

Transforming E-commerce Delivery:

Key Insights for Meeting Customer Demands



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Meet the experts

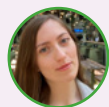


"We're delighted to present our 'Transforming E-commerce Delivery: Key Insights for Meeting Customer Demands' report, supported by Ingrid. As customer demands around retailers' delivery propositions grow increasingly complex, this report provides invaluable insights to help you navigate these challenges. Through comprehensive analysis and expert commentary, we explore the latest trends and strategies to enhance your delivery services, ensuring you meet and exceed customer expectations."

About

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing, and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

Editorial:



Ellie-Rose Davies, Content Executive at **IMRG**



Andy Mulcahy, Strategy and Insight Director at **IMRG**

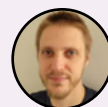


"In the evolving landscape of e-commerce, the delivery experience is pivotal. At Ingrid, we understand that meeting customer demands for speed, cost-effectiveness, and flexibility is essential. Our platform empowers retailers to offer personalised delivery options, enhancing satisfaction and loyalty. By focusing on long-term success and leveraging innovative solutions, we aim to transform how consumers perceive and experience deliveries, ensuring that every interaction adds value and aligns with modern expectations."

About

Ingrid connects retailers, carriers, and consumers to drive sustainable e-commerce growth and empower shoppers to personalise delivery and returns. Ingrid has recognised the growing demand of a personalised delivery offering to drive conversions and has built a platform that re-defines the delivery experience - from discovery to returns. Ingrid's platform provides choices to consumers with services like speed and price of delivery that they get to pick and choose from. For the retailer, the built-in A/B-testing is a powerful tool that can optimise delivery prices and free shipping thresholds. Ingrid also helps manage the post purchase experience with branded tracking, automatic booking and printing of labels, in-store fulfilment, and efficient returns management. More than 250 retailers, including Paul Smith, ME+EM, GANT, and NA-KD, rely on our services.

Editorial:



Andreas Ryberg, Head of Data & Analytics at **Ingrid**



Elin Hammenfors, UK Country Manager at **Ingrid**

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Methodology

We surveyed 1,000 UK customers, aged 18-54+, to gain a deep understanding of current expectations and preferences regarding e-commerce delivery propositions. We asked a mixture of single choice, multiple choice, and open-ended questions to gain both quantitative and qualitative results for retailers to take back to their business.

We decided to focus on customers' top delivery priorities, top delivery offerings, preselected delivery options, online checkouts, Out Of Home (OOH) delivery, and sustainability initiatives, all areas which can be optimised for growth.

The survey findings are complemented by Ingrid's own research, providing actionable insights for retailers to make delivery more efficient and profitable.

The survey was completed in April 2024.



E-commerce delivery: Customers' top priorities

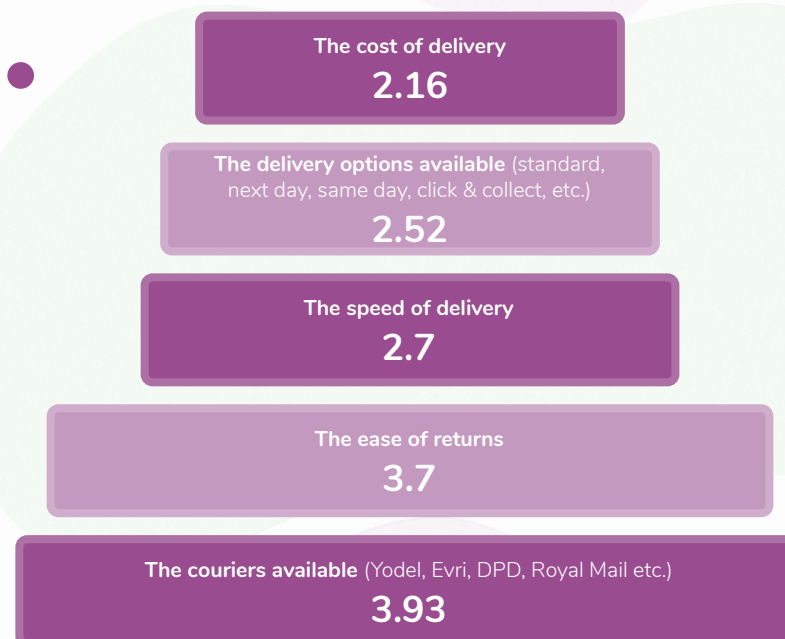
Delivery factors ranked by importance

We asked 1,000 respondents to tell us how they would rate the order of importance of various delivery factors. They ranked each answer from 1 to 5, where 1 is the most and 5 is the least important. The graph on this page shows the average ranking (mean) that each factor received. The factor with the lowest mean is the one that ranked most highly by respondents.

With the lowest average score of 2.16, the cost of delivery is the most crucial consideration for online shoppers. This indicates that customers are highly sensitive to delivery charges and prefer cheaper or free shipping options.

The delivery options available are also important, ranking in second place (2.52). While the speed of delivery is not as critical to customers, ranking third place (2.7), it is still a mid-weight concern. What's more, having a fast delivery option may prompt conversion for customers looking to make urgent or time sensitive purchases.

How would you rate the order of importance of the following when having your online retail items delivered? (Where 1 is the most important and 5 is the least important)



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Ingrid comments:

Ingrid's data shows, based on 140 million completed orders in their platform, that 32% of customers choose the cheapest, but slower delivery option, while 17% are willing to pay for the fastest option. However, 50% of sessions do not have a preference over either price or speed meaning their decision is assumed to be influenced by other underlying reasons as these we see above.

Hence, retailers who only offer next day and standard delivery should take the opportunity to capitalise on the 50% of customers who don't prefer price or speed. Ways to do this:

- Introduce more carriers and delivery options. Make sure that you have each delivery preference represented such as pick up options, named day, and a sustainable option; and that you show which carrier will complete the delivery.
- Actively work with the pricing and positioning of your delivery options through A/B-testing. This is usually hard to do since traditional A/B-testing tools can't test delivery pricing configuration. However, Ingrid has built a unique solution that integrates integrate any carrier of choice and enables retailers to do quick and easy A/B-testing to turn delivery into a revenue stream.



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Optimising the speed of delivery

Standard delivery times most commonly range from 3-5 business days for domestic shipments. However, most respondents revealed that they believe 2-3 days is a reasonable time to wait (2 days: 42.1%, 3 days: 39.5%).

A significant 30.7% of respondents think next day delivery is reasonable, signalling heightened demand for quicker delivery times. Only 11.2% of respondents think 4 days is reasonable, and just 10.5% show an openness to waiting 5 days. Very few respondents (4.4%) would wait up to 1 week, and it is at this point that customer services will most likely receive 'Where Is My Order' queries.

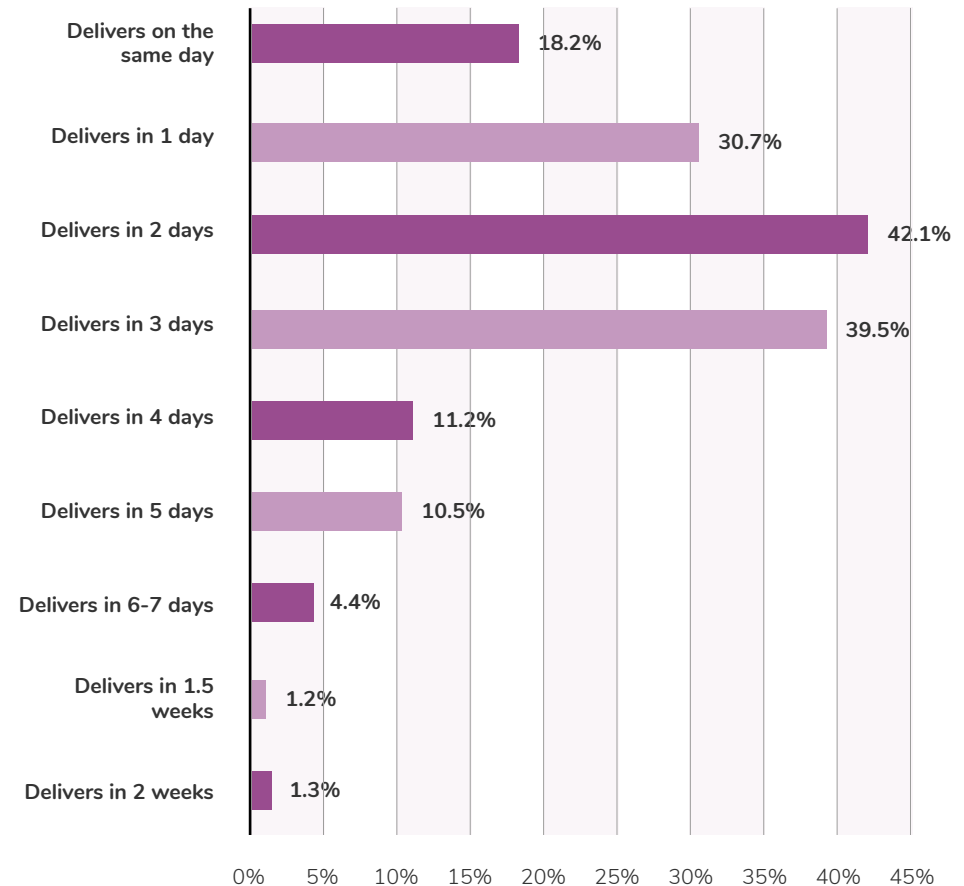
Clear communication about delivery times and options throughout the whole customer journey can help manage people's expectations, increase conversion, and improve satisfaction, especially for orders that might take longer than the preferred 2-3 days.

Ingrid comments:

Transparency is key when communicating estimated delivery time, where precision and accuracy is often more important than the speed itself. It's important for retailers to work with their delivery promise to narrow it down as much as possible, along with showing it in real time pre-purchase. Post-purchase, the tracking experience should start immediately from when the order has been placed to avoid confusion and WISMO requests.

During peak sales periods, such as Black Friday Week, Cyber Monday, and other holiday campaigns, it is best to display estimated delivery dates before and during the checkout to give customers as precise delivery times as possible, alongside a notification about potential delays due to higher order volumes.

What would you consider a reasonable standard delivery time from a UK retailer? (Please select all that apply)



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While the cost of delivery is the greatest concern for customers, 82% of respondents would be willing to pay extra for quicker delivery times.

The majority of customers are willing to pay a moderate surcharge for quicker delivery of either £1-2 (28.3%) or £2-3 (16.6%). Much fewer (6.5%) would be willing to pay more for fast delivery, costing £5 and over, and 16.9% of respondents revealed that they would not be willing to incur any surcharge.

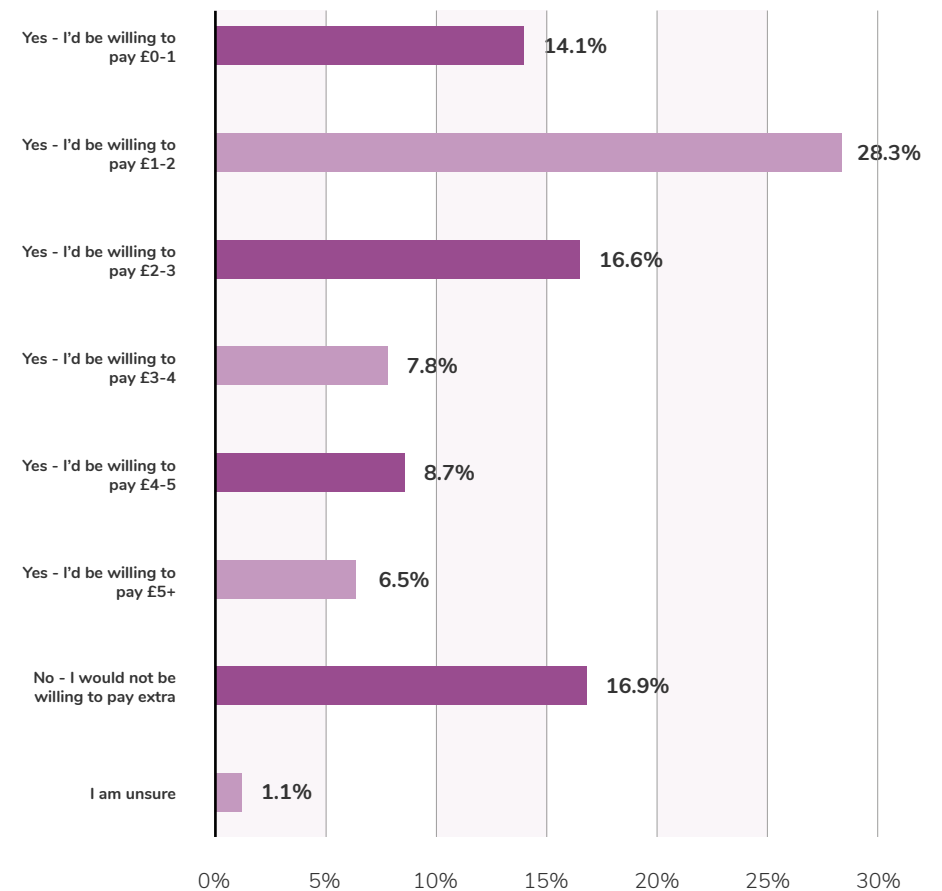
Ingrid comments:

Highlighting the value of higher-cost, premium delivery options at checkout can help customers justify any additional expenses and augment the feeling of personalised experiences.

Since delivery preferences are highly contextual, and delivery pricing is often compared to the basket value, it's important for the retailer to A/B-test delivery pricing.

Ingrid's customers are equipped with testing delivery pricing for different regions and delivery options along with optimising free shipping thresholds.

Would you be willing to pay extra for quicker delivery times?
And how much would you be willing to pay?



Free delivery offerings

Expectations around free delivery propositions

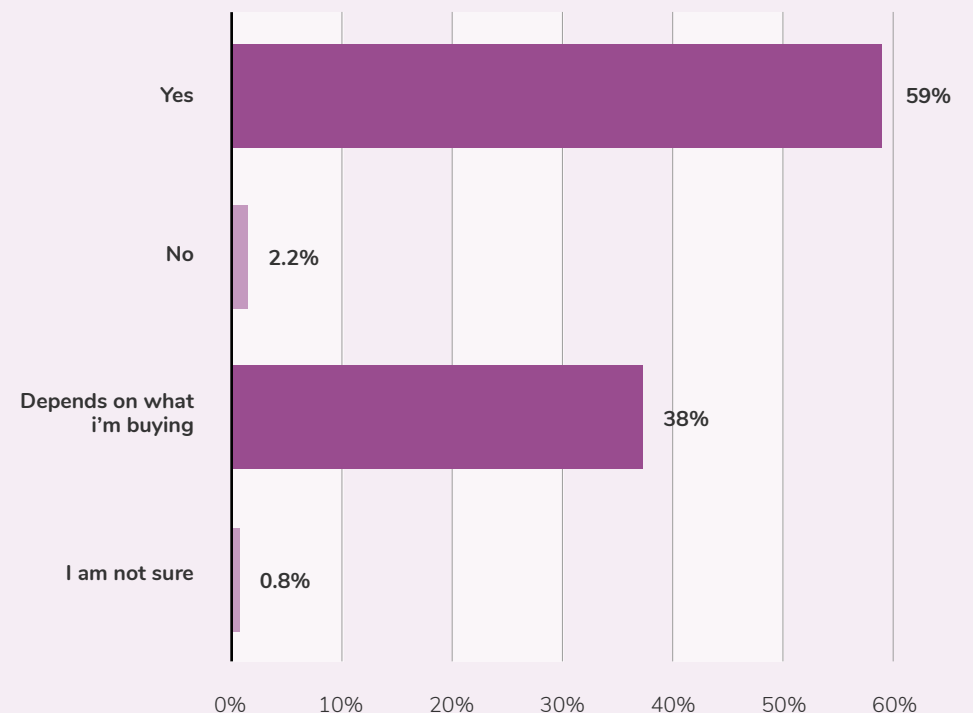
Interestingly, 59% of respondents think that all retailers should have a free delivery option at the checkout, which emphasises customers' cost-centricity. A significant 38% answered that it depends on what they're buying.

For those purchasing items that would initiate complex deliveries, such as large furniture or electricals, they may be more accepting of experiencing a fee. Customers may also be willing to incur a fee for one small, low-cost item due to environmental concerns.

Ingrid comments:

Customers always want the best deal possible. However, with retailers experiencing huge profitability challenges in this competitive market, free delivery tends to be offset by a higher product price or a poorer delivery service. Ingrid's recommendation is to work with free shipping thresholds instead to offset unprofitable and unsustainable low value purchases.

Do you think all retailers should have a free delivery option at the checkout?



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Though most customers want a free delivery option, 78.3% of customers expect there to be a special reason for receiving this benefit. Most commonly, customers (56%) expect they'll have to have a certain basket value, e.g., free delivery above a £30 threshold, which presents a cost optimisation opportunity for retailers. To determine the highest-converting threshold, e-commerce brands can A/B test different qualifying basket values and introduce delivery fees for anything lower than that.

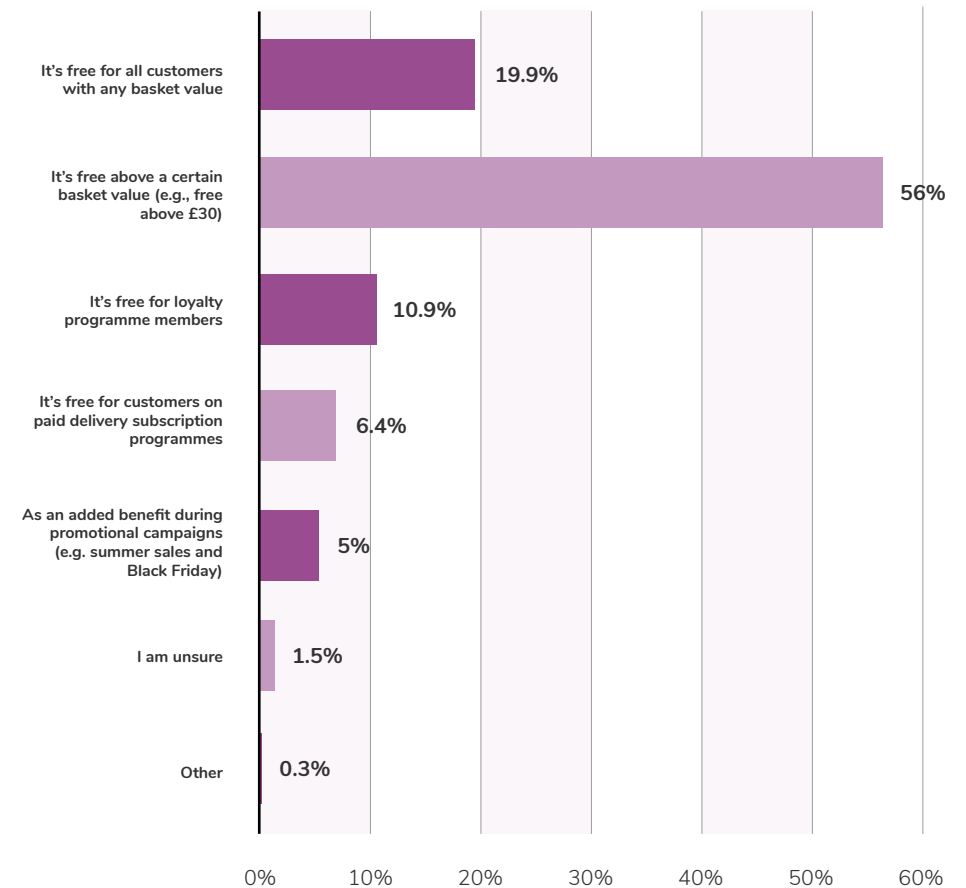
10.9% of respondents expect that free delivery will most be presented as a benefit for loyalty programme members. This answer was more popular than free delivery for customers on paid delivery subscription programmes, which might be surprising considering the popularity of these services.

Ingrid comments:

Free delivery thresholds are the first strategy Ingrid recommends customers use to drive AOV while creating more shipping revenue. However, free shipping thresholds certainly need testing and as a starting point, we recommend retailers have their initial threshold set slightly higher than their current AOV. We also recommend having multiple thresholds, such as one threshold for free standard and another one for free next day and so on.

Free delivery is also a core pillar for a successful loyalty program, but using a tiered structure as detailed above helps maintain profitability around the customers that receive this benefit.

If a retailer were to have a free delivery option, what would you expect it to be?



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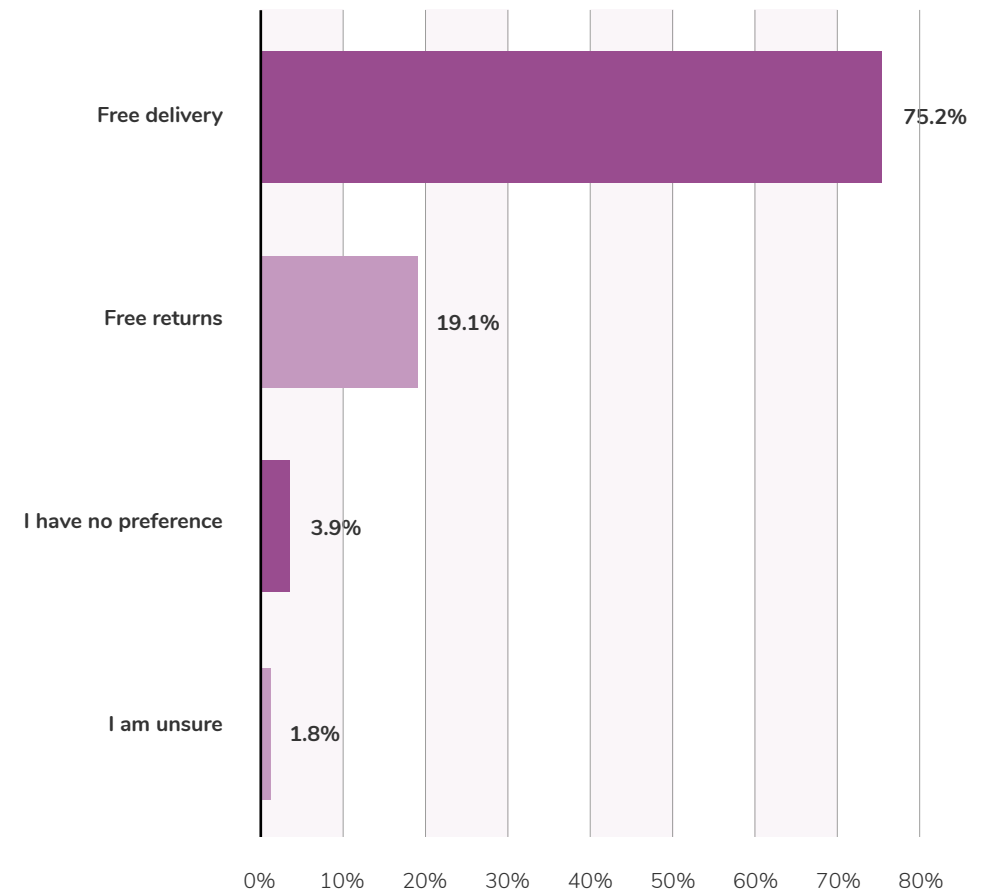


Free delivery is more important than free returns for customers in 2024!

Ingrid comments:

Most customers purchase items with an intention to keep them. Nevertheless, it's important to offer a good returns experience and learn from the returns data to optimise your online experience and product catalogue. Ingrid's customers have the ability to detect profitable vs non-profitable returners to offer them dynamic pricing for delivery and returns the next time they make a purchase.

What would you prefer, free delivery or free returns?



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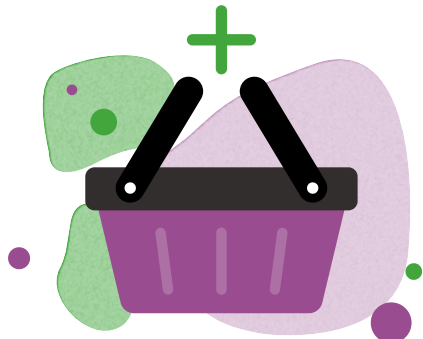
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The benefits of free delivery thresholds

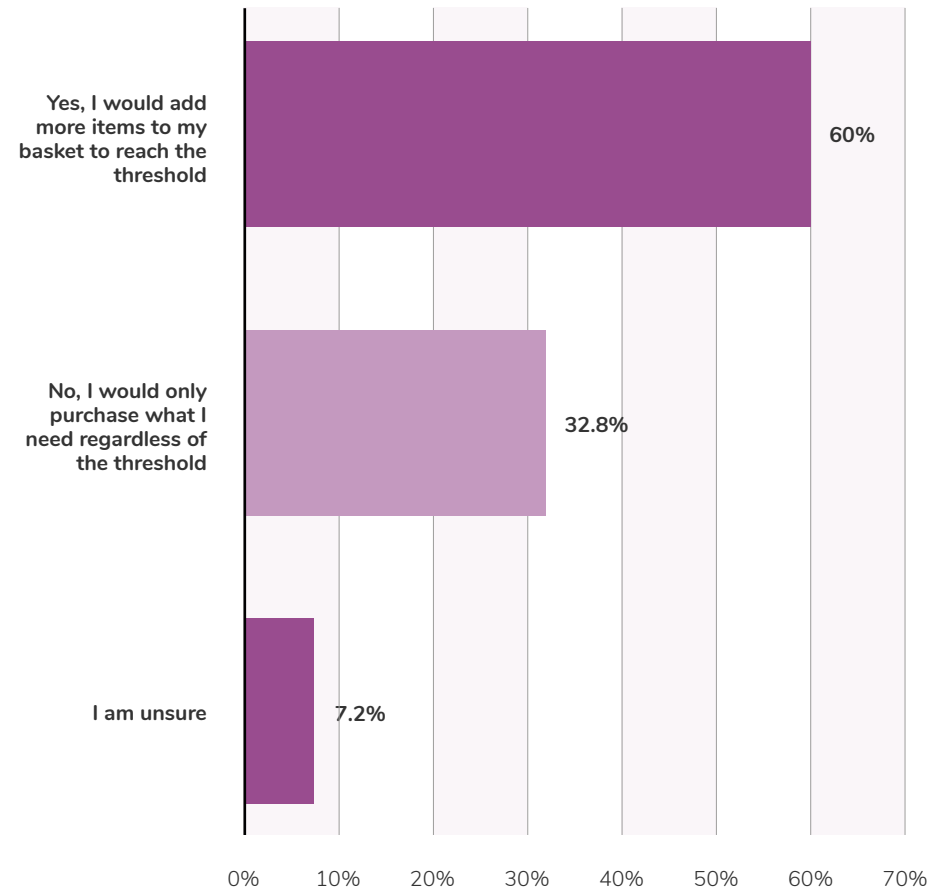
There is a clear benefit of including free delivery thresholds. Not only is it the most common expectation to receive free delivery, but it also inspires 60% of customers to add more items to their basket to reach the threshold, aiding average basket value growth and optimising revenue performance.

There are 7.2% of customers who would feel unsure about what they would do in the instance of thresholds, but these customers can be persuaded through strong upselling efforts at the checkout.

Retailers can use a progress bar, in a mini cart and at checkout, that reveals how much the customer has spent and how much they have left to go to receive free delivery. They can also include a clickable button next to order summaries that expands to show complementary items in the form of product carousels, helping customers to meet the threshold without leaving the page, reducing website bounce rates.



Do you think the availability of free delivery thresholds would encourage you to spend more when shopping online?



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What order value do customers expect to qualify for free delivery?

Most respondents (34.1%) think £20-30 is a reasonable minimum order value to qualify for free delivery.

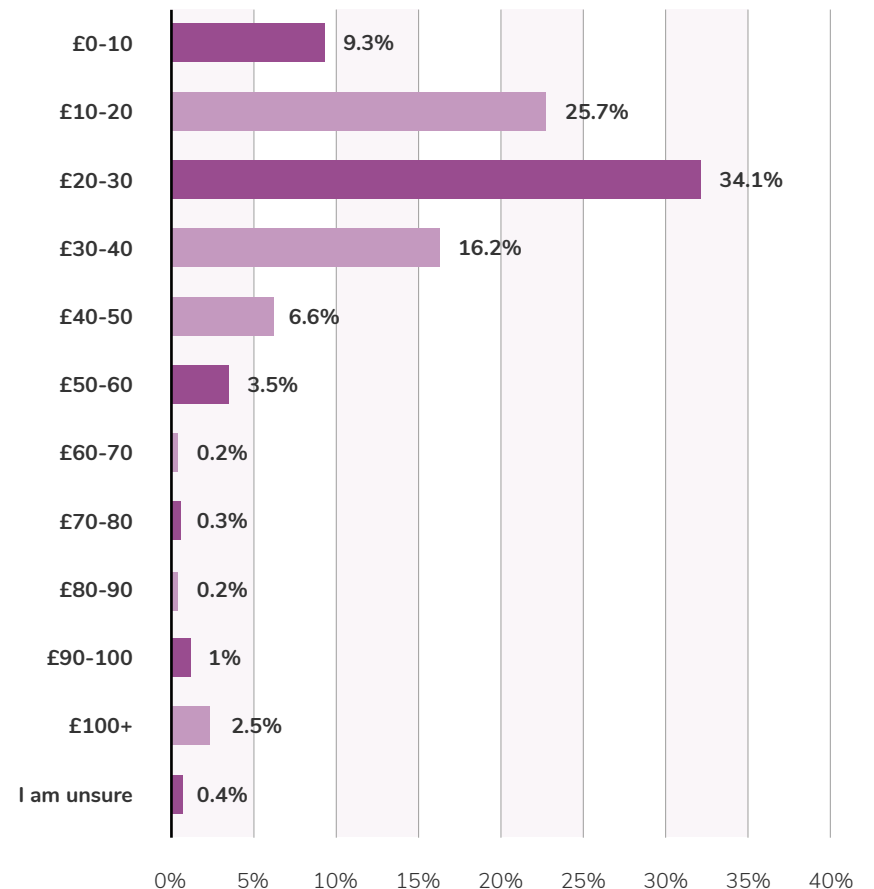
The average basket value for haircare and make-up retailers are both around the £30 mark according to IMRG data, signalling that either customers are attempting to reach these free delivery thresholds or that they are spending this amount regardless of the benefit. To increase average order values, these retailers may benefit from increasing the threshold ever so slightly to the £35 mark. Though, it would be worth staying alert to the impact this may have on conversion rates, so it is recommended to A/B test both variants before implementing a higher threshold.

All other categories tracked by IMRG have average basket values higher than £40, and yet most customers expect free delivery below this amount. Therefore, we can presume that customers are expecting free delivery as a given for most of their online purchases.

Ingrid comments:

As customers are likely to spend more to achieve the free shipping threshold, this should always be set higher than the AOV of a basket. The £20-30 free shipping threshold is taken out of context since this is highly dependent on what the customer is purchasing. For more expensive items, the free shipping threshold can be higher without damaging conversion. This is, however, a guideline, and should always be A/B-tested.

What do you think is a reasonable minimum order value to qualify for free delivery?



Perspectives on pre-selected delivery options

The usefulness of pre-selection

A way to speed up the checkout process and make the process easier for the customer is through incorporating automation. A good example is using pre-selected delivery options, where a delivery option is set as the default at the checkout.

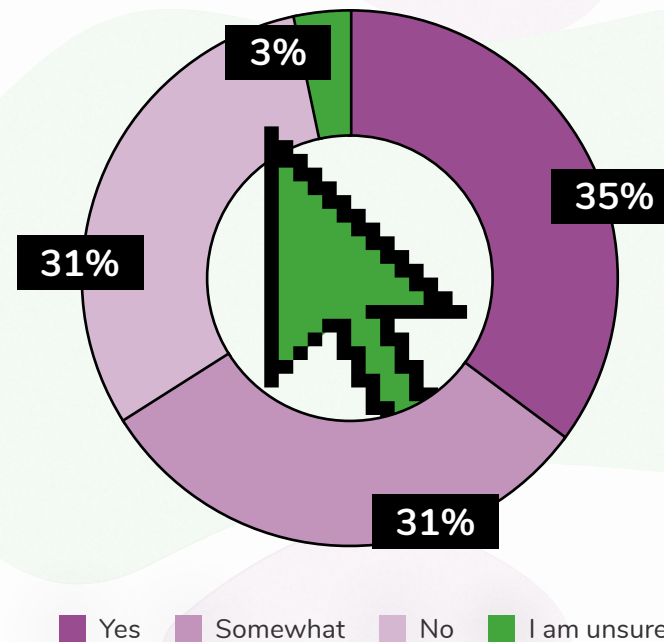
35% of respondents find it useful when a retailer pre-selects a delivery option for them, 31% find it somewhat useful, and 31% do not find it useful. This result complements Ingrid's 2024 data on the fashion industry which shows that roughly two-thirds of all online orders use the pre-selected delivery option.

Ingrid comments:

Since 2/3 of online shoppers choose the pre-selected delivery option, this becomes a great opportunity to A/B-test which pre-selected option is the most profitable.

Most UK retailers today have the cheapest option as pre-selected. Here, Ingrid would recommend having the most profitable option as pre-selected or click and collect if you want your customers to come to the store.

Do you find it useful when a delivery option is pre-selected for you at the checkout? (e.g., standard delivery, eco delivery, or click & collect is set as the default)



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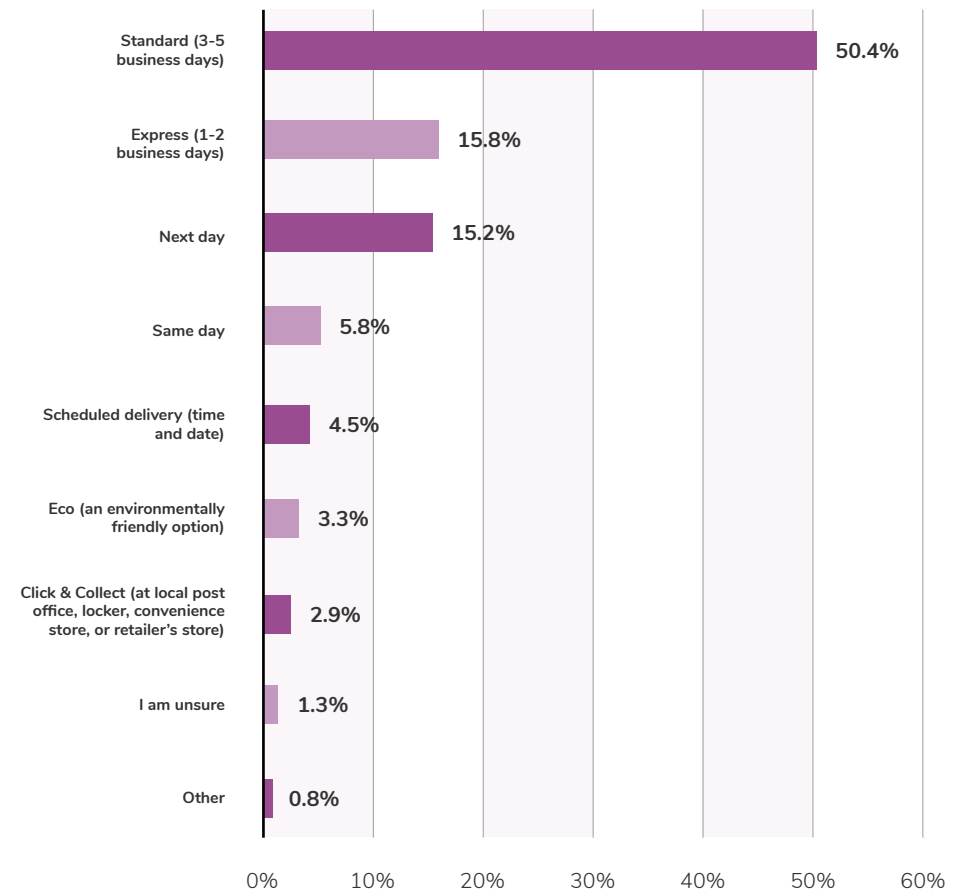
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The pre-selected delivery options customers prefer

When it comes to the delivery option that customers most want pre-selected for them at the checkout, cost comes above speed. Ingrid have investigated this, and their data has shown that retailers are meeting customers' needs.

Ingrid found that more than 90% of retailers' pre-selected delivery option was the cheapest choice, and for just below 20% of retailers it was the fastest method. Our survey data shows that standard delivery is the most preferred option for customers (50.4%), which so happens to be typically the cheapest. The second most preferred option isn't the fastest delivery method, such as same day (5.8%), but express delivery (15.8%) which takes 1-2 business days. Next day delivery is almost equally as popular (15.2%).

What delivery option would you most prefer to be pre-selected for you at the checkout?



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Customers perspectives on pre-selection based on past orders

While most customers prefer to have standard delivery as their pre-selected delivery option, to ensure relevancy for all customers, retailers can use pre-selection on an individual basis, automatically selecting the option that the customer has most used in past orders.

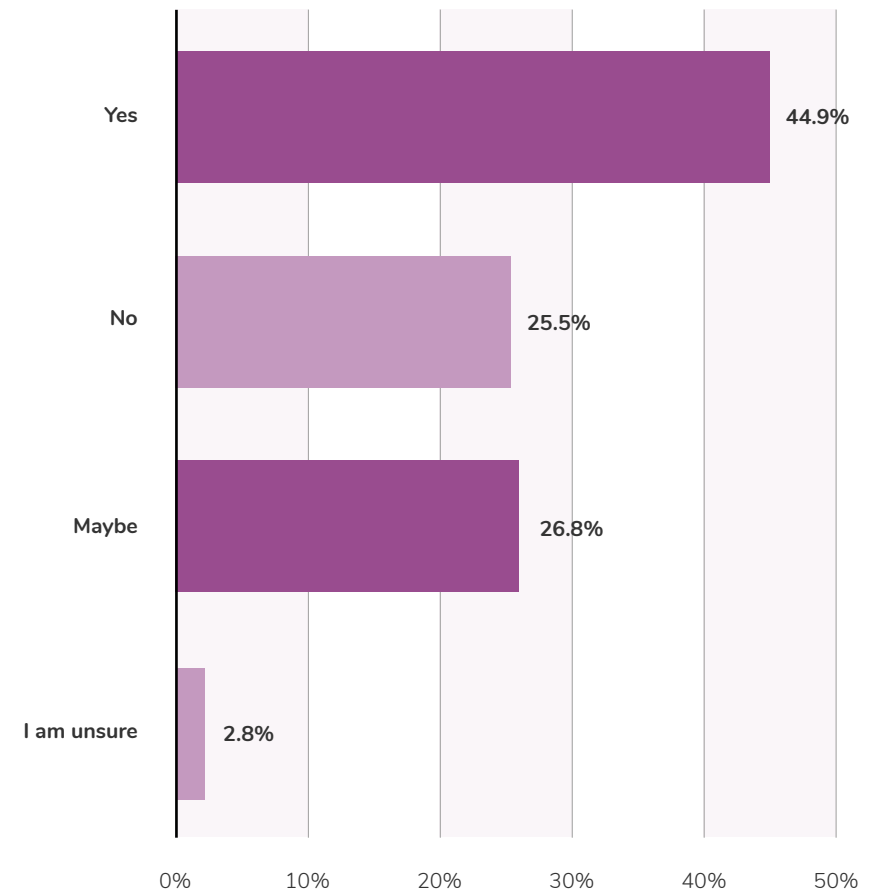
Customers have varying opinions on this type of personalisation. Just under 45% of customers would like it if a retailer used pre-selection in this way, 26.8% are on the fence, and 25.5% would not like this.

Ingrid comments:

This data emphasises how contextual delivery preferences are. Ingrid's data shows that 34% of customers choose a different delivery option the next time they are making a purchase with the same retailer.

Providing options to fit all customers and their changing lifestyles and preferences is important to meeting expectations and converting browsers to shoppers.

Would you like it if a retailer pre-selected a delivery option for you based on your selection in past orders?



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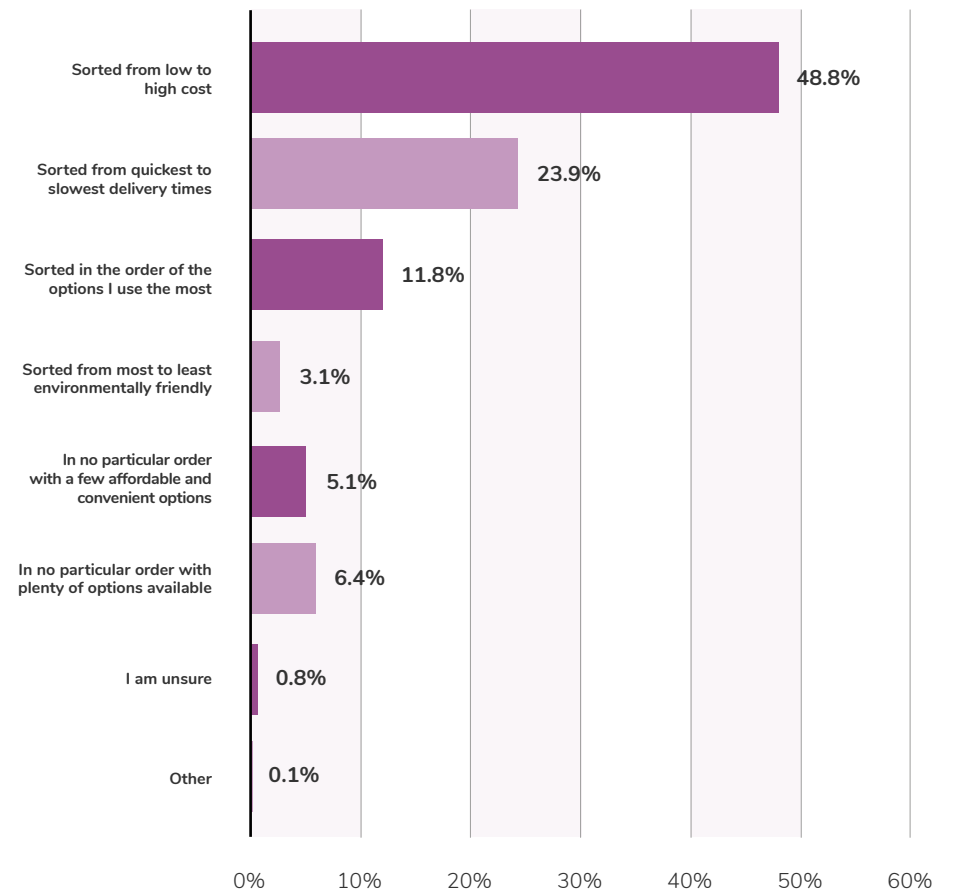
The best way to present delivery options to customers

We gathered customers' opinions on how they would most like delivery options presented to them at checkout, and only 11.8% would most want it in the order of the delivery options they use the most.

Again, cost is proving the most influential factor as most customers (48.8%) want the delivery options sorted from low to high cost. The second most popular is 'sorted from quickest to slowest delivery times,' preferred by 23.9% of respondents.



How would you most like delivery options presented to you?



Boosting e-commerce checkout conversion rates

Checkout features that inspire customers to complete orders

Online retail conversion rates have seen consistent declines in recent years, owing to the turbulent economic environment in the UK and changes in customer behaviour. We asked respondents to tell us what would most inspire them to complete an order at the checkout, helping retailers to improve the customer experience, and subsequently conversion (see next page).

The top thing that would inspire a customer to complete a purchase is the offer of free delivery (73.6%). Free delivery can give retailers a competitive advantage with customers who compare costs across multiple websites before making a final decision.

An easy and fast checkout process is another top inspiration for customers (56.8%). If the checkout is overcomplicated, it can create friction for the customer and can increase basket abandonment. Retailers should avoid lengthy text and consider elements such as address autocomplete to reduce checkout completion time.

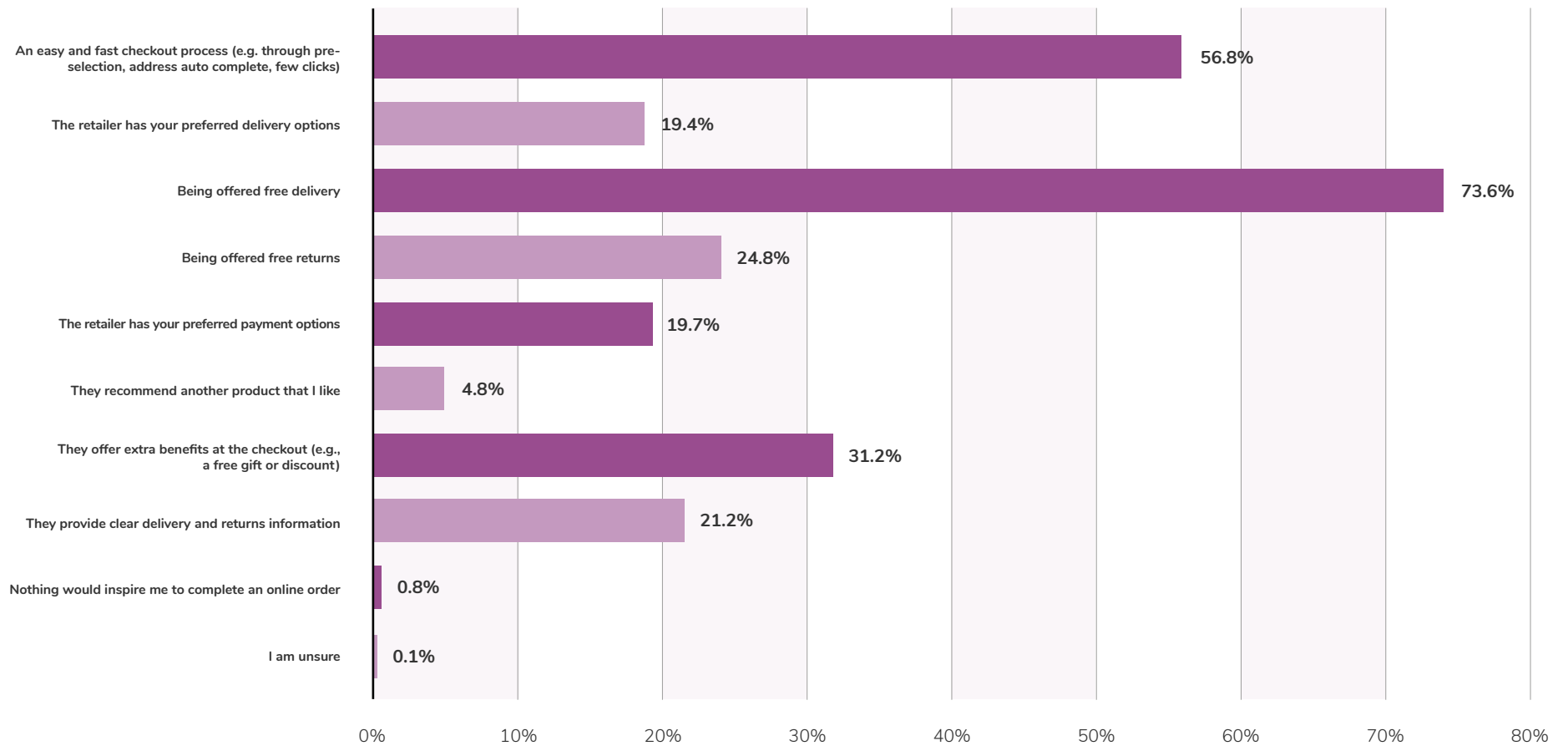
31.2% of respondents revealed that extra benefits at the checkout such as a free gift or discount would inspire them to purchase. This is an effective approach for new customers, or for customers who retailers would like to reengage.



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What would most inspire you to complete an online order at the checkout? (Please select up to 3 answers)



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Customers reveal what checkout experiences stood out to them

To gain qualitative insights into how retailers can create a stand-out checkout experience for their customers, we asked the respondents to tell us whether they have ever had an experience that positively stood out to them and why.

Here are some of the key findings:

Customers want greater flexibility

Customers do not want to feel limited at the checkout stage. They want great flexibility to fit around their daily routines.

They said...

“A large item of furniture was delivered to me within 4 days, and I could choose my preferred date and select a morning or afternoon time. Very unexpected but really pleased.”

“I was able to schedule a delivery to suit my time and location.”

“I could choose the exact location of delivery outside of my home with the use of an integrated map.”

“I love the locker options and my latest locker was one where you can drive up next to and collect your item which is most convenient, especially with a young child in the car. It saves you getting them out to collect.”

“I liked the fact that I could choose a delivery slot but then continue to revise my order for quite some time afterwards. This means that one does not need to rush to get one’s order just right or risk losing one’s delivery slot.”



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Customers want a fast and efficient checkout

Customers are generally more hesitant to complete purchases owing to the rising cost of living. It would be detrimental to brands to make their checkout overcomplicated with long forms that give customers time to rethink their purchasing decisions.

They said...

“It was easy to input my address (not from a dropdown - just typing into boxes) and having Google Pay as an option so I don't have to go and get my card.”

“A simple form to follow, where when you type in your postcode it comes up with the address, so you don't have to type it all out.”

“Everything was auto filled from my profile, so it was very quick.”

“It's so much quicker when you don't have to enter your address in full and payment details.”

“A checkout experience where I can use PayPal or Apple Pay to checkout faster are always a positive experience for me.”

“My best discount had already been applied to my basket.”



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Customers like to feel appreciated

Customers said that it was the little unexpected experiences that made the checkout process more enjoyable for them. They like to have positive surprises and to feel appreciated for their custom.

They said...

“I received 10% off of my order as I was a new customer, and also free delivery.”

“Getting a promo code at the checkout was a nice surprise.”

“I was offered a bonus on my account for loyalty.”

“Recently I was offered a free sample gift at checkout which was unexpected. Very much liked that!”

“I once checked out and was awarded a box of chocolates as a thank you. It was a really nice surprise.”

“I got the automated thank you for buying email, but then a personal email with further details of my order, when it was going to be dispatched, and a phone number for help if needed, and the offer of a small refund for giving a review regardless of it being positive or negative.”



The use of Out Of Home (OOH) delivery

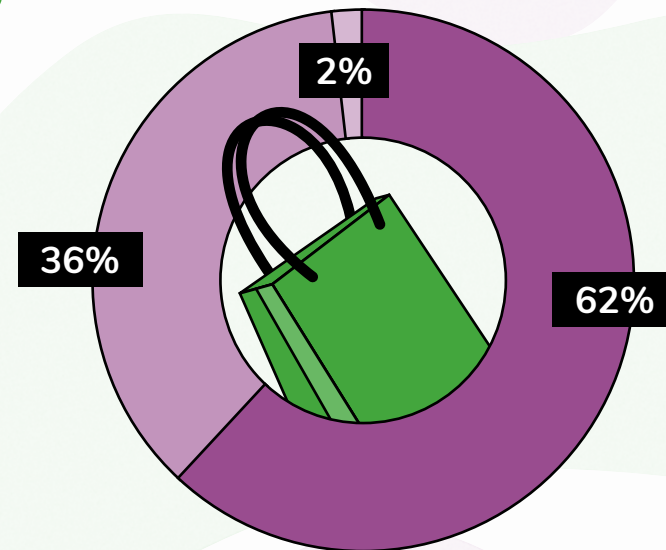
Are OOH options likely to be chosen?

Out Of Home (OOH) delivery options are less frequently used by UK customers compared to home delivery, according to IMRG and Ingrid research.

Ingrid research has found that only 24% of customers in Great Britain would opt for pickup, whereas 76% would choose home delivery. One might presume that this would be the case globally, however, in Sweden, for example, 88% of customers choose pickup and only 12% opt for home delivery.

Our research has shown that 62% of respondents have selected an OOH delivery option in the last year, suggesting that it is worthwhile to optimise and promote this choice.

Have you selected an out of home (OOH) delivery option in the last year? (e.g., click & collect from a retailer's store, Post Office or newsagent, or parcel lockers)



■ Yes ■ No ■ I am unsure

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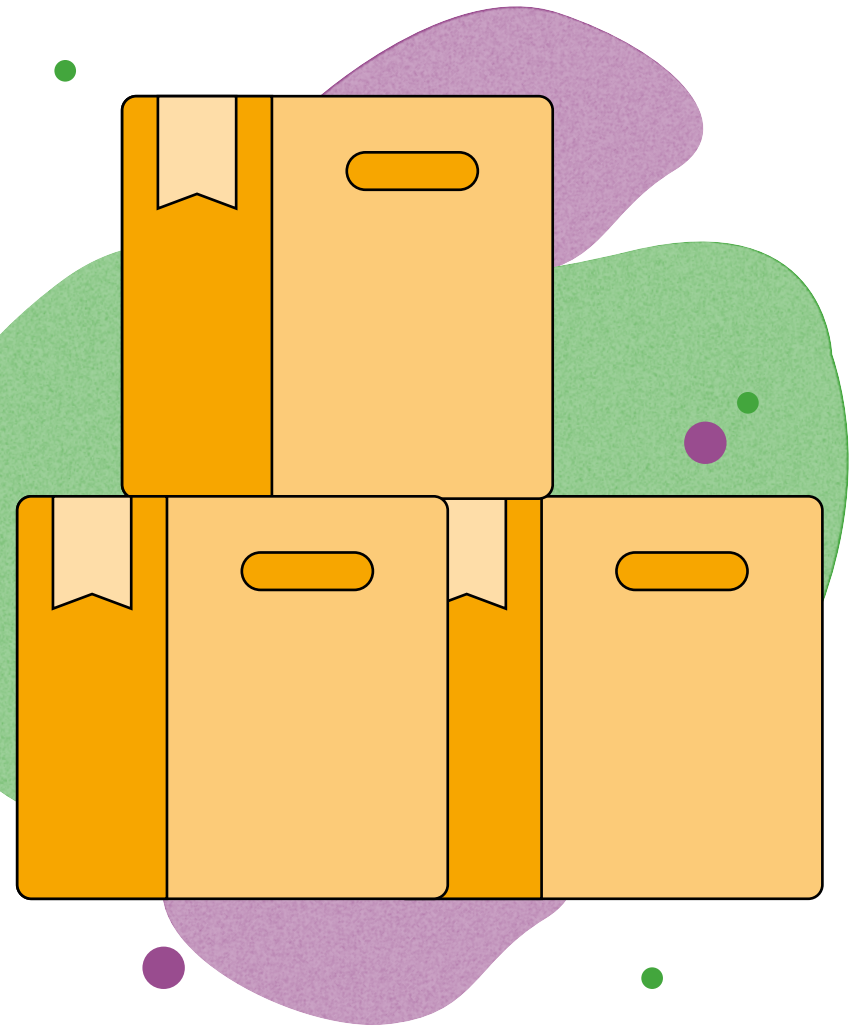
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Ingrid comments:

Retailers can integrate with multiple parcel delivery carriers offering OOH delivery options, as this helps to reduce carbon dioxide emissions, cut expensive last-mile costs through better parcel consolidation and delivery efficiency, and offer cheaper home delivery alternatives to customers.

Most importantly, OOH delivery options boost convenience and personalisation for customers who are not able to receive their orders at home. In most cases, they need to answer the door and receive the goods personally, even though most parcels are delivered only during business hours, when people are likely to be away from their homes. Additionally, when customers receive a notification on the day of delivery, it is often unclear at what time to expect it.

OOH delivery options, such as click & collect, parcel lockers, press agents, etc., enable customers to receive packages on their terms, at a convenient time and preferred location. They are predicted to become an e-commerce delivery staple among customers whose preferences are shifting towards more flexible and sustainable delivery options.



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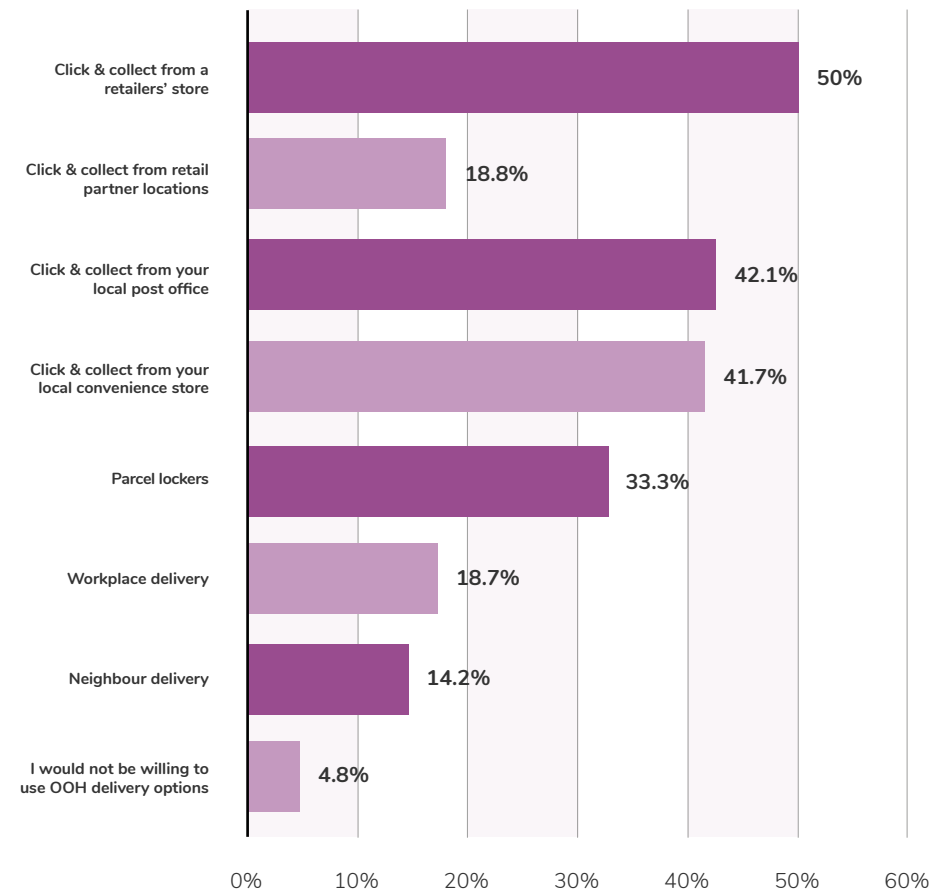
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The OOH options customers are most willing to use

The top three OOH delivery options customers are most willing to use in the future are click & collect (C&C) from a retailers' store (50%), C&C from their local convenience store (41.7%), and C&C from their local post office (42.1%).

Customers will select C&C from the retailers' store at the checkout because it offers a plethora of benefits, such as the capability to return the item there and then if they are dissatisfied, the ability to speak to customer service if there is an issue with an item, and customers can engage in further shopping activity if they wish.

What out of home (OOH) delivery options would you be most willing to use in the future? (please select up to 3 answers)



Environmentally friendly delivery options

Do customers ever use more ethical delivery options?

Customers tend to prioritise cost over more ethical practices such as opting for environmentally friendly delivery options (see pre-selected delivery data). However, a considerable 37% of respondents have used a 'sustainable' delivery option in the past, indicating some demand for this delivery type.

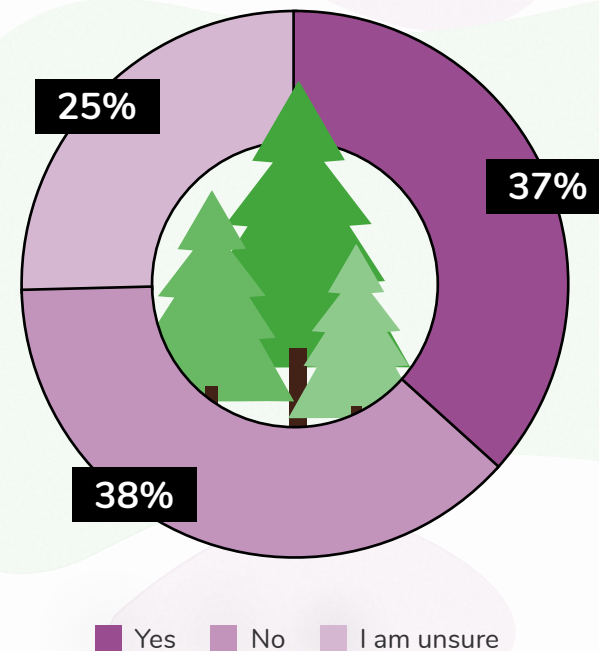
Though, 38% have never used environmentally friendly delivery, and 25% are unsure, highlighting a need for better communication and indicating that many retailers are not providing these options.

Retailers can address this by integrating these practices more prominently into their operations and marketing strategies and enhancing the visibility of sustainable options at checkout.

Ingrid comments:

Brands can incorporate clear and informative description labels next to environmentally-conscious delivery options, explaining what exactly makes them sustainable. The word 'sustainable' does not say much in itself, but 'fossil-free' does. Incorporating sustainability practices into e-commerce checkouts creates a shared baseline of values between retailers and their customers, as it encourages people to make greener shopping choices and e-commerce companies to integrate with environmentally-responsible carriers.

Have you ever used a delivery option that was marked as 'environmentally friendly' or 'sustainable'?



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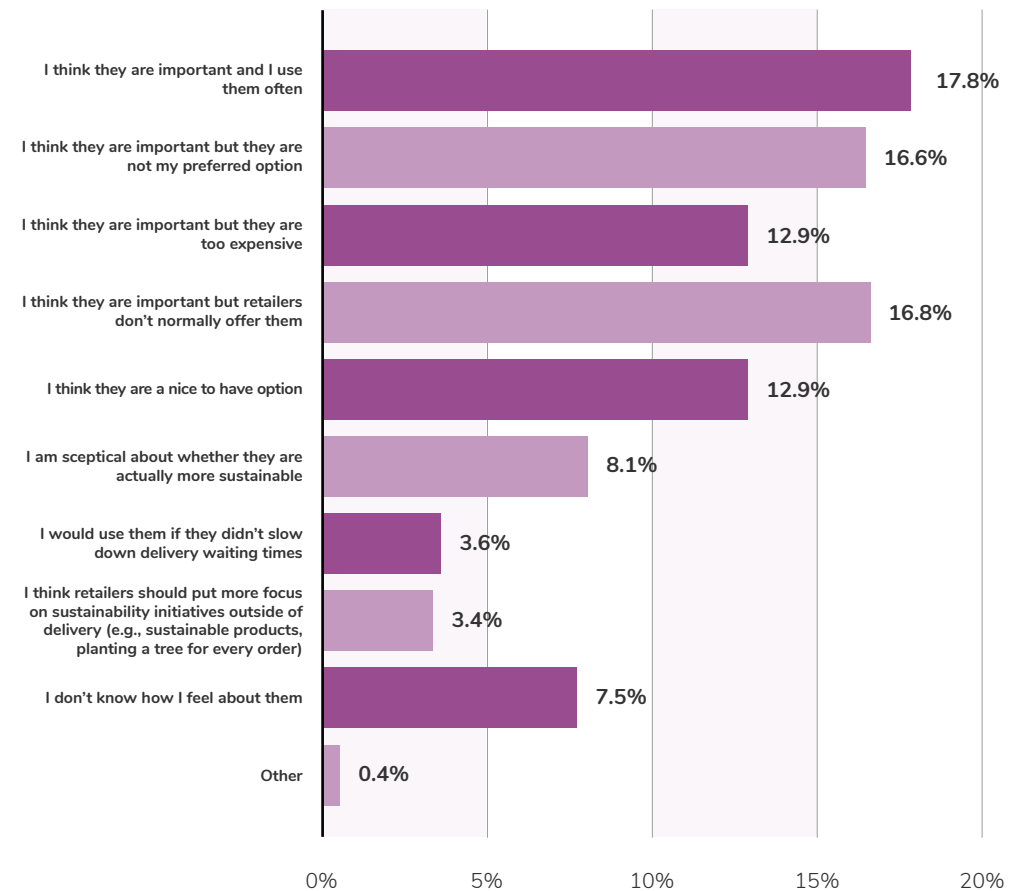
Customers' feelings towards environmentally friendly delivery

Nearly one-fifth of respondents (17.8%) think environmentally friendly delivery options are important and use them often. However, a similar number of respondents (16.8%) show concern about the lack of availability of these options.

16.6% of respondents think they are important but say they are not their preferred delivery option. Additionally, 12.9% said that environmentally friendly delivery is too expensive. Retailers can work with customers to reduce their environmental impact without implementing extra charges by recommending bundling items into a single shipment instead of sending them separately on different days, which reduces their carbon footprint and delivery costs.



Which description best fits how you feel about environmentally friendly delivery options?



The reasons why customers use certain delivery options more than others

The chart highlights the primary reasons customers prefer their most used delivery option (see next page). The two main drivers for why customers will stick to a delivery option is that it is the cheapest option available (50.2%) and that they have had good past experiences with it (42.2%). Retailers should focus on maintaining high service standards and competitive pricing to satisfy existing customers and attract new customers.

34.9% use a certain delivery option more because it gets the product to them in the quickest time. For many customers, fast delivery has become an expectation rather than a luxury, with some big retailers pushing forward this standard.

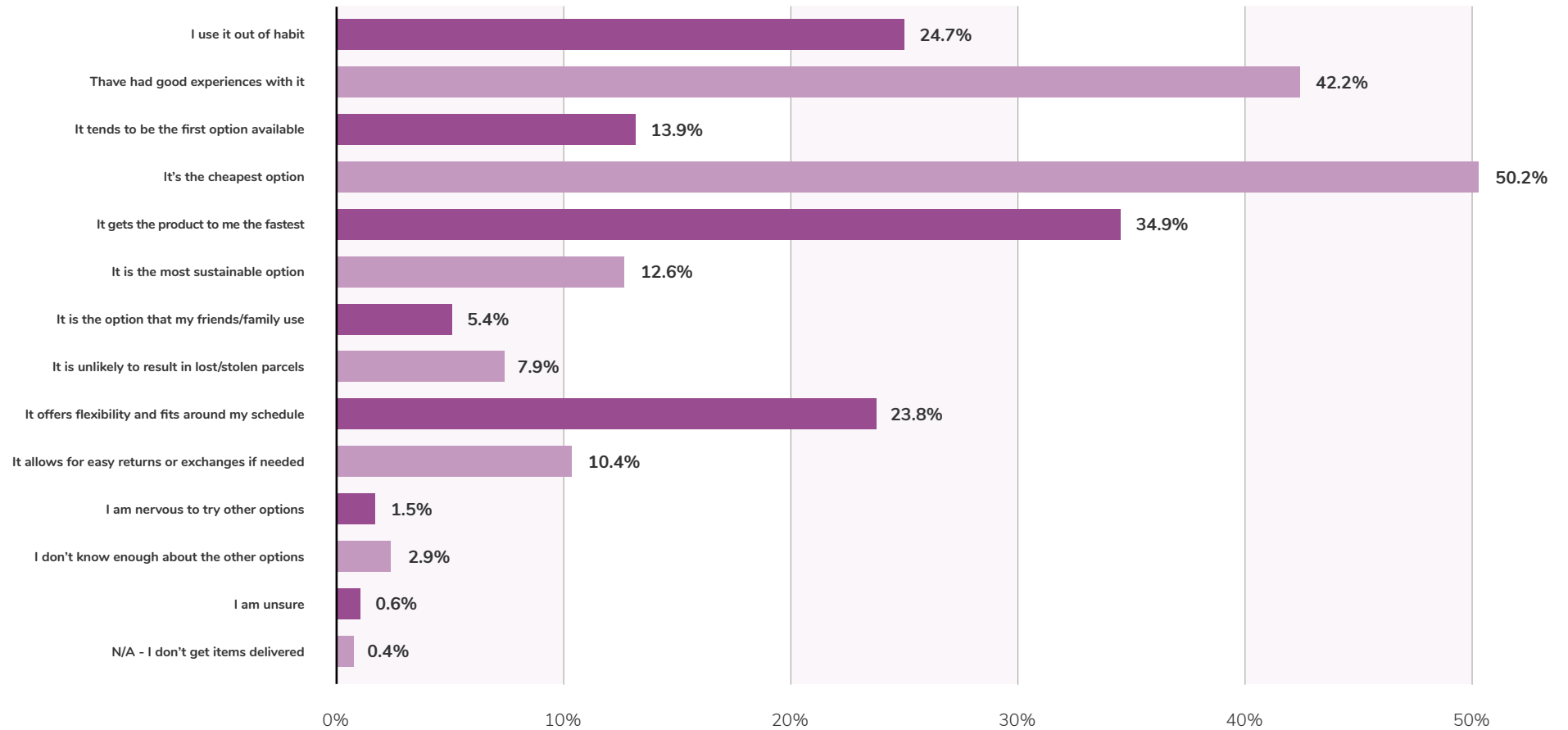
Noticeably, customers (24.7%) are also using their most preferred delivery option out of mere habit. Retailers can encourage exploration of different options by offering incentives, highlighting benefits, streamlining the selection process, and providing flexibility.



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Think about the delivery option you tend to use the most. What are your top reasons for using it? (please select up to 3 answers)



Conclusion

This report underscores the crucial role of delivery in enhancing the online shopping experience. As customer expectations evolve, retailers can prioritise flexible and cost-effective delivery strategies to boost satisfaction and loyalty.

Our findings indicate a significant shift, with 58.7% of customers increasingly seeking discounts post-2022, and a sustained reliance on discounted items has been observed throughout 2024. Speed also remains a critical factor, with 30.7% of respondents considering next-day delivery reasonable.

While Out Of Home (OOH) delivery options are less prevalent in the UK, they present a growing opportunity to meet diverse consumer needs. By integrating sustainable practices and personalised delivery options, retailers can not only meet but exceed customer expectations.



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5 key takeaways from Ingrid:

1

To increase customer satisfaction and conversion, provide delivery information at the start of the customer journey, as early as product pages. Do not wait until the checkout stage to share the delivery promise and shipping costs.

2

Integrate with multiple parcel delivery carriers, through services like Ingrid, to offer an optimal mix of delivery methods, costs, and coverage, in any location and sales season. At checkout, you can generate cost-efficient delivery options that fit your customer's location and pre-select those which you want to promote. The goal is to make the delivery experience seamless for your customers and efficient for your operations.

3

You can optimise your net delivery cost without losing sales. A/B test delivery fees to understand what delivery price points convert best at checkout, position certain offers as high-value options to justify extra expenses, and experiment with a free shipping threshold to boost cross- and up-sell.

4

Remember that the ultimate delivery experience covers the whole customer journey, from product discovery and consideration to delivery to a possible return. In 2024 and onward, it is no longer just about moving products from point A to point B — it is about delighting your customers and exceeding their expectations at each step of the journey.

5

Approach your delivery strategy as an evolving process. By understanding customer expectations, adopting a multicarrier approach, and continually optimising your efficiency, you can transform the pain point of delivery into a revenue-driving competitive edge.



The UK
eCommerce
Association

Contact

IMRG

Tel: 0203 696 0980

Email: membership@imrg.org

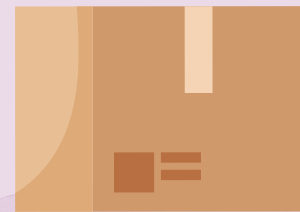
www.imrg.org

Ingrid

Tel: +44 7392 871 527

Email: elin.hammenfors@ingrid.com

www.ingrid.com



ingrid