STATE OF SHIPPING
SURVEY RESULTS

R E P O R T

STATE OF SHIPPING

Shipping is hard. There are dozens of carriers in the United States. Shipping costs are based on 5-6 different factors and consumers have specific preferences for how they want to receive the packages and the options they want to see when shopping. Especially with companies like Amazon priming shoppers to expect fast and free shipping, businesses struggle to compete for customers.

To help businesses better understand where to invest their time and efforts, we surveyed consumers and merchants in the United States to find out what buyers want, what merchants are doing, and where there are opportunities to better align the two.

While it's important to not let Amazon dictate your shipping policies, it's also important to get a good pulse of your customers and their expectations. Shipping doesn't have to eat into margins. Use it to drive sales and improve customer experience.

"Amazon recovers only about 55% of the amount it spends on shipping."

"Free Shipping is a Lie", Fast Company

FREE SHIPPING

With Amazon priming more shoppers to expect free and fast shipping, other merchants feel the pressure to offer the same level of services. However that doesn't need to be the case.

Only 34% of consumers responded that "they will only purchase online with free shipping."

63% of consumers only somewhat care about free shipping.

Most interestingly, 63% of consumers said that free shipping only somewhat matters to them. The main decision point is price—if they can find the same product at total cost cheaper elsewhere, paying for shipping doesn't matter.

Consumers:

I will pick one store over another if one offers free shipping	63%
I only purchase online with free shipping	34%
I don't really care about the shipping price, I just want the item	3%

Merchants:

Do not offer free shipping	40%
Consistently have a free shipping option	40%
Offer free shipping occasionally for promotion, marketing purposes	10%

If you sell unique items, or you already have lowest prices, you do not need to offer free shipping to get the purchase.

RETURN SHIPPING

With so much focus on outbound shipping, many times business forget that consumers also worry about what happens if they need to return an item they bought.
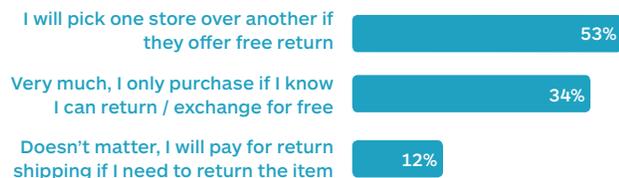
34% of consumers require free returns.

54% of consumers say that free returns shipping is important to them, and it would be a decision factor when comparing between different merchants. Up to 34% of consumers only purchase items if they know they can ship the items back at no cost.

How does that align with the typical return offerings by businesses?

Only 14% offer free return shipping, and 60% of business make no effort to help consumer ship the returns back.

About 25% of merchants have hybrid return policy of providing free shipping for any mistakes / product problems but require customers to ship back on their own account in cases of buyer remorse.

Consumers:

I will pick one store over another if they offer free return	53%
Very much, I only purchase if I know I can return / exchange for free	34%
Doesn't matter, I will pay for return shipping if I need to return the item	12%

Merchants:

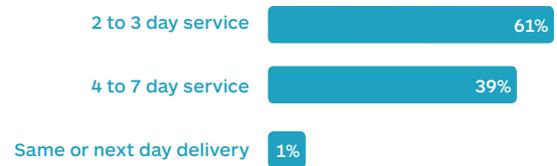|	
It's completely up to the consumer to ship the items back to us	59%
We offer free return shipping	14%
We provide a way for the consumer to buy a discounted return label from us	2%
Other	25%

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SHIPPING SPEED

The faster the shipping service, the more expensive it is. But it's challenging to pass through the full cost of expedited shipping to consumers, without given them sticker shock.

What consumers say:

I can wait 2 - 3 days	63%
I can wait 4 -7 days	41%
I want same or next day delivery	4%

What consumers purchase:

2 to 3 day service	61%
4 to 7 day service	39%
Same or next day delivery	1%

According to businesses, 61% of shoppers pay for 2-3 shipping delivery service, while 39% choose 4-6 days. Only 1% are willing to purchase overnight/same-day shipping.

1% of consumers end up purchasing same-day/overnight shipping

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This aligns with the consumer sentiment, 55% of whom said that they'll happily wait 2-3 days for their shipment, and 41% are willing wait up to 4-7 days. Only 4% of consumer indicated they that take advantage of next day or same day delivery.

Similarly, despite the hype about same day, overnight, weekend and holiday deliveries, majority of consumers are not demanding immediate deliveries. 77% of consumer didn't care about weekend delivery option and were happy to wait until the next business day. So don't believe the hype, you don't need to pay extra.

One thing to keep in mind is that 86% of consumer feel that it is very important that their shipment arrives on or before the estimated delivery date that was provided. 69% also indicated that they expected their shipments to be sent out within 24 hours of when they click "buy". So make sure to set the expectations correctly, otherwise you risk a poor customer interaction.

69% expect shipment within 24 hours.

Consider offering a free tier with slower shipping. This can let you drive sales by having free shipping while keeping costs low.

CARRIER SELECTION

The majority of saving a business can achieve is behind the scenes. But many just aren't doing it.

36% of merchants are working with only one carrier. This is a tremendous opportunity to help optimize margins without any impact on customer satisfaction.

94% of shoppers said that they do not care which carrier is delivering the package. This gives merchants the flexibility to find the best carrier for each delivery to optimize on time and cost.

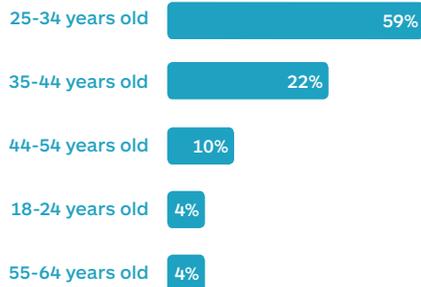**94%** do not care which carrier is delivering the package.

Consumers:

I don't care who the carrier is	94%
I need to be able to specify which company delivers the package	6%

Merchants:

We only allow the customer to choose the shipping speed/cost & then decide on appropriate carrier	84%
We specify which carrier the item will be shipped with at time of order	16%

Consumer are not brand loyal to carriers. Use multiple carriers to get best rates on each shipment.

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SURVEY DETAILS

Survey Time Period: October 2016

Consumer Respondent Demographics:

25-34 years old	59%
35-44 years old	22%
44-54 years old	10%
18-24 years old	4%
55-64 years old	4%

Family Size:

No kids	44%
1 child	24%
2+ children	32%
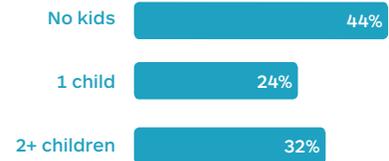
Location: United States

Gender: Female: 70%, Male 30%

Merchant Respondent Demographics:

Use own warehouses for shipping	82%
Mix of warehouse & drop shipping	16%
Mostly drop shipping	2%

Carriers Used:

1 Carrier	36%
2-4 Carriers	64%

Location: United States

ABOUT SHIPPO

Shippo is the leading API and dashboard for shipping that powers platforms, marketplaces, warehouses and ecommerce stores with the building blocks they need to succeed. Over 12,000 businesses trust Shippo to power their shipping.

- Access a global network of shipping carriers and shipping services through one platform
- Implement shipping with easily using our pre-built client libraries and comprehensive documentation
- Get real-time rates, print labels, automate international paperwork, track packages, facilitate returns and more by leveraging the Shippo API and dashboard

USPS	UPS	FedEx	DHL
Purolator	Canada Post	Deutsche Post	Australia Post

Selection of our global network of carriers

If you're interested in bringing shipping in-house, consult with our shipping experts to help you decide how you can best implement shipping. Let us know at sales@goshippo.com.