ShipStation®

Last Touch, Lasting Impact

Your guide to the impact ecommerce shipping has on customer conversion, satisfaction, and retention

2020-2021 EDITION

ShipStation's commitment to creating a simpler, more efficient shipping solution not only benefits ecommerce merchants but also your customers.

This is why, for the second year in a row, we have collected survey results from 1400+ ecommerce customers across North America — to better understand what they want in a shipping experience. The biggest takeaway is the average consumer is more informed and wants better clarity into any shipping delays or supply chain disruptions that may occur. As we move into the holiday season and into 2021, merchants and their customers alike will have to navigate these delays together. Here is what online shoppers currently expect from ecommerce merchants.

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Online Shopping & Shipping Preferences

How the Pandemic Has Reshaped Consumer Expectations

Even though online shopping continues to outpace projected growth, consumers have become more forgiving in a couple of areas that also tend to increase with ecommerce growth. In 2020, online shoppers were willing to wait longer for shipments and they were also willing to pay more for express shipments.

However, with this more forgiving nature, your customers also expect greater clarity into shipping and supply chain delays. This is why effective and empathetic communication can be the difference between a bad review and a new long-term customer.

Online Shopping Continues to Grow
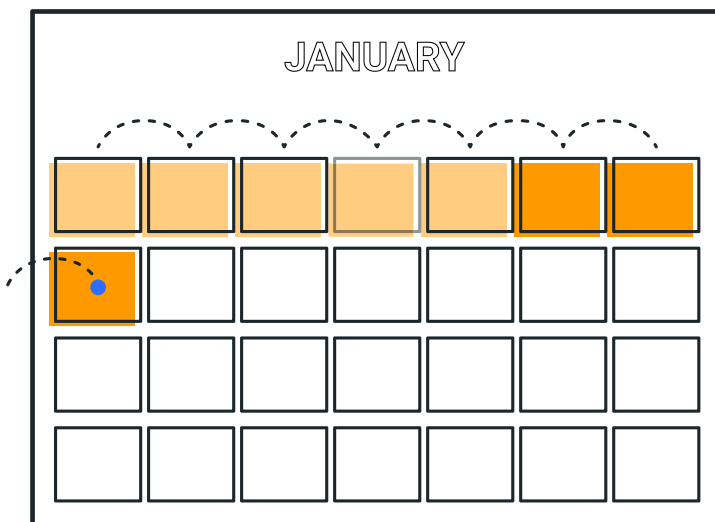
33%

increase in online shopping this year.

How COVID-19 Impacts Online Shopping

64%

said that a majority of their online shopping is due to COVID-19.

8 Days is the Expected Delivery Timeframe

Customers are willing to wait 8 days between placing an order and receiving it. This is up from 5 days in 2019.

JANUARY

79%

of respondents expect shipping delays due to COVID-19.

13%

even consider these delays to be long-lasting, permanent adjustments.

Shipping Speed and Cost Are Still Important

While customers are willing to wait longer for their orders, they do still shop around for the best deals and quickest shipping options. Be mindful that customers are increasingly shopping around for rates even as their expectations have become more forgiving.

37%
of consumers agree that shipping speed influences their purchasing decisions more than it did a year ago.

39%
are more concerned about shipping costs than they were a year ago.
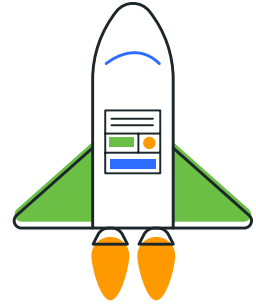
How Much Are Customers Willing to Pay for Shipping?

47%
of consumers are more likely to pay for express shipping now than they were pre-COVID. This is up from 31% last year.

66%
of respondents, however, also expect merchants to offer a slower, free shipping option.

Shipping Errors, Carrier Delays & Lost or Damaged Packages

Shipping Delays & Lost Packages

86%
of consumers say a poor shipping experience negatively impacts their perception of the retailer.

70%
say that a negative delivery or shipping experience negatively impacts their impression of the retailer rather than the carrier — even if it's a result of the carrier's error.

83%
are less likely to re-purchase from a retailer after a negative delivery or shipping experience. This is down from 88% last year.

80%
believe that it is the responsibility of the retailer to ensure products are delivered on time. This is down from 85% last year.

How Customers React to Shipping Delays

1 in 3
consumers leave bad reviews or post on social media about a poor delivery experience.

93%
agree that when a retailer acknowledges or rectifies a poor delivery experience, they're more likely to shop with that brand again in the future.

How You Can Win Customers Over After A Poor Shipping Experiences

94%
say gestures such as offering a discount for their current or future purchases incentivize them to further consider shopping with a retailer again.

96%
agree that fast and honest updates regarding a shipping issue make them less likely to be upset about shipping delays or have a lasting negative perception of the brand.

Returns

Returns have become trickier than ever before during the COVID-19 pandemic. As shopping in brick-and-mortar stores has dropped, returns have become even less common. In fact, many stores are temporarily halting returns due to fears of spreading COVID-19.

However, many online retailers still accept returned merchandise and consumers expect them to. And while consumers have largely decreased return volume, online retailers are going to face the brunt of returned merchandise.
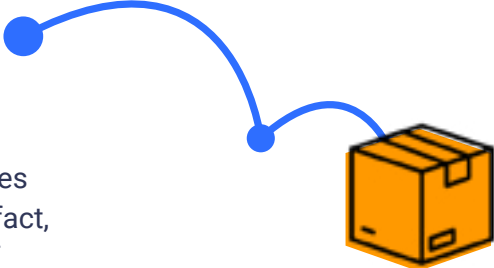
The Importance of Offering Returns

54%
say a retailer's overall return policy is a major consideration when purchasing online.

33%
say return cost is an important factor when buying online.

89%
think merchants should offer a free returns option. This is down from 94% last year.

How COVID-19 Has Impacted Returns

67%
consider the ease of returns more than they did pre-COVID.

60%
factor the costs of returns into buying decisions more than they did pre-COVID.

How Customers Expect Retailers to Offer Returns

85%
expect returns to be a self-service. Consumers increasingly want to avoid contacting customer service to initiate returns.

81%
of customers prefer for retailers to either offer pre-printed labels or to allow them to print return labels at home.

66%
prefer contactless returns such as mailbox drop-off or porch pickup as they are unlikely to complete returns in-store for the foreseeable future.

How Shipping Wins

Make Shipping Memorable. Gain a Customer.

Shipping is ideally the last interaction we have with customers. As such, shipping is a powerful tool for converting one-time buyers into long-term customers. We've seen how shipping can tarnish the buying experience. But a positive shipping experience can do wonders for your business. Staying on top of your shipping game and effectively communicating with your customers can elevate your brand to the highest degree.

How to Make a Lasting Impression

84%
say that the delivery experience stands out most when thinking about a purchase.

87%
say the shipping and delivery experience directly impacts their decision to shop with the merchant again.
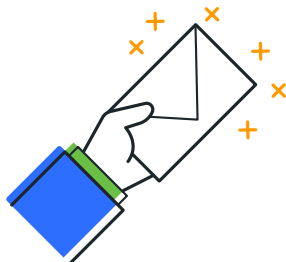
Increase Brand Loyalty

60%
say retailers offering discount codes for future purchases encourages them to shop again.

50%
said free samples entice them to buy again.

28%
stated discount codes from family or friends have encouraged them to buy.

How to Convert One-Time Buyers into Long-Term Customers

63%
say fast shipping is required for them to have a positive shipping experience. This is down down from 72% last year.

2020   2019

66%
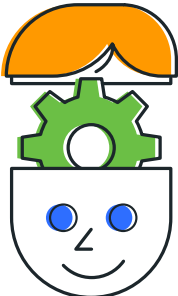say a free shipping option is also required. Down from 76% last year.
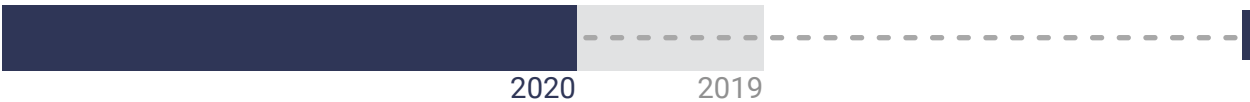
2020   2019

46%
say free returns are needed. Down from 55% last year.

2020   2019

46%
said on-demand access to delivery tracking updates is required. Down from 61% last year.

2020   2019

Conclusion

Shipping is critical to retail success.

Your shipping strategies directly impact consumer satisfaction and their decision to purchase again in the future. However, consumers don't always separate carrier function from your brand's function. To the customers' point, it's all behind-the-scenes to them. The customers' concern is that their package safely reaches them. Admittedly, shipping can be nerve-wracking — for customers and merchants alike.

To build customer loyalty, clearly communicate delivery and return policies, Cart abandonment is high and almost unavoidable. Readycloud estimates that as much as 80% of online transactions result in cart abandonment. Because of this, you'll want to clearly communicate your shipping fees and return policies. The faster and more effectively you set the customer expectations, the faster they will commit. There are ways to have a competitive edge on this too.
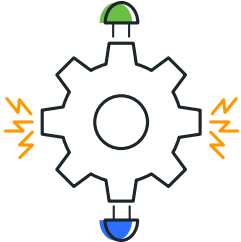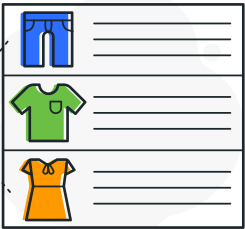
Provide a variety of shipping options

As we've gone over earlier, there are a variety of customer expectations around shipping costs and estimated delivery times. Instead of a one-size-fits-all approach or inundating your customers with too many shipping options, offer two or three shipping options.

1 Free Shipping

Free shipping is obviously preferred. But it is expensive. Unless you are shipping USPS First Class Mail for small packages, free shipping can hurt your profit margins. Offering free shipping with a cost-effective order minimum threshold is the most common approach businesses take. Consider options like "Free shipping for orders over $75."

2 Flat-Rate Shipping

Unless you sell items greatly varying in size and weight, domestic shipments don't usually fluctuate too much from shipment to shipment. For instance, "$5 shipping on any domestic order."

3 Express Shipping

If customers do want express options for a more premium fee, you should offer it. Options like Priority Mail Express, or FedEx or UPS 2-day or Next-day services may be expensive. But for time-sensitive packages, some customers are willing to pay the price. It can be the difference between an abandoned cart or a high-price purchase.
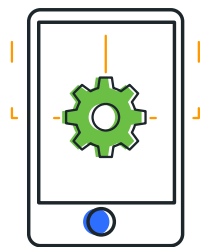
Offer Hassle-Free Returns

Make returns easy. Returns are a zero-sum game for both customers and merchants. However, mastering returns can increase customer satisfaction and contribute to long-term customer loyalty. Instead of requiring customers to call into a support line or wait around for you to send an email with next steps, allow customers to initiate returns in the same way that orders are placed. Make the process easier by offering automated returns through return portals on your website or including pay-on-use return labels with the outgoing package. Cultivating a streamlined process like this elevates your brand above the competition and aligns you with titans like Amazon. Offering returns for free is certainly not something merchants welcome, but they are less time-sensitive, so the shipping can be more affordable than with outgoing packages.

Offering "hassle-free returns" as a checkout option is a great way to engage customers. Including it as a $1-5 premium fee in cart is a way to help offset costs—particularly if you can use an affordable option like USPS First Class Mail or Canada Post Regular Parcel.

Incorporating features like these into your business model can help you stand out.

It elevates you above other cookie-cutter online businesses and creates a connection with your customers even if you never directly communicate with them. Making strides to replicate the brick-and-mortar experience can be your key to growing your customer base. Marketing campaigns can be much more costly and yield similar customer satisfaction. However, it may not create the same level of customer satisfaction that leads to long-term customer retention.
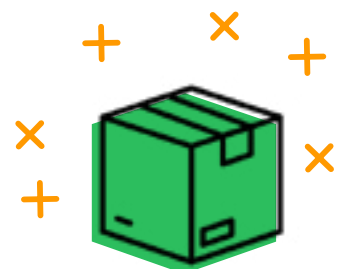
About ShipStation

Every day, tens of thousands of e-commerce retailers rely on ShipStation to solve the day-to-day challenges of importing orders and processing shipments.The trusted leader in shipping software since its founding in 2011, ShipStation helps online sellers scale their businesses and deliver exceptional customer experiences, with an intuitive online solution that allows them to efficiently ship orders—wherever they sell and however they ship. The multi-channel and multi-carrier platform offers the most integrations of any e-commerce solution, with more than 300 partnerships with leading shopping carts, marketplaces, carriers and fulfillment services, including FedEx, USPS, UPS, Amazon, Shopify, and BigCommerce. ShipStation is headquartered in Austin, TX and is a wholly-owned subsidiary of Stamps.com (Nasdaq: STMP). For more information, visit shipstation.com.

About the Study

1,429 Total Respondents

Average Age

38

49% Male
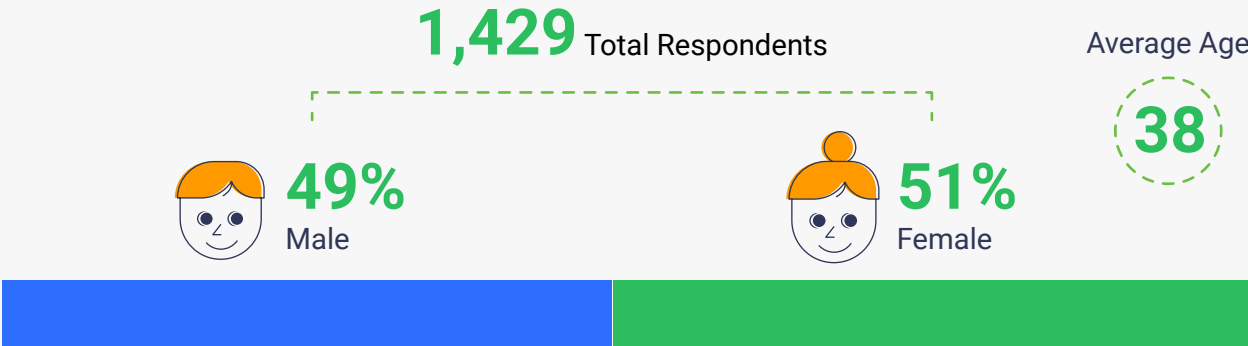
51% Female

Respondent Qualifiers
Ecommerce shoppers living in US or Canada

1,068 U.S. Respondents

52% Male

48% Female

40 Average Age

361 Canadian Respondents

42% Male

58% Female

33 Average Age

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