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What long-term
impacts will the
coronavirus have
on **online**
delivery?

A short paper
identifying trends
from the outbreak
related to the
doorstep experience,
speed of delivery
and **click and**
collect.



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Foreword



The lockdown period has **impacted consumer behaviour**, driving many customers online – some possibly for the first time.

This **IMRG** report gives a closer look into how retailers have coped with these spikes in demand and subsequent impacts on customer expectations about delivery speed and experience.

IMRG's research has shown retailers should anticipate an increasing demand for fast and reliable delivery. As lockdown restrictions begin to loosen, consumers will likely expect speedy delivery options across many more online product categories, and retailers in turn must go the extra mile to consider what an exceptional last mile experience would look like for the future.

Amazon Shipping, the premium next-day delivery service powered by Amazon, is well-placed to support those retailers looking to add and expand their next-day offering.

INES VAN GENNIP, COUNTRY LEADER, **Amazon Shipping UK**



Foreword

Leading into the coronavirus outbreak, **customer expectation** around delivery seemed to be hardening.

According to our annual delivery survey – the **IMRG Consumer Delivery Review** – a preference for home delivery was growing and people seemed to expect fast, free and the utmost convenience as standard when receiving their online orders.

The outbreak caused wide-ranging disruption to the way that businesses operate and, perhaps temporarily, shifts in customer expectation.

As the lockdown eases and some of the restrictions lift, will things just return to normal or will there be longer-term ramifications on customer expectation emerging from this period?

This short paper addresses three key areas of delivery experience and raises things to consider around whether things will revert to how they were before, or be changed over the longer-term by the outbreak.

ANDY MULCAHY, STRATEGY & INSIGHT DIRECTOR, **IMRG**

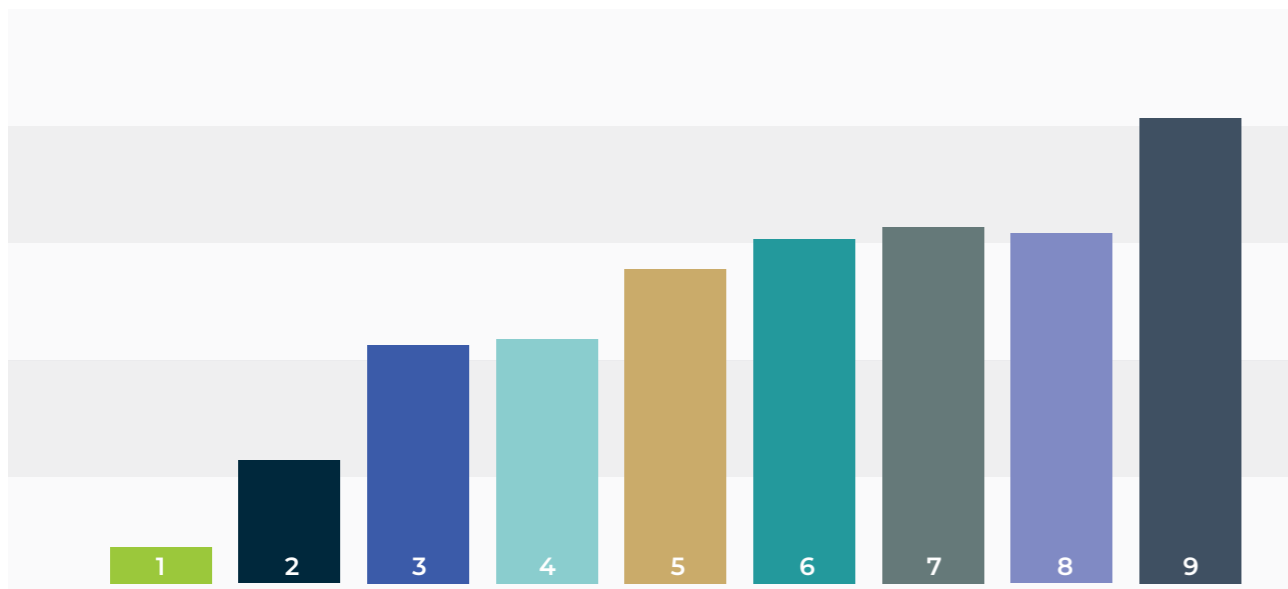


Speed of delivery

In recent years, it has become common for retailers to offer a fast delivery option, usually next day, at the checkout.

IMRG reviewed the delivery options for **300** retail sites and found **47%** had a next-day option in place on **21 April 2020**. Maintaining that speed of delivery proved very difficult for retailers and carriers during the outbreak due to huge spikes in demand, a lack of additional drivers to handle an unexpected peak, and new social distancing processes required in warehouses. The below chart shows how many of those **300** retailers reported that there may be delays to delivery lead-times over an eight-week period during the outbreak.

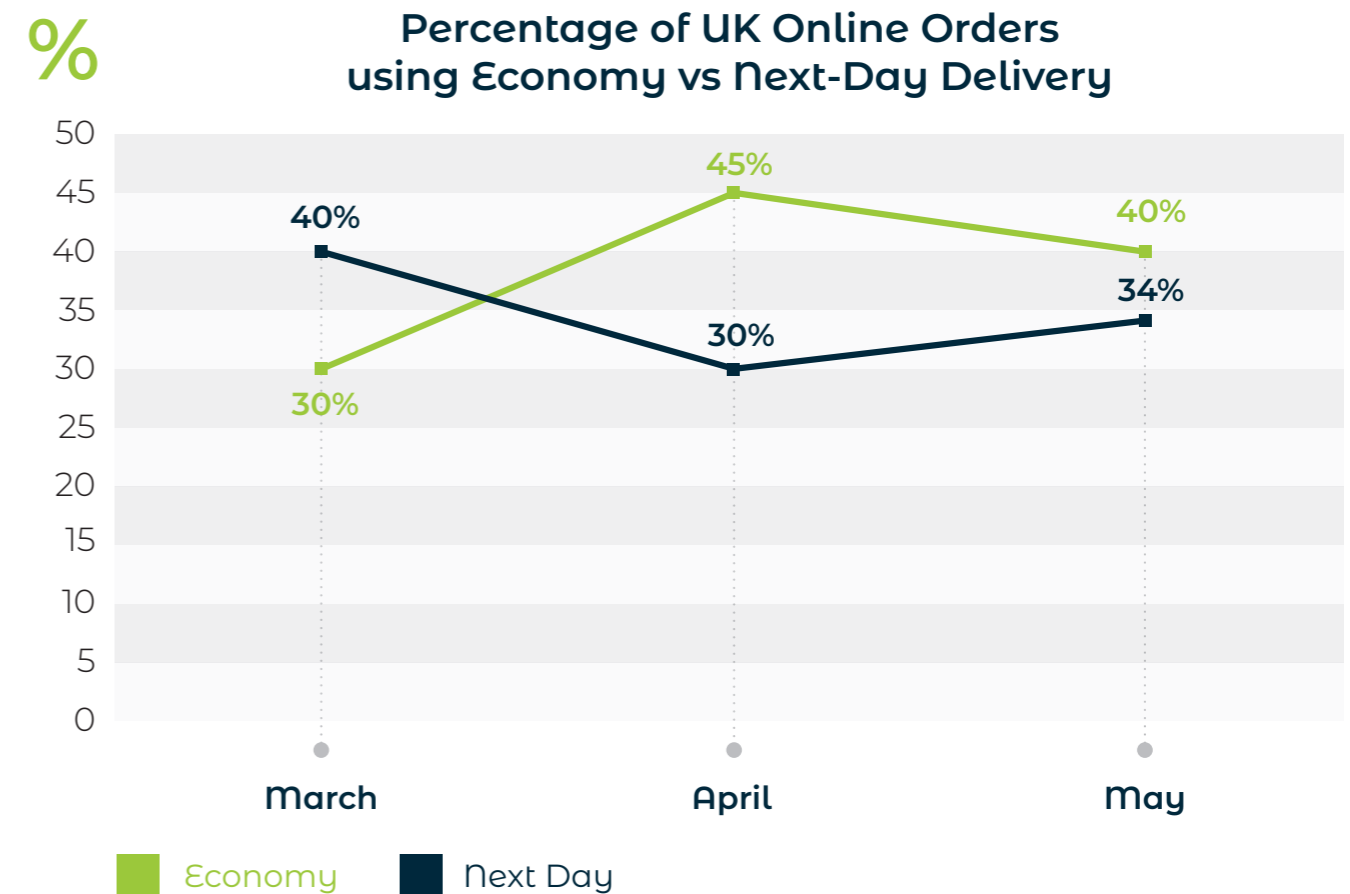
Sample of 300 retailers; number reporting delays to delivery on their sites



- 1 Mar wk 3 (20/03)
- 2 Mar wk 4 (27/03)
- 3 Apr wk 1 (07/04)
- 4 Apr wk 2 (14/04)
- 5 Apr wk 3 (21/04)
- 6 Apr wk 4 (28/04)
- 7 May wk 1 (05/05)
- 8 May wk 2 (12/05)
- 9 Jun wk 2 (09/06)

From our conversations with retailers, it does seem to be the case that customers tended to be more understanding of these delays, given the situation. However, as operations with carriers begin to return to normal (or, at least, settle into a new normal) and delays in delivery slowly erode, we speculate whether attitudes will revert to that of the pre-outbreak.

Data from the **IMRG Metapack UK Delivery Index** shows the split of orders using economy vs next-day delivery for March, April and May.



As can be seen, although the total volume of orders sent next day has increased, the overall share has dipped during the outbreak. This is likely due to some retailers having to restrict which options they offer at the checkout as they experienced a huge spike in demand.



The importance of next-day delivery in the current climate boils down to a customer's assessment as to whether an item is essential, as well as the safety and convenience of purchasing the item through other means. Brick and mortar stores are beginning to open up again, so going around the corner is an option for some customers. However, in-store shopping is still impacted by social distancing rules, and we can expect long queues both outside and inside the store that may ultimately prove a frustrating experience. It does seem reasonable to assume that shopping behaviour will, generally speaking, favour online in that context, with demand for next-day being dictated by the perceived urgency of each order.

Things to consider:

- Fast delivery still has an important role to play, as some orders are perceived to be more urgent than others by the customer, depending on the item ordered and what they need it for
- From a communications perspective, delivery at any speed – regardless of whether it's fast or slow – still needs an accompanying message of reassurance that strict hygiene protocols are being followed

Defining a 'bad' delivery experience

An interesting development from the outbreak was just how quickly it reversed understandings of what constitutes a bad delivery experience.

A few short months ago, if reports emerged that online orders were widely taking a week or more to arrive, only to then be left on doorsteps or at the end of a customer's drive, there would have been considerable social media outcry and, most likely, **negative stories** circulating in the media.

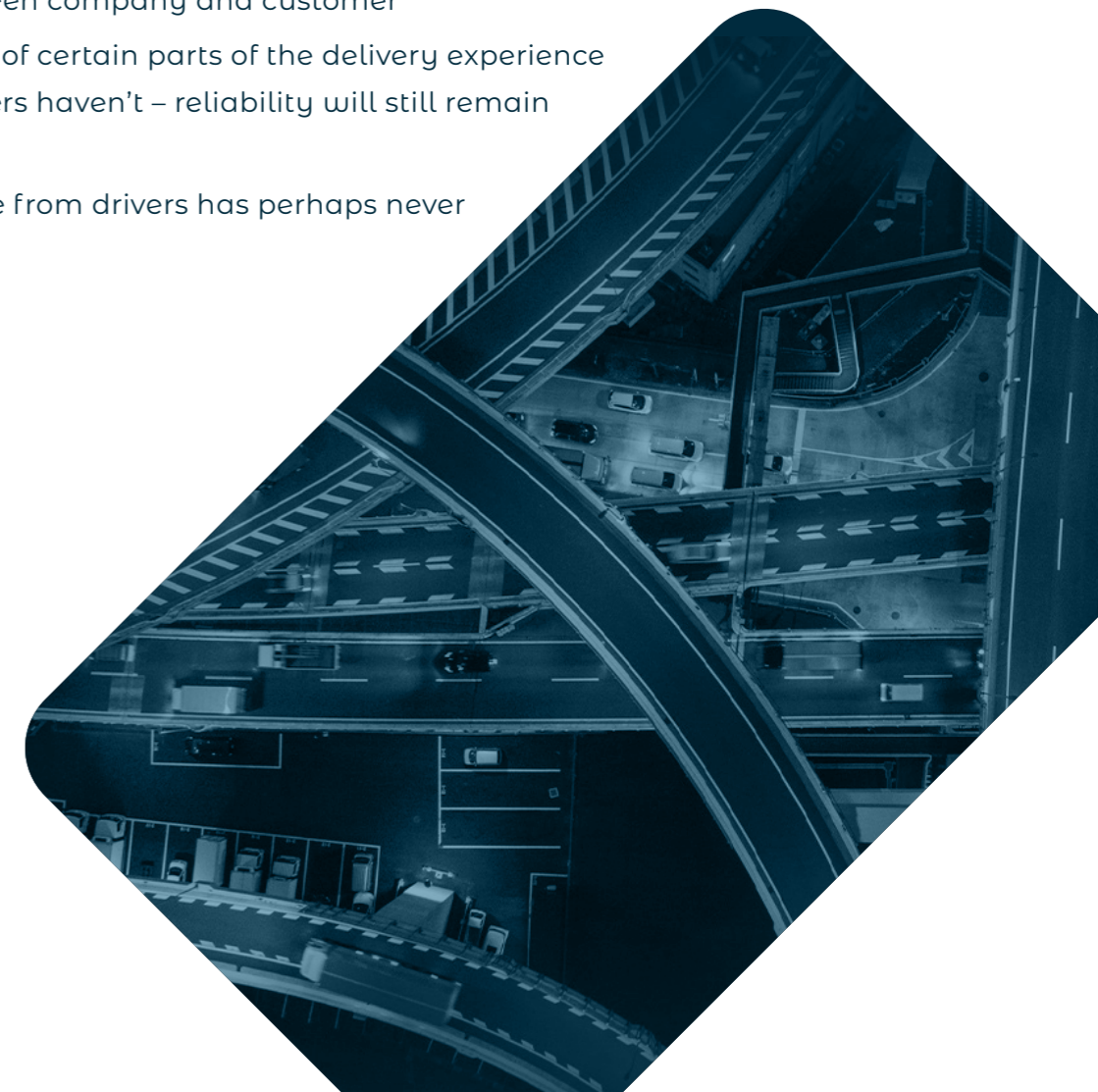
And yet that is exactly what has become the norm. There has been considerable effort put into improving the doorstep experience in recent years, with customers given extra controls over when their parcels arrive and where they are left (in 'safe space' or with neighbour, for example). Now that hygienic delivery is so important, where contact with others is minimised, the 'ringing the doorbell and walking off' delivery approach has actually become desirable.

Even though restrictions in the UK are currently being eased, the scientific consensus seems to be that some level of **social distancing will be a cultural necessity** for a prolonged period. Options such as delivery to a neighbour, which involve contact from others, may therefore have limited uptake while options where contact is removed retain their appeal.

Though there have been changes to where customers expect items to be delivered to, the expectations of the reliability of the delivery remains the same. If a carrier says an item was delivered to the mailroom of an apartment building, the customer still expects to see it when arriving at the mailroom. As lockdown restrictions are eased, that is a factor that will grow in importance.

Things to consider:

- Hygiene factors in delivery will remain important considerations for some time to come. Identify and develop best practice in terms of customer satisfaction within that context, while finding efficiencies in process
- Delivery drivers are key workers and there has been an outpouring of support and respect for them. There is a big opportunity now to build that rapport and better relationships between company and customer
- While expectations of certain parts of the delivery experience have changed, others haven't – reliability will still remain an important factor
- Service with a smile from drivers has perhaps never been so important

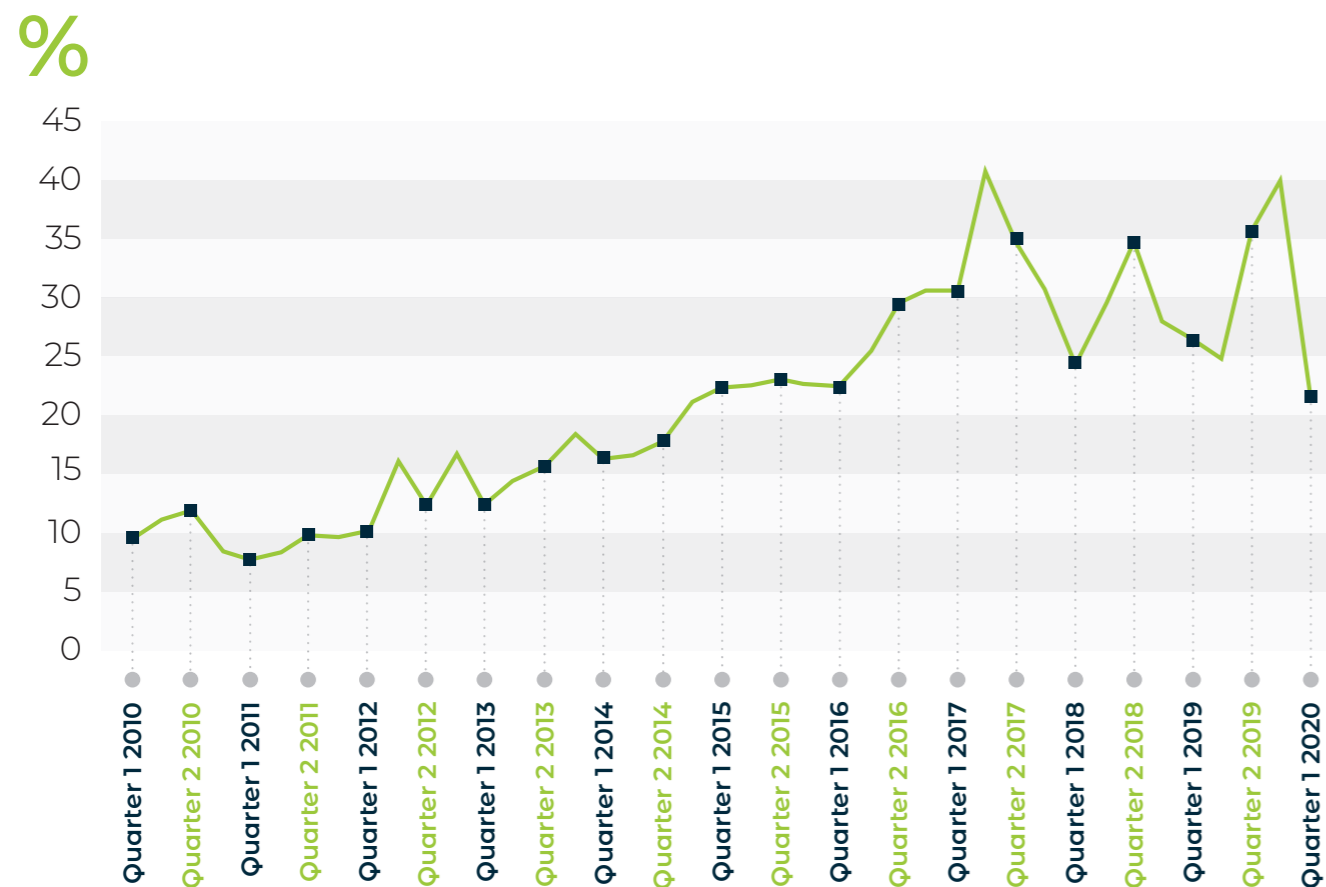


Click and collect

As a delivery option, click-and-collect offers great potential benefit both to the customer – through increased convenience – as well as the retailer, as it helps keep costs down, eases the strain on carriers during peaks and brings environmental benefits through consolidation.

IMRG tracked the percentage of online orders that used click-and-collect for multichannel retailers, and as the below graph shows it increased rapidly over time¹.

% of click and collect orders for multichannel retailers



It appears to have plateaued over the past few years, though it remained popular. The coronavirus outbreak massively limited its usage as stores were shut, parcel shops received lower footfall and people relied heavily on home delivery. The question now – given the heightened requirements for hygienic fulfilment, and a higher proportion of people at home – is what role it has to play in this changed landscape.

Before lockdown, 87% of customers already stated home delivery was their preferred method for receiving online orders, and now with changes in consumer behaviour, it's probable home delivery will continue to grow in popularity.

Things to consider:

- As stores reopen, smaller ones or those with narrow aisles might struggle to get many people in. A click and collect process – where customers show a code at the door, without entering, and the shop assistant retrieves their order – could offer a useful option
- There could be an opportunity for the locker network to build in prominence, offering something closer to contactless delivery
- Click and collect, with delivery to the boot of a customer's car, is being promoted by some retailers already

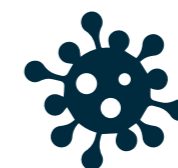
Conclusion

The past few months have witnessed dramatic change and, in some respects, new behaviours will have been formed.

Some of them may well have long-standing impacts on how, when and where we receive our online orders; others may dissipate once things return to 'normal', whatever that exactly means now that COVID-19 exists.

Delivery trends usually develop over a period of many years, with behaviour gradually adapting in response to new solutions, services and options. It's very rare to get such disruption at such pace, so it's difficult to predict which behaviours will stick and which revert.

One thing that does seem certain is that we should at least be asking ourselves different questions in anticipation that some established trends might have changed trajectory now.



¹The quarters are defined as retail rather than calendar years; so Q1 is Feb-Apr and so on. Note that for half of the Q1 2020 period, non-essential stores were closed due to the pandemic.

Additional Information

IMRG

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of e-retail in the UK. We are a membership community comprising businesses of all sizes – multichannel and pureplay, SME and multinational, and solution providers to industry.

We support our members through a range of activities – including market tracking and insight, benchmarking and best practice sharing. Our indexes provide in-depth intelligence on online sales, mobile sales, delivery trends and over 60 additional KPIs.

Our goal is to ensure our members have the information and resources they need to succeed in rapidly evolving markets – both domestically and internationally.



Additional Information

AMAZON SHIPPING

Amazon Shipping is a premium shipping service with competitive prices, picking up your parcels 7 days a week and delivering them to your customers across the UK. The service is highly reliable, fully tracked and available to e-commerce retailers who sell items across different channels.

[Visit the Amazon Shipping website to learn more.](#)

