festive shopping during promotional periods like Black Friday and Cyber Monday.

Conversely, older shoppers are more likely to adopt more traditional approaches to better manage budgets for their festive purchases. These include self-imposed spending limits, trading down to value brands and using cash more frequently.

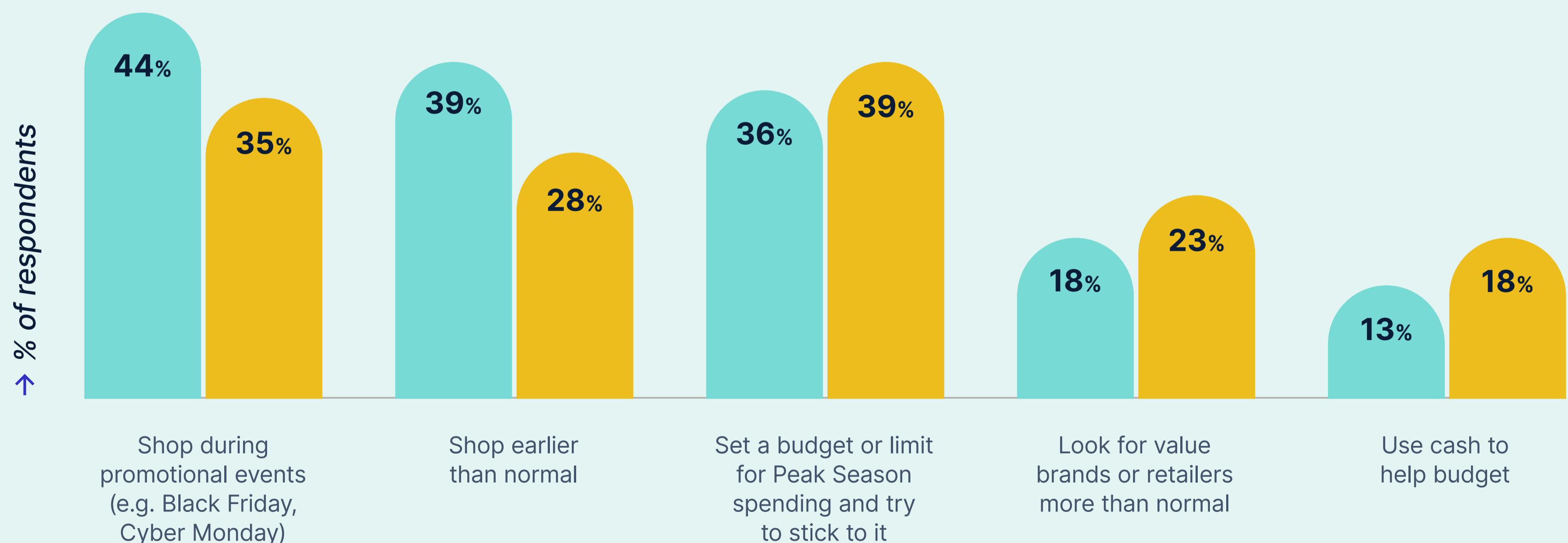


*Younger shoppers embrace early shopping and sales events*

**Fig 11: Shopping behaviours by generations**

Q: Do you plan to do any of the following when shopping over the Peak Season this year?

- Digital natives (aged under 45)
- Digital adopters (aged over 45)



Source: Retail Economics, Autane

## THEME 2:

## PEAK CHANNEL TRENDS: ONLINE TO FARE BETTER

Ecommerce performances have significantly fluctuated in recent years. Many businesses experienced unprecedented highs during the pandemic, followed by lows as stores reopened and spending reverted to physical channels quicker than expected.

The 2022 holiday season saw a strong resurgence in physical store sales as shoppers gravitated to in-person experiences in what was the first 'normal' Christmas since Covid. There were also many bargains to be had in-store as retailers turned to discounting to clear inventory backlogs as supply issues eased and consumer demand softened.

While the consumer backdrop remains tough, **our research indicates better online prospects this year.** 57% of consumers globally plan to do most, if not all, of their holiday shopping online, up from 49% last year (Fig. 12).

Merchants are in agreement, with 41% expecting customers to shop more online compared to last year, versus less than 10% expecting to shop more in-store – with the caveat that most retailers surveyed are online sellers.

For many brands, the distinction between online and in-store is now less relevant. **Consumers are adopting omnichannel behaviours, transitioning between digital and physical channels** on the path of least resistance towards purchase. They want the ability to shop effortlessly across all channels reaping maximum benefit, including browsing online, ordering via apps, and collecting in-person, with marketplaces playing an increasingly pivotal role in facilitating demand for seamless and convenient shopping experiences.

**Fig 12: Consumers' channel preferences for Peak 2023**

Q: Where do you plan to do most of your Peak Season shopping this year?



Source: Retail Economics, Autane

## MARKETPLACES TO OUTPERFORM

Online marketplaces (e.g. eBay, Amazon) are set to be the most popular online channel for consumers during the holiday season.

**Nine in ten (88%) shoppers plan to shop on online marketplaces for their holiday shopping this year.**

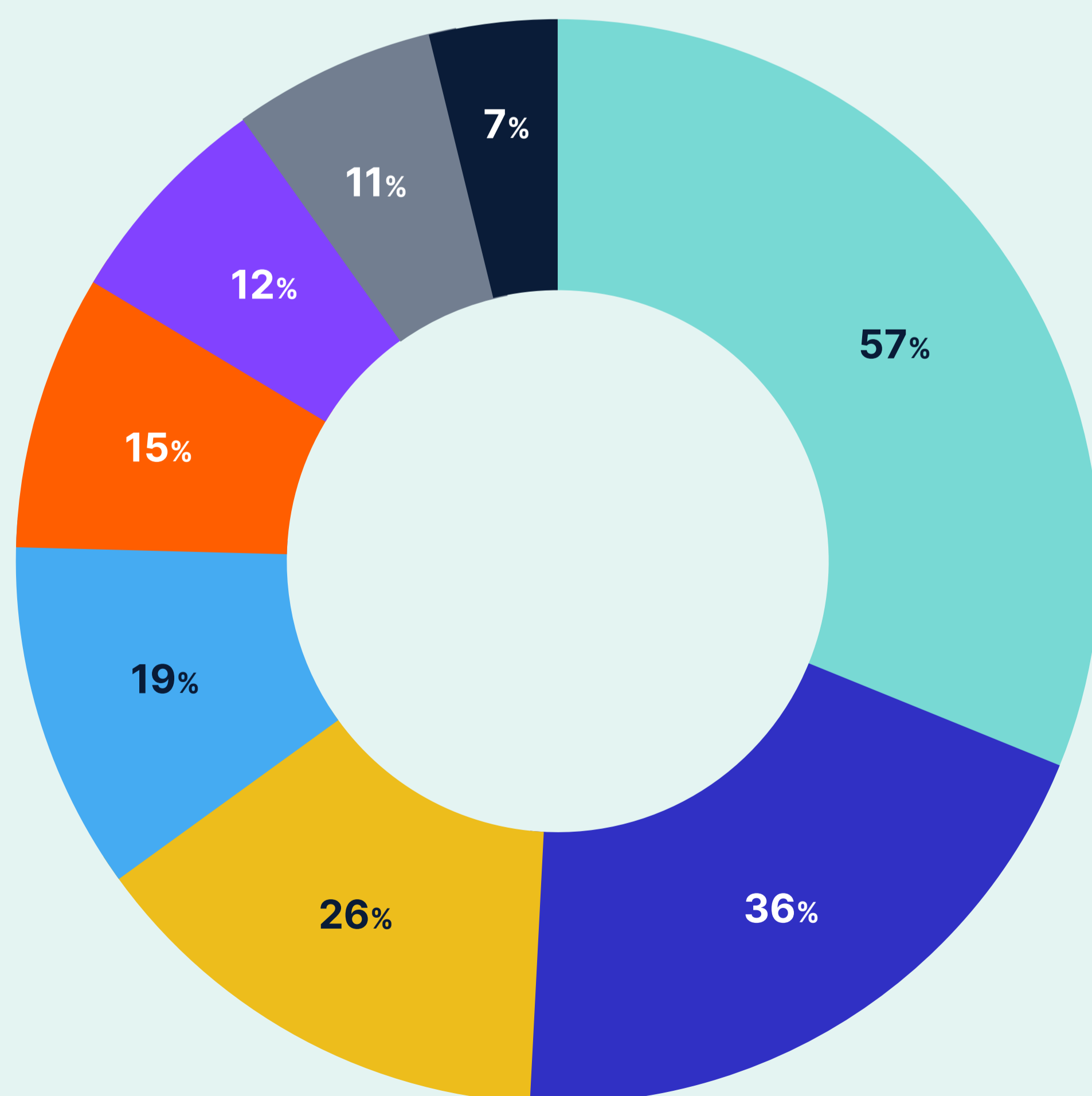
Around **one in every two online orders over the holiday season will be made via a marketplace**, including general marketplace giants such as Amazon and eBay, and more specialty marketplaces such as Etsy and Depop.



**Fig 13: Shoppers' most popular online channels over Peak Season**

Q: Which of the following online channels do you expect to use for your holiday shopping (e.g. Black Friday and Christmas) this year?

- General e-commerce marketplaces (Amazon, eBay, etc.)
- Retailers websites
- Specialist marketplaces (Etsy, Depop, etc.)
- DTC/Brand websites (Nike, Apple, etc.)
- Local marketplaces (e.g. Facebook Marketplace)
- Small or independent marketplaces
- Deal or discount website
- Social media



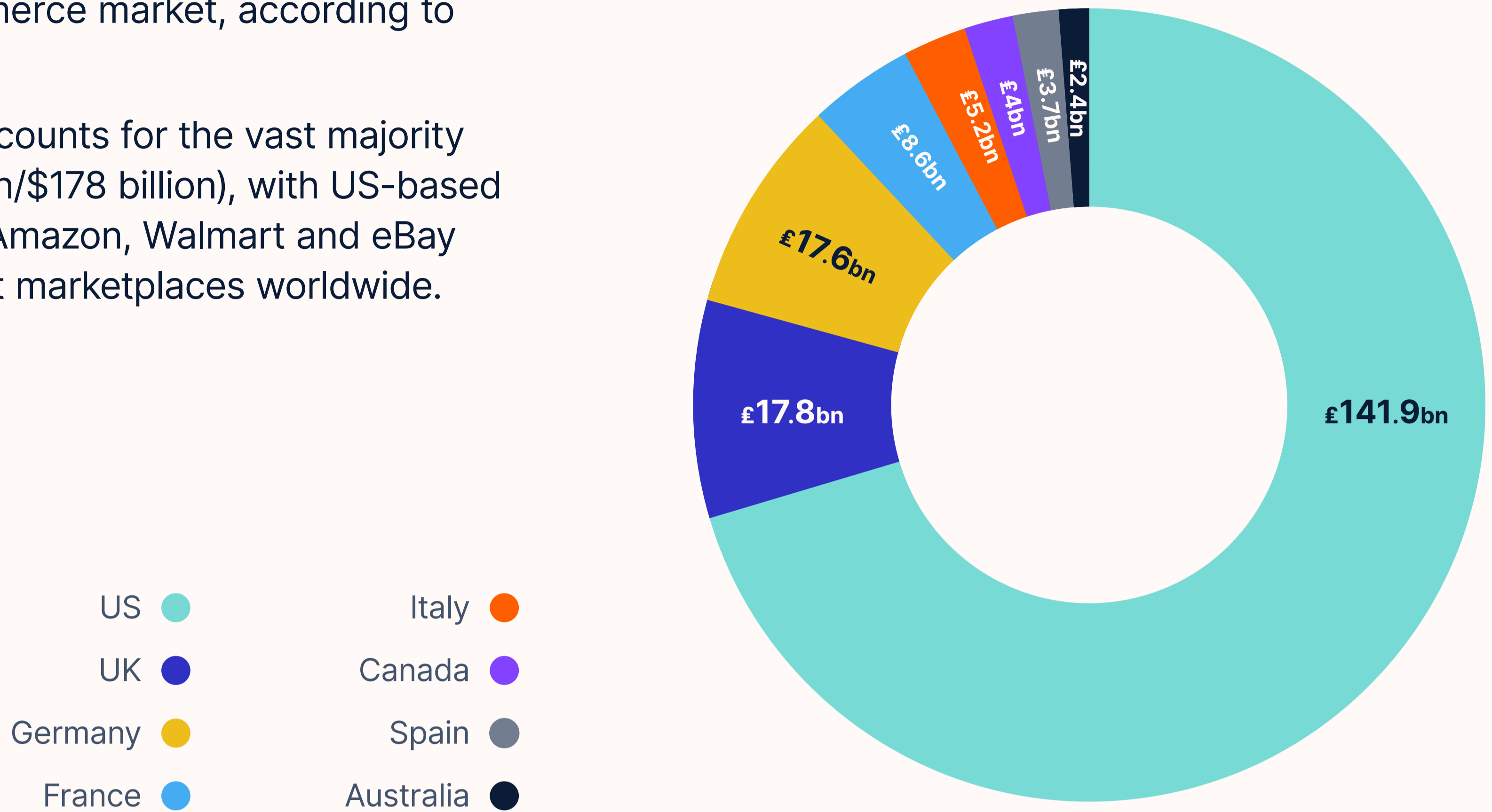
→ % of respondents



Across our eight markets, **online marketplaces will account for £202 billion worth of sales over the Peak Season**, with growth outpacing the wider e-commerce market, according to Retail Economics.

North America accounts for the vast majority of this (£142 billion/\$178 billion), with US-based retailers such as Amazon, Walmart and eBay among the largest marketplaces worldwide.

**Fig 14: Online marketplaces sales projected over the Peak Season**



**Fig 15: Main differences between online marketplaces and direct online retail**

Online marketplace model	Direct online retailer
<ul style="list-style-type: none"> <li>● <b>Multi-Seller Platform:</b> Curates products from diverse sellers, offering a wide selection of products and services.</li> <li>● <b>Aggregated Inventory:</b> Typically don't own inventory; instead, the platform facilitates transactions between third-party sellers and buyers.</li> <li>● <b>Pricing:</b> Sellers typically set their own prices. Drives competitive prices due to sellers vying for attention.</li> <li>● <b>Customer data:</b> Sellers may receive limited buyer information for transaction processing.</li> <li>● <b>Fulfilment:</b> May be managed by individual sellers or by the marketplace itself, depending on the platform's policies. Some marketplaces offer fulfilment services to sellers.</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Single-Seller Model:</b> Offers products directly from the retailer's inventory.</li> <li>● <b>In-House Inventory:</b> Owns and manages its inventory, which is sourced from suppliers or produced in-house.</li> <li>● <b>Pricing:</b> The retailer determines the prices at which products or services are sold to customers.</li> <li>● <b>Customer data:</b> Retailers hold complete customer data, enabling personalised marketing and customer service.</li> <li>● <b>Centralised Fulfilment:</b> Retailers have direct control over fulfilment, allowing them to maintain consistent quality, branding, and delivery times.</li> </ul>

## WHAT IS DRIVING THE GROWTH OF MARKETPLACES?

Online marketplaces are becoming increasingly relevant with more retailers recognising the value of forming partnerships and offering consumers a wider range of choice, hosted by brands they know and trust. They represent an attractive alternative to traditional first-party online channels, with **68% of shoppers globally indicating marketplaces as their preferred method to shop online.**

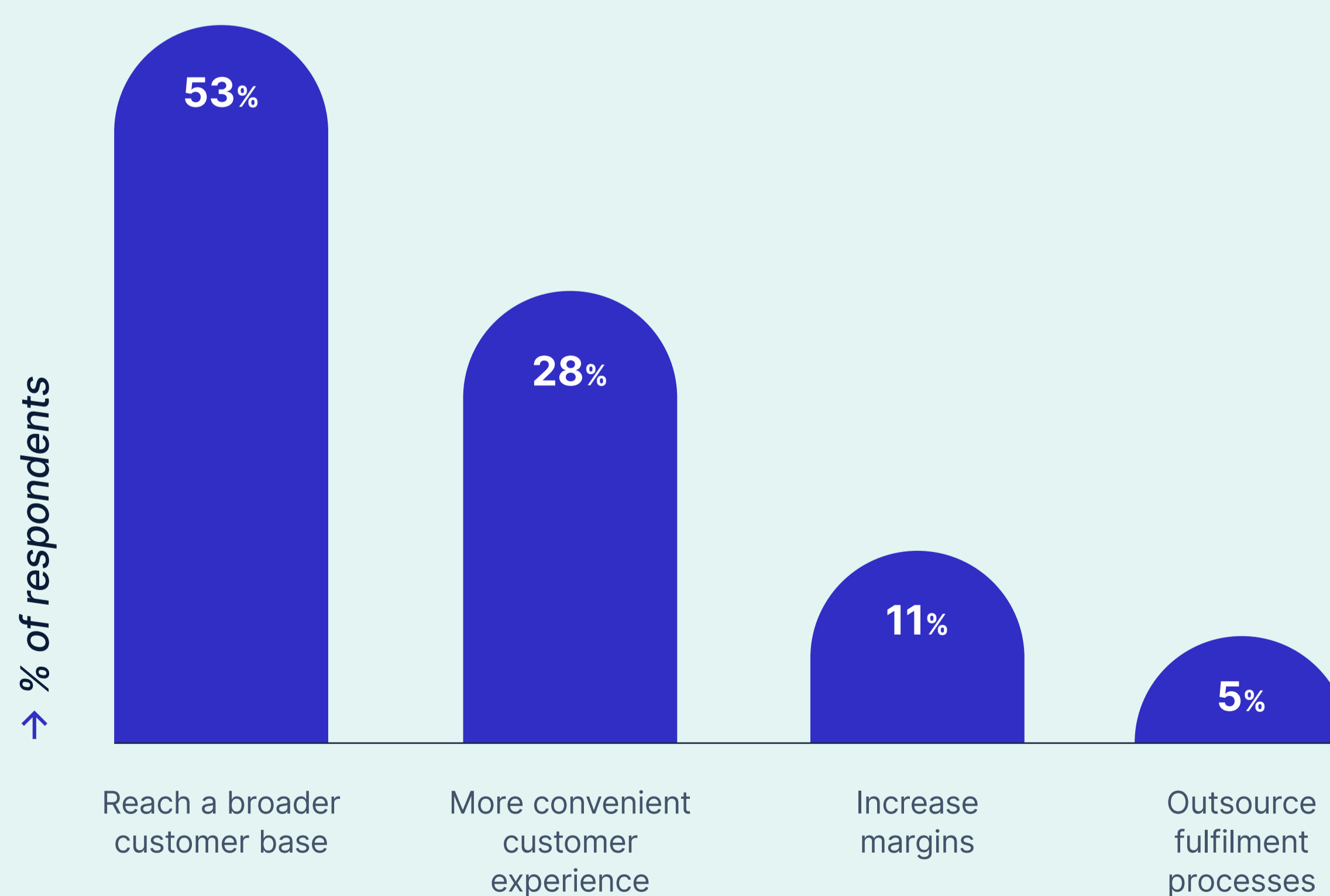
In a competitive retail environment with high customer expectations and fragile loyalty, **marketplaces deliver the convenience (shipping times, wider assortment, and product availability) and compelling value that consumers demand;** so much so, that almost half of online product

searches now start on marketplace platforms in key markets such as the US and UK.

Leading retailers from across North America and Europe (including Macy's, H&M, Decathlon, and B&Q) have recently launched marketplace propositions, opening up their online storefronts to third parties to attract shoppers and drive loyalty.

For sellers and smaller brands, marketplaces offer access to a larger customer base and economies of scale, considerably reducing investment costs in fulfilment and developing their own online presence (Fig. 16).

**Fig 16: Reasons for selling via online marketplaces according to merchants**



**Fig 17: Benefits of shopping with online marketplaces according to consumers**



### **CHOICE**

With an extensive choice of products and gift options from various sellers, marketplaces provide shoppers with a one-stop destination to fulfil their diverse shopping needs.



### **CONVENIENCE**

The ease of browsing, comparing products, and reading customer reviews within a single platform also aligns well with the time-sensitive nature of holiday shopping, and reduces decision-making complexity.



### **COMPETITIVE PRICES**

Marketplaces harness their extensive scale and promote seller competition, driving competitive prices. This approach, facilitating various sellers to vie for shoppers' attention, resonates with consumers seeking value-for-money, especially in the current environment. Particularly for older consumers, competitive pricing is the key driver for shopping via marketplaces as opposed to purchasing directly from online retailers (Fig. 18).



### **MEMBERSHIP INCENTIVES**

Marketplaces like Amazon Prime often provide free and swift delivery which offers both convenience and cost savings, especially given current cost-of-living issues. Their extensive product range offers product 'bundles' (i.e. multiple associated products), consolidating orders and reducing shipping fees. A third of shoppers under 45 indicate marketplaces as their first option due to their account benefits (e.g. special deals and enhanced delivery options).



### **SHOP SECOND-HAND**

The increasing popularity of preowned marketplaces (e.g. Vinted, Depop) empowers cost-conscious shoppers with the option to acquire affordable used goods or older models.

Source: Retail Economics, Autane

Notably, there is more headroom for further growth and expansion of marketplaces - **over half (57%) of shoppers wish their favourite brands/products were more widely available on online marketplaces.**

*Older shoppers value low prices and comparison shopping, while time-poor younger shoppers and choice offered by marketplaces*

**Fig 18: Consumers' reasons for shopping on marketplaces, by generation**

Q: What do you see as the main benefits of shopping with an online marketplace rather than a specific/individual retailer (in-store or via retailer website)?



Source: Retail Economics, Autane

## THEME 3:

## PEAK DELIVERY PRIORITIES: BEYOND FREE SHIPPING

The holiday season is a prime opportunity for brands to tap into new customer segments and build loyalty with existing ones. But with customer loyalty fragile and high expectations, understanding how shoppers' delivery preferences and priorities shift during Peak Season is crucial.

### CONSUMER EXPECTATIONS VS. MERCHANT REALITIES

Comparing consumers' delivery priorities between Peak and non-Peak periods, and against merchant expectations, reveals interesting trends.

In our Ecommerce Delivery Benchmark Report 2023, we showed how consumers' financial concerns were impacting delivery priorities. The cost of delivery was clearly the most important conversion factor, ahead of speed and convenience (i.e. choice of delivery location).

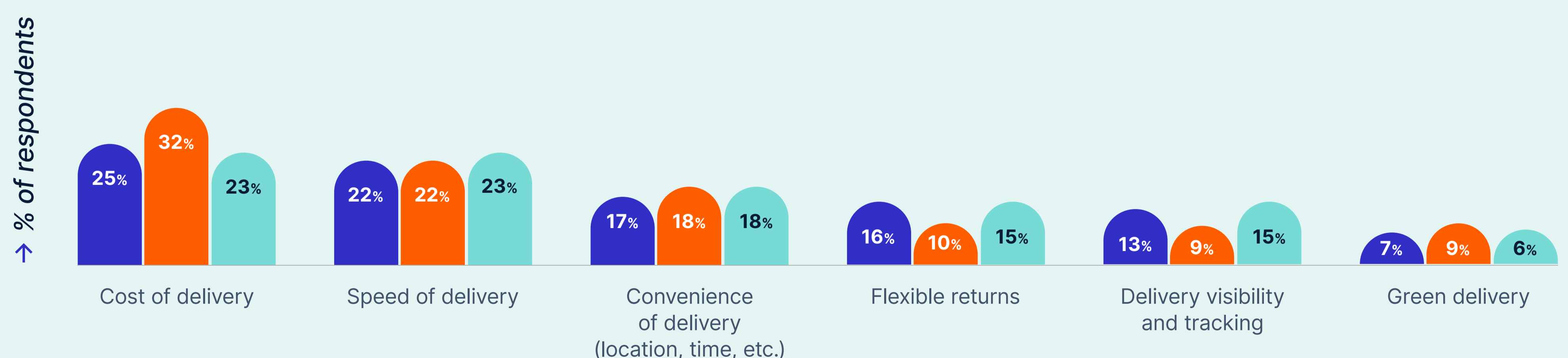
While the cost of delivery remains significant, its influence appears somewhat tempered during

Peak Season. The **unique seasonal dynamics and heightened emphasis on gift-giving** associated with the holiday period amplifies the value that shoppers assign to other aspects of the delivery experience. Examples include **flexible returns** (i.e. generous return window, intuitive returns policy) and **visibility of the parcel journey**, both of which gain importance at Peak Season (Fig. 19).

[Download the Ecommerce Delivery Benchmark Report](#)

**Fig 19: Delivery aspects of main importance during the Peak Season**

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



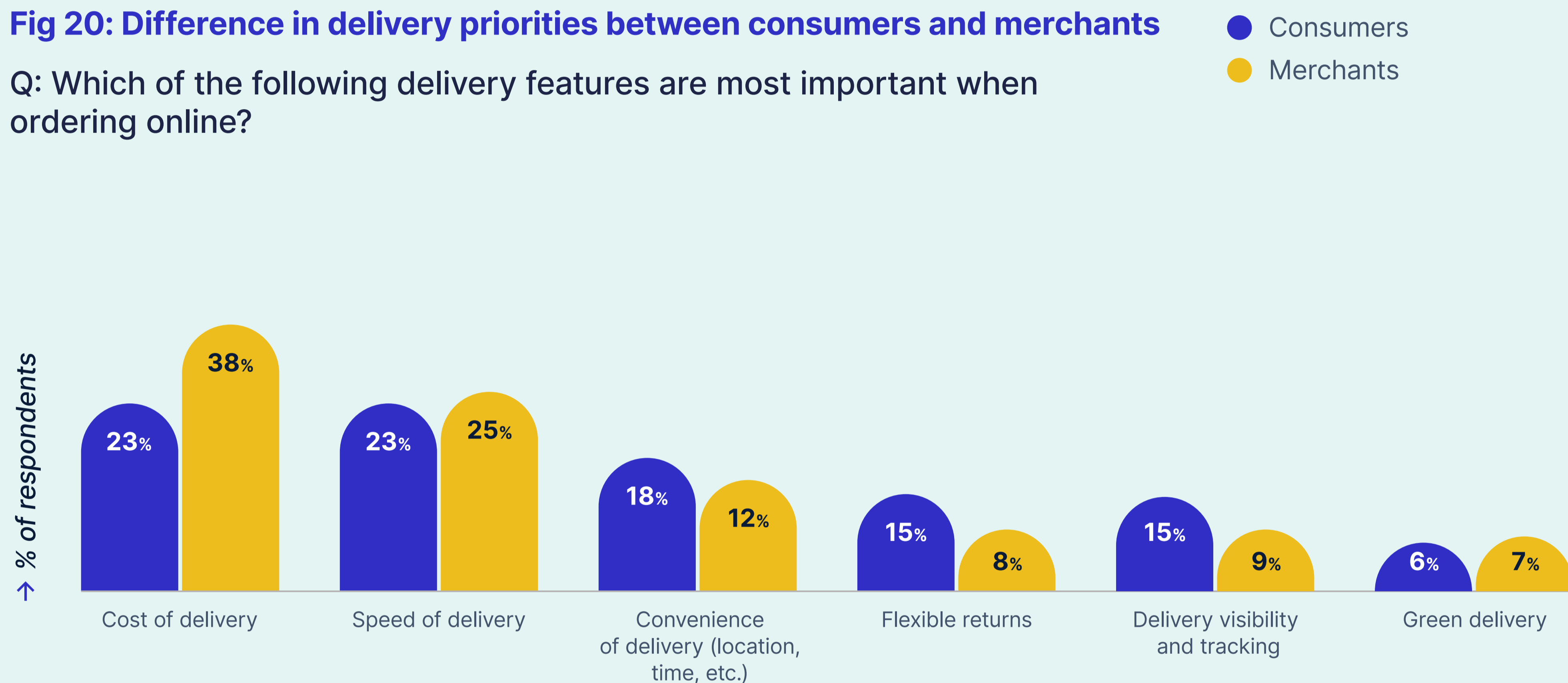
Source: Retail Economics, Autane

As Fig. 20 shows, online merchants have an inflated perception of the importance of free or low-cost delivery during the holiday season,

while understating the importance of delivery speed, convenience, and reliability (e.g. parcel tracking, communication from seller).

**Fig 20: Difference in delivery priorities between consumers and merchants**

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



Source: Retail Economics, Autane

## We have solutions for every delivery format:

**Packlink<sup>®</sup> PRO**  
Simply Shipping

The premier online shipping solution for smaller sellers in Europe

**ShipStation<sup>®</sup>**

The leading web-based order management and shipping software

**METAPACK**

Best-in-class provider of ecommerce delivery technology to enterprise businesses

**{G} SHIPENGINE<sup>®</sup>**

The API shipping software of choice for marketplaces, 3PLs and ecommerce merchants

Delivery speed remains a consistent priority throughout the calendar year. However, at Peak, it holds equal importance to delivery cost, as shoppers seek to receive orders in time for that 'big day'.

**Half of shoppers expect an online purchase to arrive in under two days over the holiday season** (as standard), rising to as high as 62% in the US.

*Providing online shoppers a positive delivery experience can turn one-time users into repeat, loyal customers. According to the UPS Europe Smart Ecommerce report, 85% of European consumers say that an online store's choice of delivery partner is a key consideration, and 41% say it would be a key driver for future purchases.*

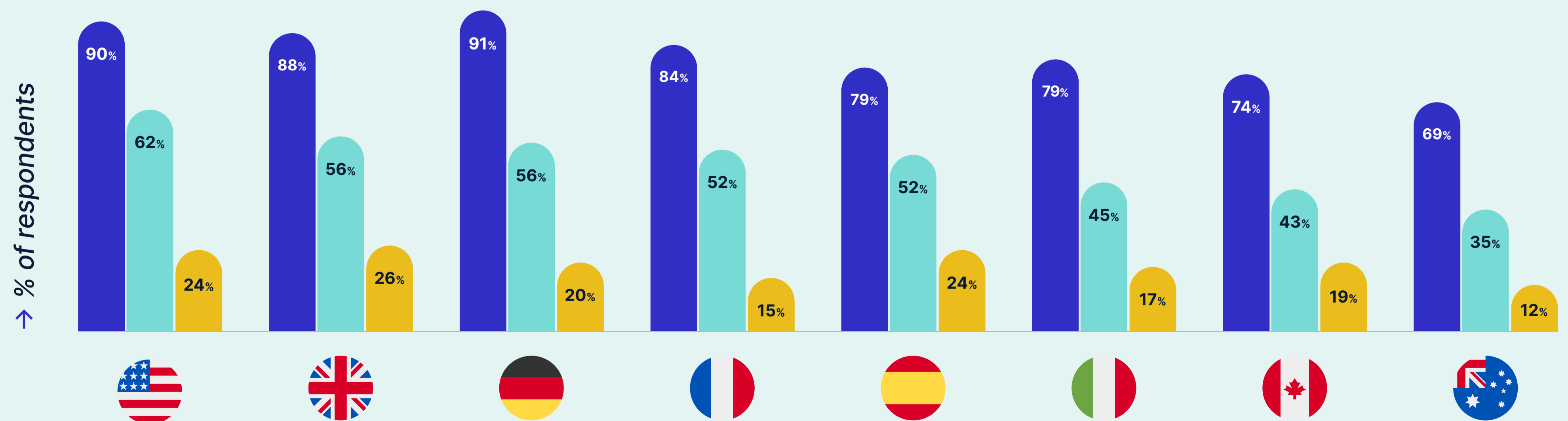


**DANA NINO**  
Global Vice President  
of Marketing at UPS

**Fig 21: Delivery speed expectations during the Peak Season by country**

Q: How quickly do you expect a package to arrive during the Peak Season, without paying extra for shipping?

- Within 4 days
- Within 2 days
- Same day / Next day



Source: Retail Economics, Autane

Yet, less than a third (31%) of merchants offer delivery of two days or less as standard (two days or less), and only three quarters (72%) deliver in four days or less.

Across all markets, **shoppers' expectations are higher than normal over the holiday season** – they demand speedy and punctual parcel journeys with regular updates, delivered to their location of choice, with the reassurance of hassle-free return options.

This poses **significant operational challenges and complexities** at the busiest period for retailers and sellers. Alongside long standing industry benchmarks around offering free delivery, this can lead to significant margin erosion denting retailers' profitability.

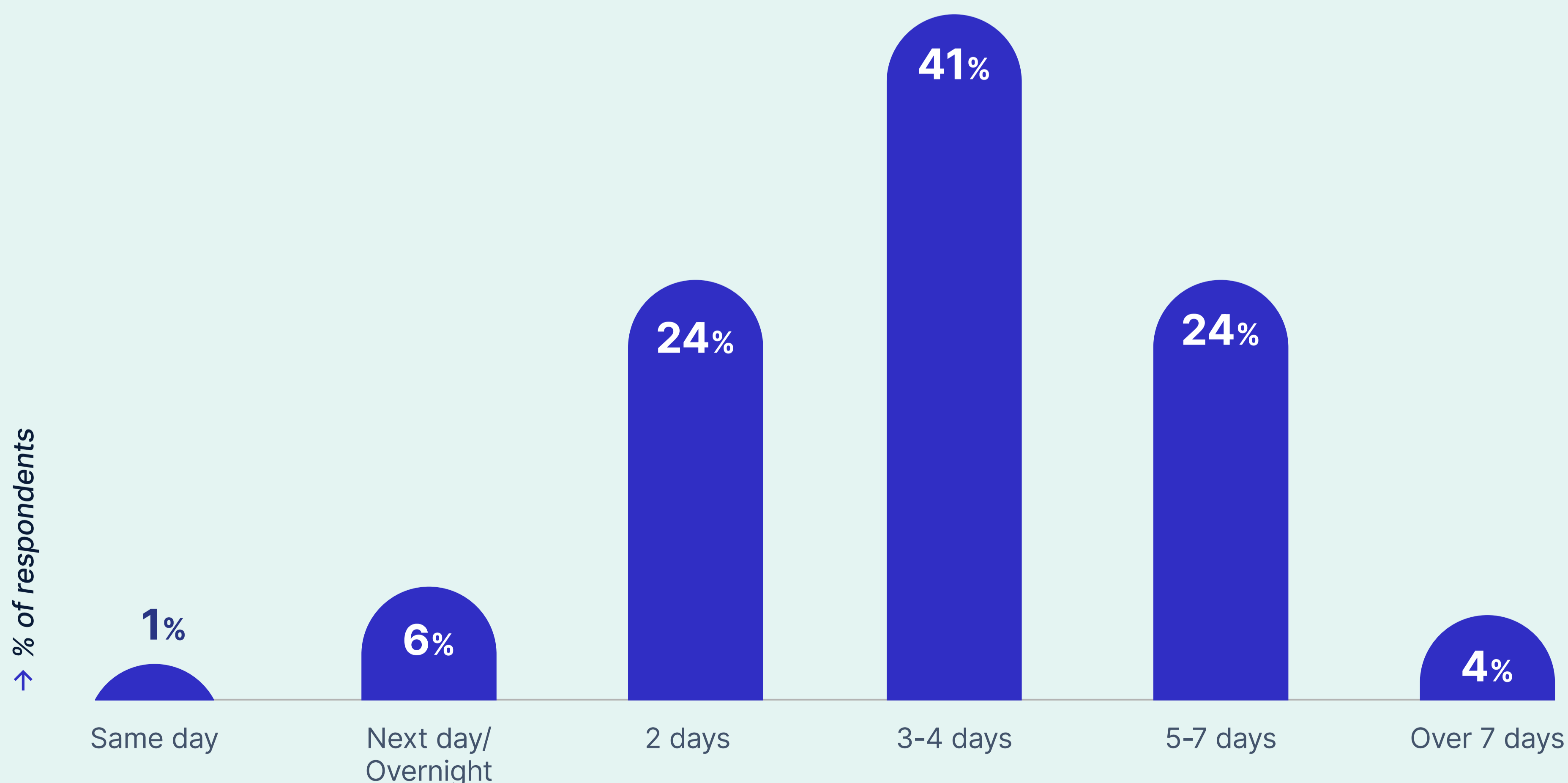
*Together with ShipStation, we are committed to helping fast-growing and enterprise brands power shipping success and get products to customers as fast as possible. ShipStation's seamless store integration and automated tasks saves our merchants time, and ensures accuracy so they can focus on what's important – growing their business.*



**SHANNON INGREY**

Vice President and General Manager  
APAC at BigCommerce

**Fig 22: Merchants standard delivery times at Peak Season**



Source: Retail Economics, Autane



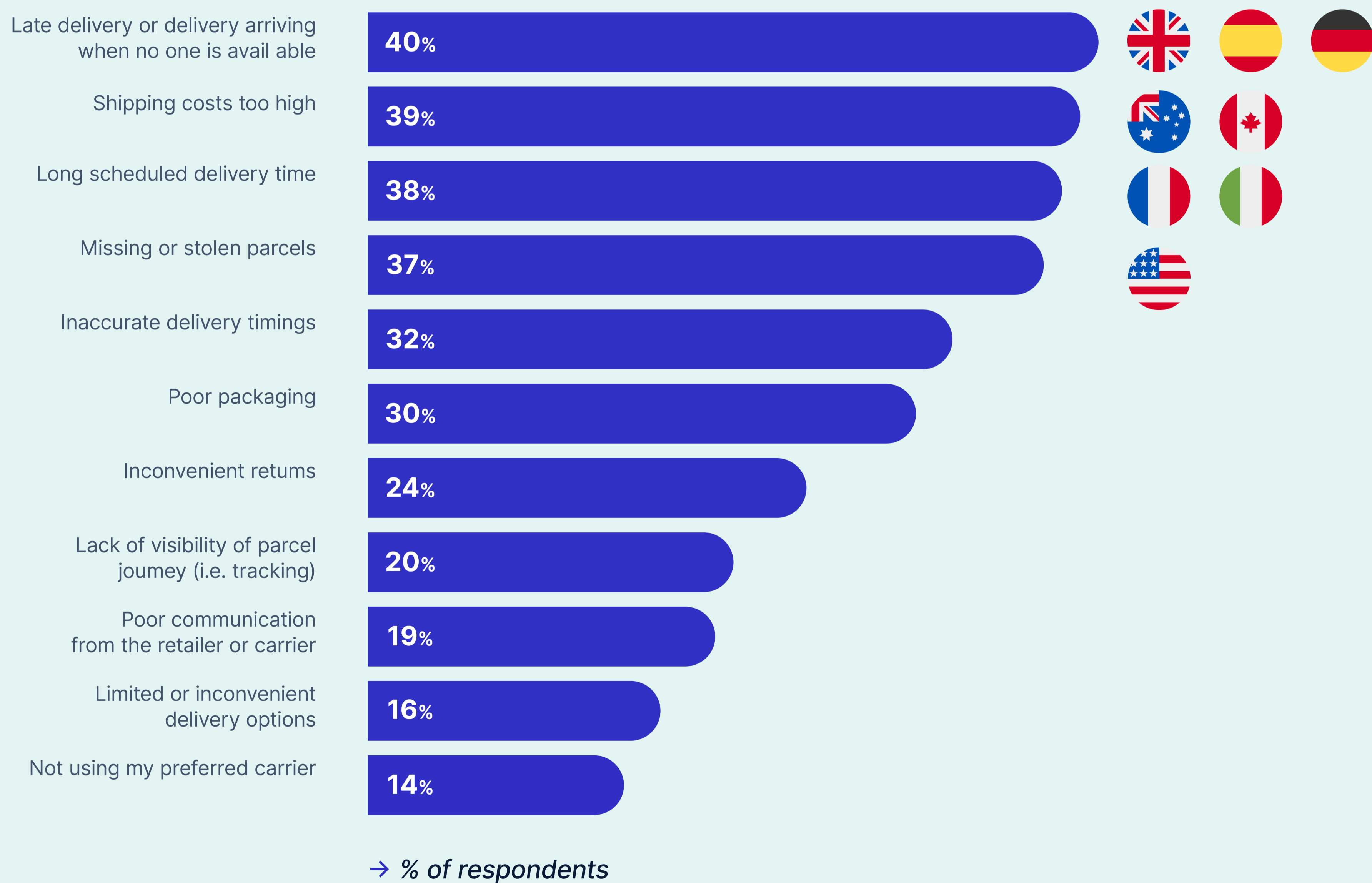
Fig 23 shows the top delivery frustrations experienced by shoppers during peak season. **Delivery delays, missed deliveries** due to unavailability, and **lengthy delivery schedules** are among the most common grievances.

Specific pain points vary by country. In the UK, Germany, and Spain, late deliveries top the list.

France and Italy are concerned about slow delivery times, while 'missing' parcels are a significant issue in the US. In Australia and Canada, high shipping costs irk shoppers the most.

To excel, **retailers need region-specific strategies** that address these challenges efficiently and cost-effectively.

**Fig 23: Top delivery frustrations during Peak Season**



**Note:** Fig 23 indicates the global results. The flags indicate the top concern on that market that may differ from the global trend.

# PREPARING THE WAREHOUSE FOR PEAK SEASON

During the Peak Season, the rush on online stores is great and the processes in the warehouse are put to a real stress test. Here are four tips to prepare your warehouse for Peak Season success.

## DEVELOP AN INVENTORY STRATEGY

Based on the results of an ABC-XYZ analysis, the warehouse layout as well as the purchase of articles can be optimised. Resulting in shorter routes in the warehouse thanks to an optimised layout, as well as the avoidance of overselling and stock-outs.

## DIGITISE ORDER FULFILMENT

The second tip is to phase out pen and paper and digitise order fulfilment! The market for modern software to digitise fulfilment is broad and offers an appropriate solution for every requirement. One requirement that is literally superfluous is the full integration of the WMS into the leading order processing system.

## ESTABLISH TRANSPARENCY

It is generally super-important to have knowledge about the performance of your warehouse, but especially during such busy periods as around promotional days. Key performance indicators and metrics need to be defined and, of course, tracked. Common KPIs here include real-time stock levels, order throughput times, pick-and-pack times, or time spent per order.

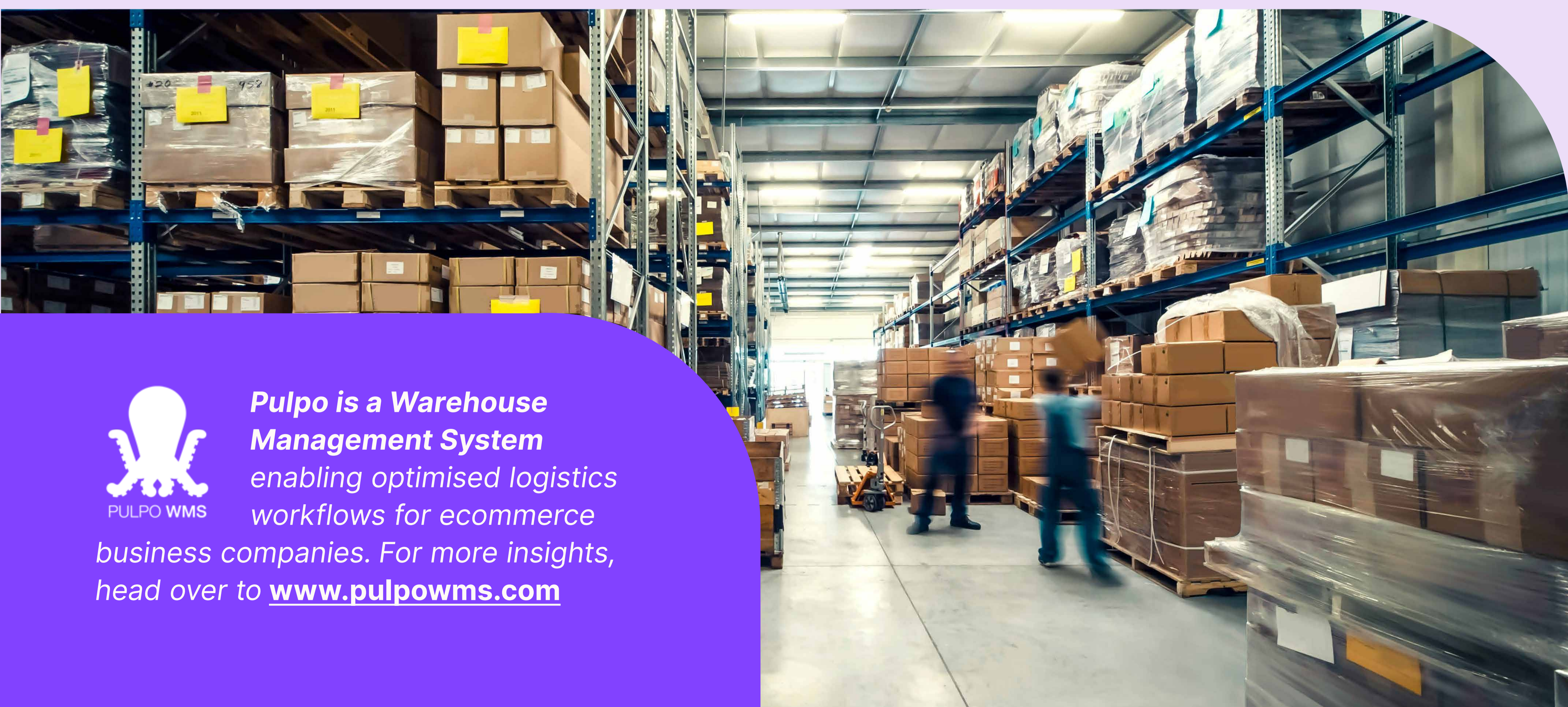
## PERFECTING RETURN MANAGEMENT

It is important to make it as easy as possible for customers to return their orders. The best solution is a digital returns portal, through which customers can easily initiate the return. For the warehouse, it is important to be able to handle returns without problems and process them in the storage facility. By integrating a WMS with relevant third-party systems such as Shipping Techs and ERP, this is easily achievable.



**Pulpo is a Warehouse Management System**  
*enabling optimised logistics workflows for ecommerce*

*business companies. For more insights, head over to [www.pulpowms.com](http://www.pulpowms.com)*



## FREE DELIVERY NO LONGER A PREREQUISITE

Leveraging free delivery as a strategy to entice customer spending is a proven technique to drive sales – but it’s by no means the only tactic. Empowering shoppers with a choice of convenient delivery options is the way to success over the holiday season.

In an increasingly competitive online marketplace where cost pressures continue to mount, **the ‘race to the bottom’ on pricing can compromise customer delivery experiences**, risking frustration and damaged loyalty.

Other premium delivery approaches are often more suitable, depending on the shopper mission and product type. Our research suggests that the

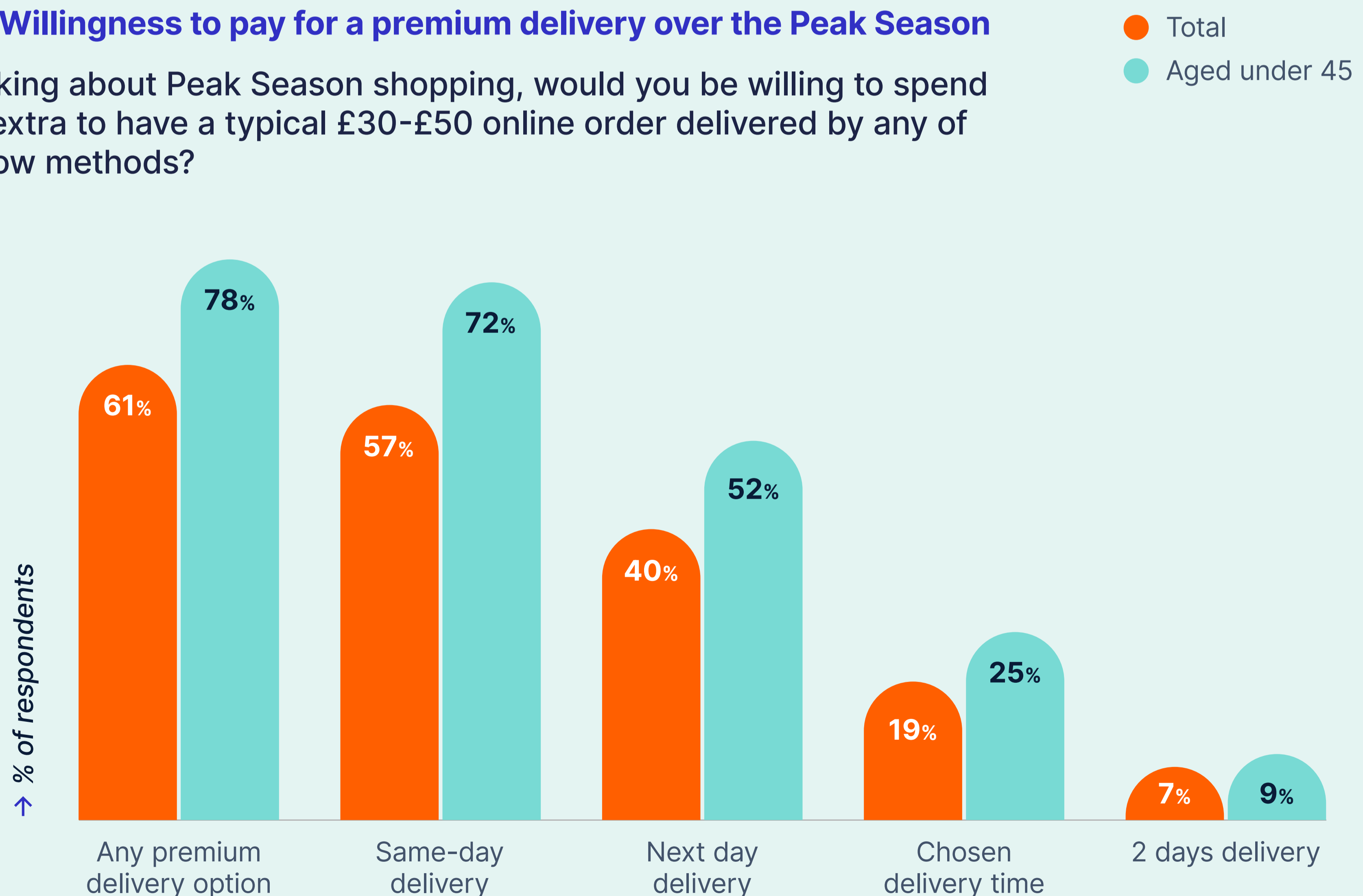
holiday season is an occasion where shoppers are receptive to paying a small fee for a reliable, high quality delivery experience.

Our survey found that a significant majority of **consumers (61%) are willing to pay up to £6 extra** for services such as same day, next day or nominated delivery during the holiday season.

Willingness to pay rises to as high as 78% among digital natives (Millennials and Gen Z) – the most commercially significant consumer demographic for online retail. These digital-native shoppers, often time-poor with young families juggling busy schedules, place a high value on speed and convenience.

**Fig 24: Willingness to pay for a premium delivery over the Peak Season**

Q: Thinking about Peak Season shopping, would you be willing to spend £5-£6 extra to have a typical £30-£50 online order delivered by any of the below methods?



## PREMIUM DELIVERY AND MAINTAINING PROFITABILITY AT PEAK

Spiralling cost pressures are forcing online businesses to switch focus from growth to profitability. This includes rethinking the foundational (e-commerce) principle that fast, free delivery should be provided to customers at any cost.

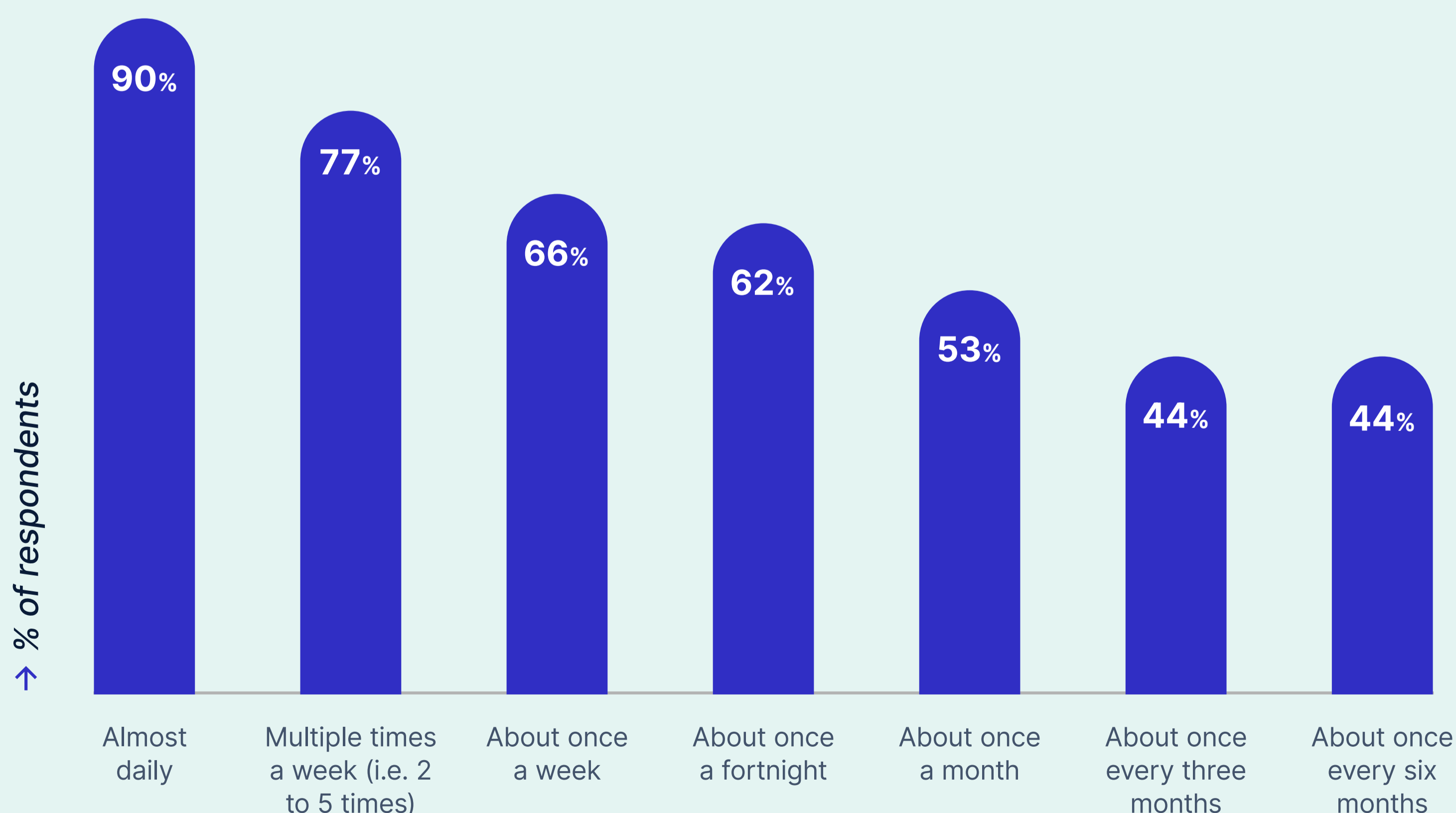
Many brands have increased fees for faster deliveries, introduced return charges, and have raised minimum purchase values for free delivery. Even some marketplaces are introducing an additional charge for same day, next day or premium delivery options, to help stem final-mile losses.

Raising fees for shoppers grappling with their own financial challenges might appear risky, particularly during the intensely competitive Peak Season. Some retailers even scale back premium delivery options at this time of the year to manage capacity constraints.

However, our research reveals a crucial insight: **the inclination to pay for premium delivery is closely connected with the frequency of online shopping** (Fig 25). This link supports the case for premium delivery services at Peak, creating an avenue to implement premium delivery services or paid delivery membership fees tailored for loyal customers. This strategic move isn't just prudent from a profitability standpoint; it wields substantial potential for retailers.

Incorporating premium delivery choices alongside low-cost alternatives not only enriches customers' selection and flexibility, but also introduces additional revenue streams that can potentially offset costs associated with free delivery, boosting profitability.

**Fig 25: Willingness to pay for a premium delivery according to online shopping frequency**



Source: Retail Economics, Autane

# Strategies for success at Peak

The retail industry has faced unprecedented challenges in recent years. Now, Peak 2023 will test its resilience once more. We explore the key themes that can help retail brands improve operations during Peak trading.



## OPTIMISING HOLIDAY PROMOTION STRATEGIES

As the holiday season approaches, retailers face a **delicate balancing act between driving sales and maintaining profitability**. Shoppers are embarking on their holiday buying journeys earlier than ever, seeking value for money and aiming to capitalise on promotional events such as Black Friday. The allure of mega-sale events like Black Friday can tempt businesses into deep discounting and prioritising free delivery, potentially eroding profit margins amidst rising costs.

While such strategies can boost short-term revenue, they should be approached with caution. Considering various commercial factors like balance sheet strength, pricing power, market share dynamics, and regional competition, many retailers will need to **explore ways to maximise operational efficiencies and profitability - instead of relying solely on heavy discounting** for long-term success.

Sophisticated use of analytics and forecasting tools can help retailers with targeted promotions, sophisticated customer segmentation, optimising inventory management, reducing overstocking, and minimising the need for steep markdowns. Given the soft consumer backdrop in many markets, there will be pressure on retailers to focus on value to entice a wider range of customers and to remain relevant. Using data to create sophisticated customer segmentations (e.g. based on the most profitable customers) can provide a much higher return on investment. Retailers can transform their data into competitive advantages, helping to **personalise promotional messaging** and shift away from generalised marketing.

By focusing on operational efficiency and adopting intelligent promotion strategies, retailers **ensure that peak season sales contribute to long-term profitability** rather than being a short-term spike.




## OFFERING A RANGE OF DELIVERY OPTIONS FOR PEAK SEASON SUCCESS

During the bustling holiday season, consumers demand a greater choice of delivery options, and many are willing to pay for premium services to match their heightened needs and expectations. Retailers must, therefore, ensure they **offer a comprehensive suite of delivery choices, catering to the diverse needs of customers.**

This includes economical shipping solutions to expedited delivery services and convenient out-of-home locations, providing a valuable middle ground that effectively balances cost considerations and delivery speed.

By adopting this approach, retailers not only safeguard their bottom line but also **meet the heightened expectations of customers during the peak season**, preventing potential profit erosion and contributing to a smoother and more satisfying shopping experience.



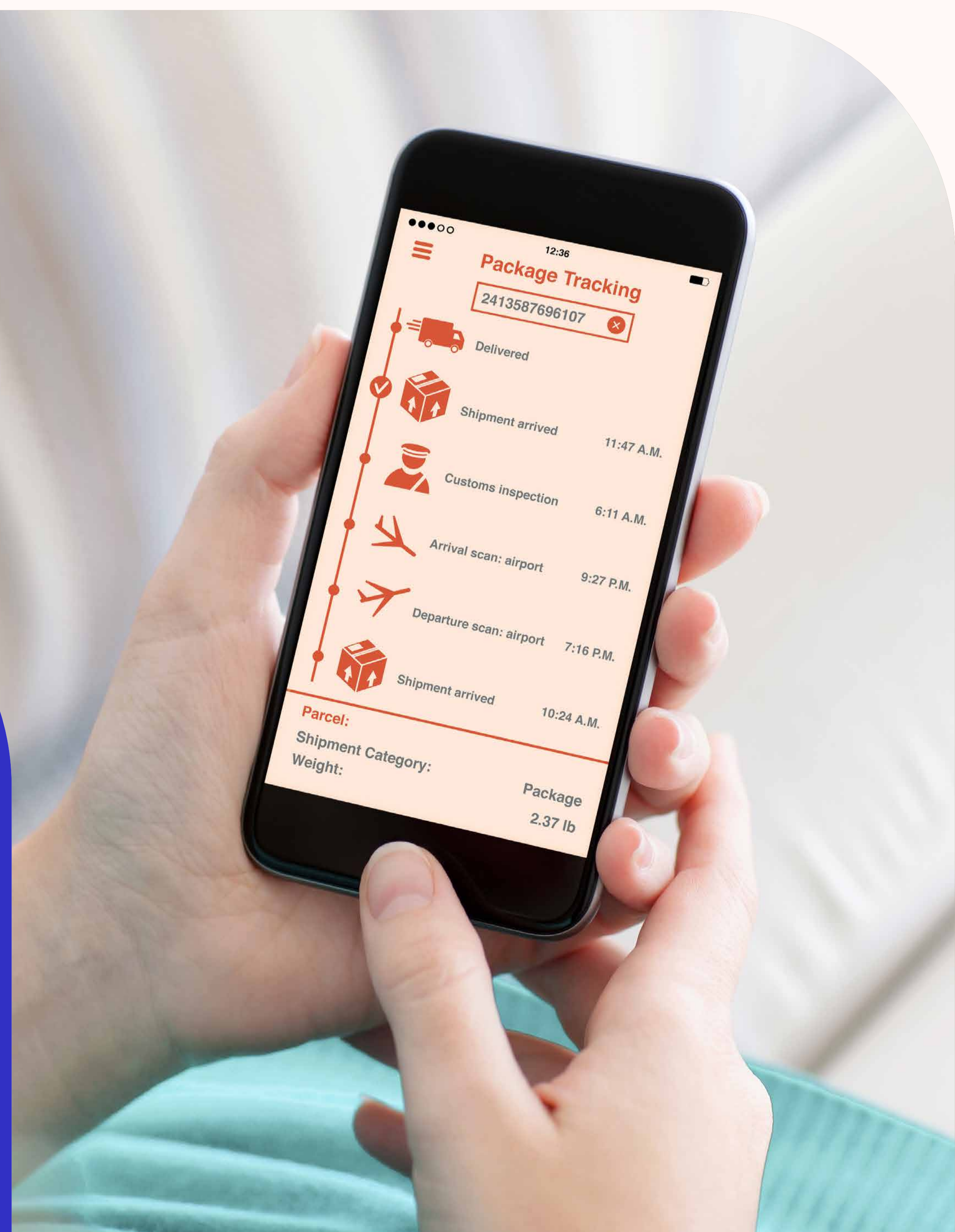
***Metapack's Delivery Options allows you to present a range of delivery services at checkout, from premium carrier services to more affordable ones, you can cater for your customers' varied delivery preferences. Reduce basket abandonment and convert more the with real-time personalised delivery options, showing accurate delivery dates and cut-off times, displayed across your website.***

## CUSTOMER CENTRIC COMMUNICATION FOR PEAK SEASON PROFICIENCY

Clear and consistent communication with customers takes on paramount importance during the peak season, where **consumers tend to be more impatient and expect enhanced transparency**. This is particularly true in light of the current economic backdrop where savvy consumers shop around, switch channels, and abandon baskets if demands are not met. To stay competitive, retailers must embrace a customer-centric approach with targeted communication that recognises these behaviours.

By integrating advanced tracking and communication systems, retailers can **provide real-time updates on delivery progress**, enhancing transparency and trust. These updates serve to alleviate uncertainty, providing customers with peace of mind regarding their deliveries. Effective communication of this nature goes beyond preventing cart abandonment; it actively contributes to a positive shopping experience. By prioritising a seamless, customer-centric delivery journey, retailers not only secure sales during peak periods, but also **cultivate long-lasting brand loyalty** that extends beyond the festive rush.

*With ShipEngine's [Tracking API](#), you can attract and retain more customers by building enhanced tracking experiences. Notify your customers every step of the way, resulting in less WISMO (where is my order?) queries and empower your customer service team with the information they need to quickly and accurately resolve shipping issues.*





## THE POWER OF MARKETPLACES AT PEAK

Our research underscores the pivotal role marketplaces play during the holiday season, with growth outpacing the wider online retail market. For retailers and brands, these platforms represent a **valuable opportunity to extend their reach and access a broader audience.** By harnessing the power of marketplaces, retailers can strategically position themselves to tap into this growth potential. This allows them to connect with a larger customer base, expanding their product offerings and bolstering their presence in the e-commerce landscape. As retailers seek to make the most of the peak season, **capitalising on marketplaces is a strategic move** that can significantly contribute to their success.

*To ensure you're able to capitalise on the growth of marketplaces, [ShipEngine](#) and [ShipStation](#) enable seamless integration with leading selling channels, such as eBay, Amazon and more. These integrations enable you to automatically import orders and benefit from powerful shipping functionality.*

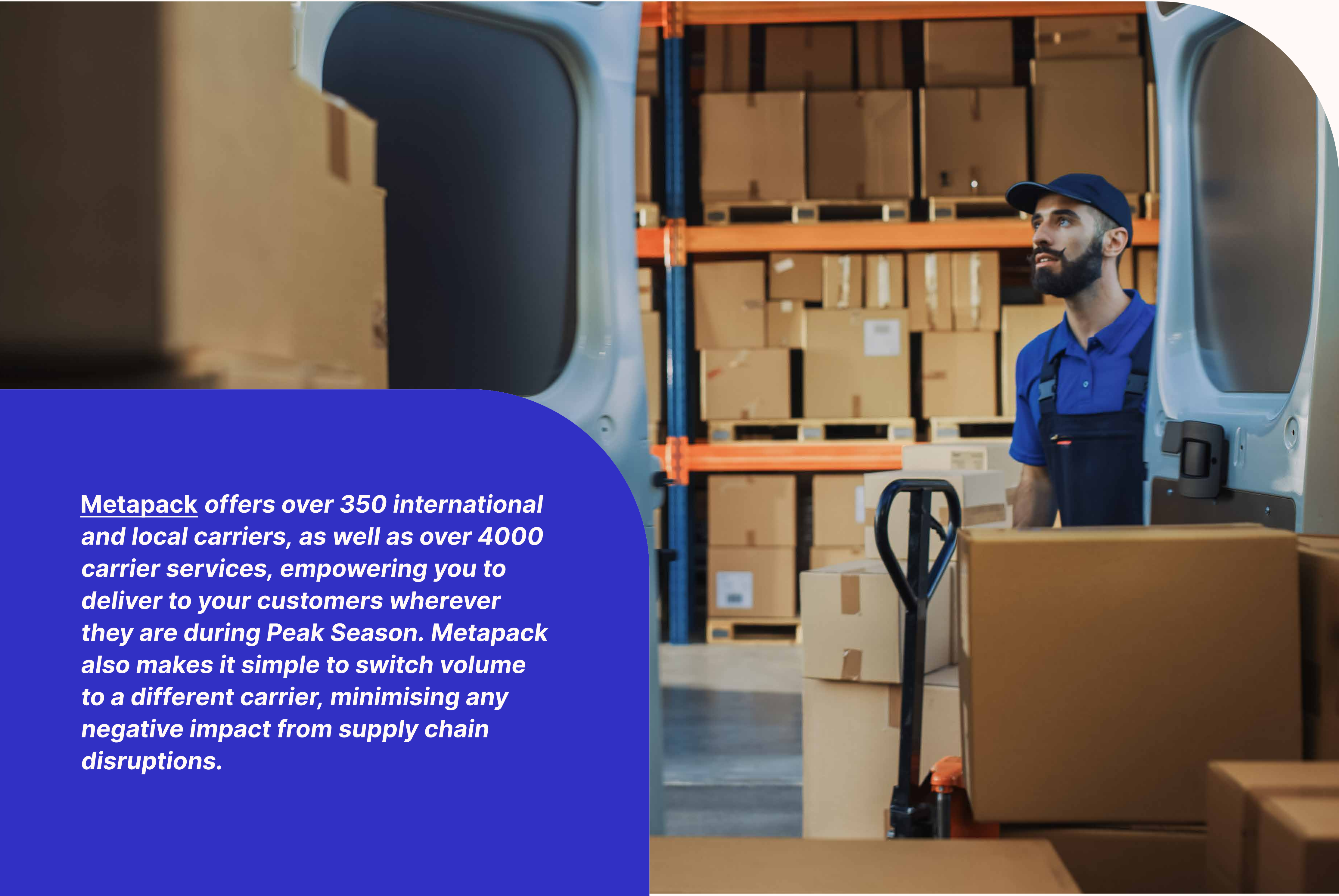
*[Packlink PRO](#) is ideal for smaller shippers, with straightforward label generation functionality and marketplace integrations, you can effortlessly expand your shipping operations.*



## STRATEGIC PARTNERSHIPS AND CARRIER SOLUTIONS

Navigating the peak holiday season demands a robust and adaptable supply chain. Collaborative partnerships with trusted carriers form the backbone of a successful strategy during this critical period. Diversifying carrier portfolios becomes crucial as it provides a **contingency plan against unforeseen disruptions that can wreak havoc on schedules**. Establishing transparent communication channels with carriers facilitates swift issue resolution and optimisation of final-mile delivery. Confronted with supply chain disturbances (e.g. weather events, unforeseen lockdowns), **these strategic partnerships empower retailers to maintain consistent delivery standards**.

Furthermore, these strategic alliances simplify carrier management, enabling retailers to **provide value-added solutions tailored for the holiday season**. This includes services like express delivery, international shipping, and convenient pick-up locations, all of which elevate customer satisfaction and reduce customer churn during the peak holiday rush.



***Metapack offers over 350 international and local carriers, as well as over 4000 carrier services, empowering you to deliver to your customers wherever they are during Peak Season. Metapack also makes it simple to switch volume to a different carrier, minimising any negative impact from supply chain disruptions.***

## LEVERAGING DATA AND TECHNOLOGY FOR EFFICIENCY

Data-driven decision-making is paramount for Peak Season success. Retailers should **harness data analytics to anticipate demand patterns, optimise inventory levels, and allocate resources effectively.** By identifying Peak shopping hours and geographic trends, retailers can refine their logistics operations, guaranteeing timely deliveries – even during surges. Advanced route optimisation technologies driven by AI can minimise fuel consumption and delivery times, heightening customer satisfaction. Real-time tracking and performance analytics enable swift issue resolution, while automated alerts for potential delays facilitate proactive management.

Whatever size shipper you are, having access to data that empowers you to make more informed decisions is critical to growing your business

***ShipStation offers an inventory management tool that enables you to effectively monitor your inventory levels, something that becomes even more important during Peak Season. Reduce unnecessary errors and increase efficiency with intelligent features and inventory-specific reports.***

***Both Packlink PRO and Metapack offer customisable analytics tools to help you understand and enhance your entire delivery operation.***



# Conclusion

In the dynamic world of retail, the approaching Peak Season presents a golden opportunity for retail brands to excel, having learnt valuable lessons over the past three years. However, amidst the backdrop of a post-pandemic recovery, deeply understanding consumer behaviour, spending intentions, and ongoing economic uncertainties is critical for success.

Covering eight international markets, this report sheds light on three key themes for Peak trading in 2023:

- 1 Peak spending intentions and behaviours;
- 2 Peak channel trends where online is set to fare better;
- 3 Peak delivery priorities and going beyond free shipping.

Presented with cost-of-living concerns, inflationary pressures, and interest rate hikes, consumers worldwide will approach the holiday season with caution. Essentially, they will want to retain festive norms, but will be highly budget-conscious, seeking value-for-money and cost-effective solutions.

Nevertheless, resilience and adaptability within the retail sector is clearly evident. Technological

advancements, digital transformation, and a focus on customer-centricity has enabled businesses to manage disruptions and provide exceptional shopping experiences.

While cost-of-living concerns prevail globally, regional variations in consumer spending intentions highlight the need for retailers to tailor strategies accordingly. To succeed in this environment, retail brands need to: focus on profitability and operational efficiencies, hone value propositions, remain customer-centric, form strategic partnerships with carriers, and leverage data and technology. Importantly, loyalty is at a premium, so prioritising shipping options to meet heightened demands with delivery speed, flexibility, and reliability during the festive season, is more critical than ever.

These collective actions will not only help retail brands get their customers through a challenging end of year, but will also position them as beacons of resilience, adaptability, and as trusted allies, ready to deliver value, convenience, and a touch of festive magic during the holiday season and beyond.



## Are you ready to streamline your delivery logistics and meet success over 2023 Peak Season?

If so, we have a solution for you, no matter your size or ambition:

### **Packlink<sup>®</sup> PRO**

Simply Shipping

The premier online shipping solution for smaller sellers in Europe

### **ShipStation<sup>®</sup>**

The leading web-based order management and shipping software



Best-in-class provider of ecommerce delivery technology to enterprise businesses

### **{ ⚙️ } SHIPENGINE<sup>®</sup>**

The API shipping software of choice for marketplaces, 3PLs and ecommerce merchants

Having read this report, you are now equipped with data-backed insights into the upcoming Peak Season across several major countries – ready to fine-tune your strategy and ensure growth and success. Add our solutions to your business and you'll unlock a whole other level to what's possible.

METAPACK

# Delivery Management Software for rapid ecommerce expansion

- More conversions at checkout with the right delivery options
- Rapid access to the world's largest network of shippers
- Improve customer retention thanks to easy self-service tracking

[Schedule demo](#)

