

Results from Delivery options market research



Introduction

With online spending continuing to grow at 'trend bucking' rates, consumers are clearly becoming more demanding and eager to have complete choice regarding the delivery of their online purchases.

Delivery options are therefore a critical path for e-retailers to investigate in order to ensure they meet both consumer needs and provide a better service than their competitors. With this in mind, iForce has conducted an independent study of over 70 top online retailers to see whether they are meeting the needs of prospective customers.

This review concluded

- The majority of online retailers surveyed have not yet embraced the need for varying delivery options with only 9.7% of online retailers offering AM/PM deliveries and 6.9% offering Evening deliveries.
- The visibility and clarity on retailers' websites about delivery costs vary and often are left to the final stages of the on-line experience - leading to frustrated consumers.
- Terms and Conditions are often difficult to understand and key information on cut-off times for next day are frequently hidden in the detail or completely missing from the websites reviewed.

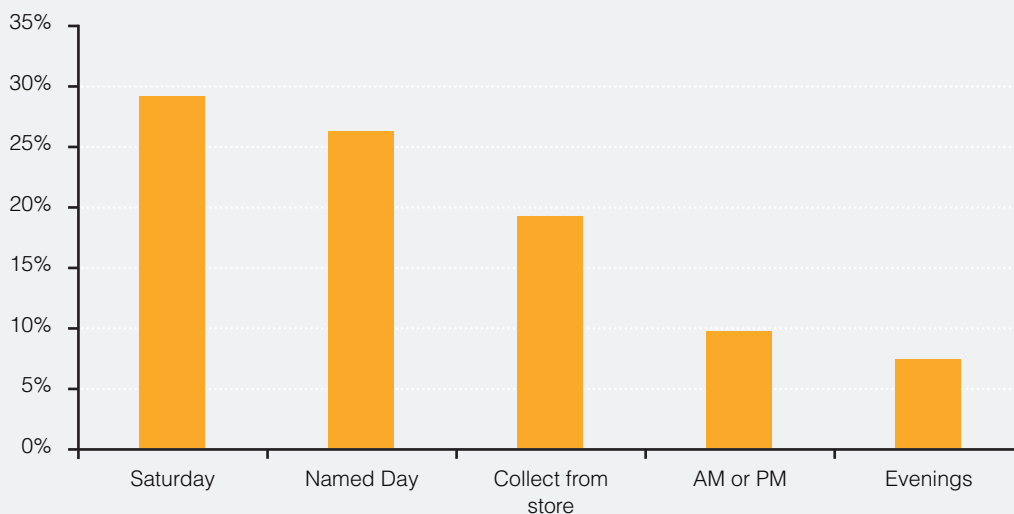
Points for consideration

The study found a vast difference between online retailers' delivery options, charges and customer promises.

Moreover, it is clear that the majority of online retailers surveyed have some way to go in order to offer a wide consumer choice at differing cost levels.

The following graph summarises the range of delivery options found to be available together with the percentage of online retailers¹ currently offering them:

% of online retailers offering enhanced delivery options

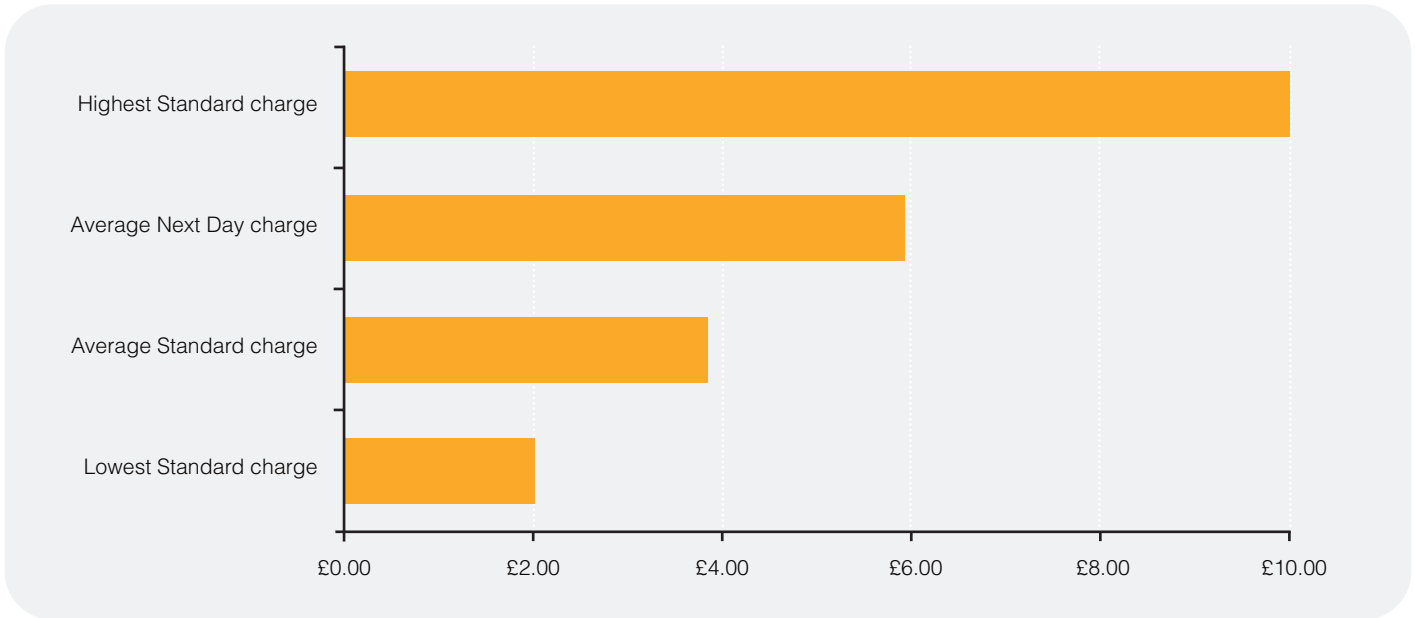


¹70 of the UK's leading retailers' websites were surveyed on 1st October 2009.

Headlines are:

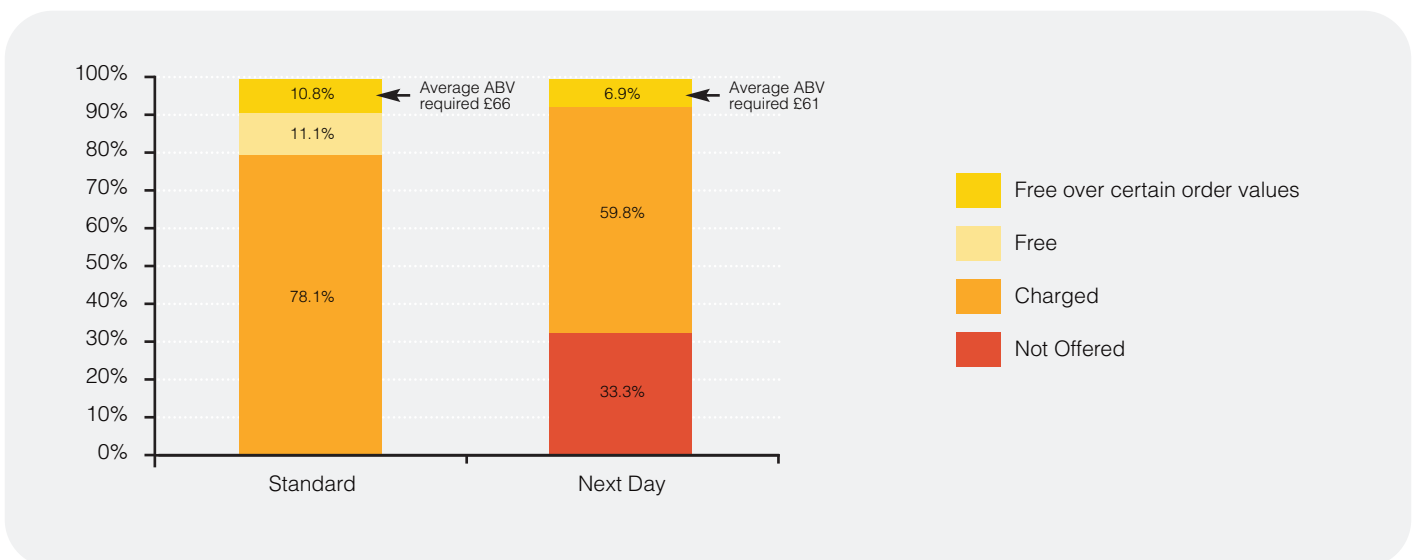
- 90.3% of online retailers offer Standard Delivery through Royal Mail or a carrier with the remaining sample instead offering next day service only with no standard provision.
- The average charge amongst those surveyed for Standard Delivery is £3.83 per order with the lowest charge being £1.99 and the highest £10.00.

Delivery Charge rates



- 11.1% of online retailers offer free Standard Delivery with an additional 10.8% providing free Standard Delivery based on certain minimum order values.
- Average basket value to qualify for free Standard Delivery is £66.00 with the lowest being £15.00 and the highest being £175.00.
- Next Day delivery is offered by 66.7% of the sample with the average charge equating to £5.89 per order.
- 6.9% of online retailers surveyed offer free Next Day delivery based on certain order values.
- Average basket value to qualify for free Next Day delivery is £61.00 with the lowest being £45.00 and the highest being £100.00.

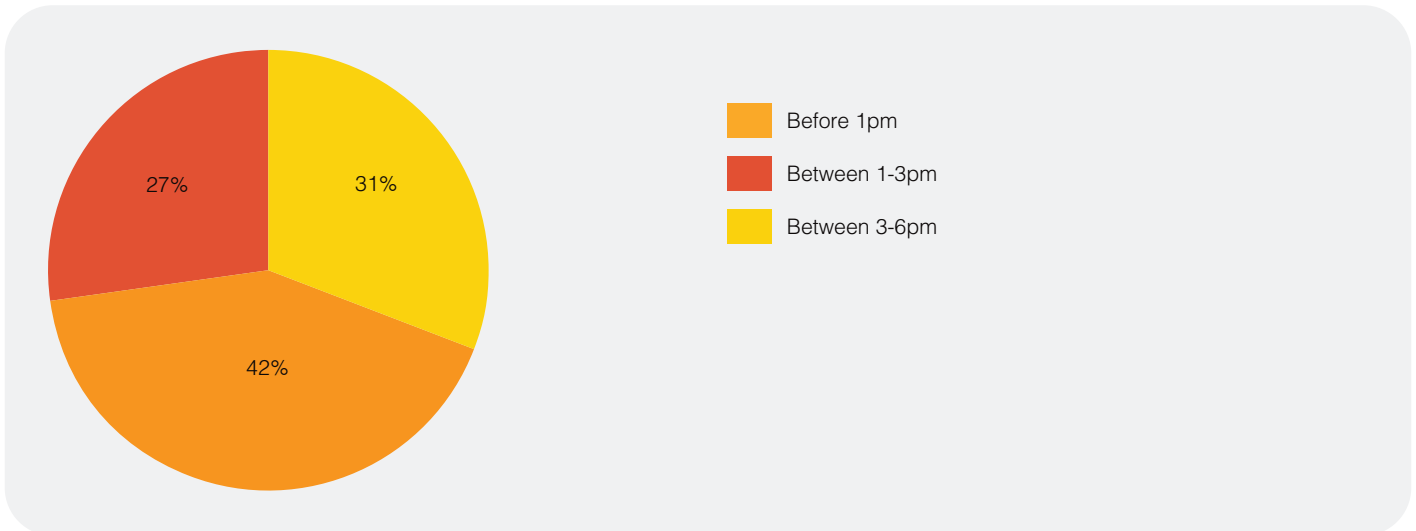
% of charge types for standard/next day orders



Customer proposition headlines are:

- There are 18 variations of 'customer promise' with the most common being Standard Delivery within 3-5 days; followed by 2-4 days and then 2-3 days.

Range of Next Day cut off times



- Next Day cut-off times show a high degree of variance between those surveyed. 41.7% of the sample offer a cut-off time of before 1pm, 27.1% between 1pm – 3pm and remaining 31.3% between 3pm –6pm.
- No researched online retailer offers a cut-off time beyond 6pm and two retailers show cut off times of 10:30am or before.

iForce conclusion

From this market research, it is clear that the majority of online retailers surveyed have a great opportunity to improve their customer proposition by addressing the question of their delivery options. Therefore iForce would recommend the following three key actions:

1. Extend delivery choice

It is clear that online retailers must offer wider consumer choice if they are to protect their existing sales levels and grow both organically and by attracting new customers. This challenge is made even more stark by the fact that online grocery shoppers enjoy excellent delivery time-window options, including evening deliveries.

Carriers are no longer a barrier to extending choice but rather a tool for increasing it. It is key for online retailers to select the correct carrier partner that will not only provide a cost effective standard service but a service that can extend to various delivery options.

2. Operational excellence

Working with an e-fulfilment specialist will provide online retailers with the ability to push back cut-off times in order to give their customers more opportunity to purchase and make their customer proposition better than those of competitors.

Cut-off times should be proactively reviewed to ensure they are both market competitive and offer consumers greater choice.

3. Make the message clear

Through this research, it is clear that Delivery narrative and terms/conditions contained on websites need to be improved to provide greater clarity at an earlier stage in the online shopping experience. Presentation of information should be crafted in such a way as to give greater clarity around available delivery options, the associated charges and, where relevant, cut-off times.

Wherever possible, 'Checkout' should offer delivery options and charges at the early stages of the payment process in order to make the purchase experience as upfront and simple as possible.

Notes:

iForce conducted its independent review of over 70 of the UK's leading online retailers on 1 October by accessing each of these organisations websites. All data gathered was accurate at that date, however may be subject to change.