

How Retailers Can Stay Ahead of Consumer Expectations After COVID-19



COVID-19 has dramatically accelerated e-commerce's percentage of overall retail sales to 27% through April 2020. However, the pandemic has also exacerbated the decline of department stores and specialty retailers.

Exhibit 1 – Pre-Pandemic vs During Pandemic Percentage of Purchases Made Online

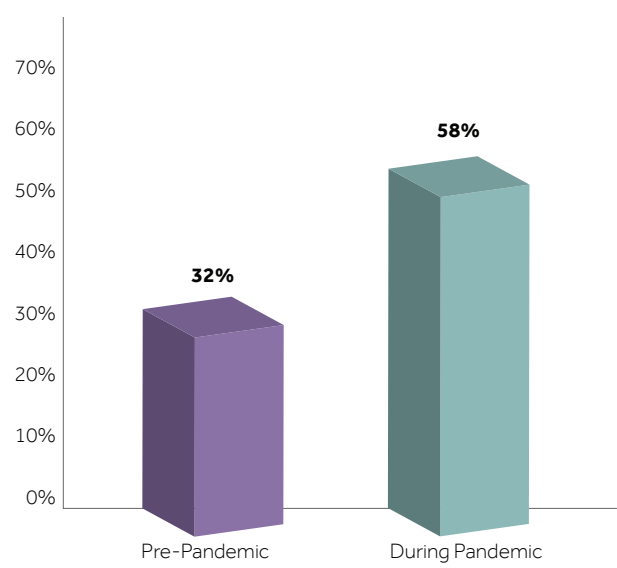
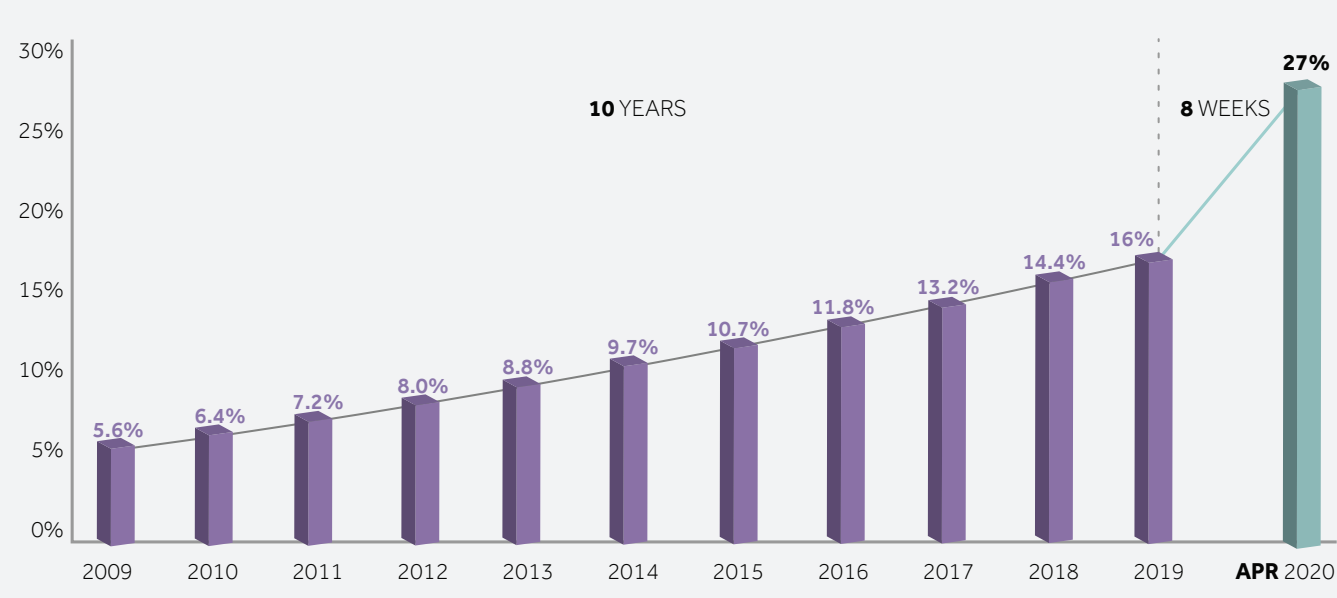


Exhibit 2 – US E-Commerce Penetration

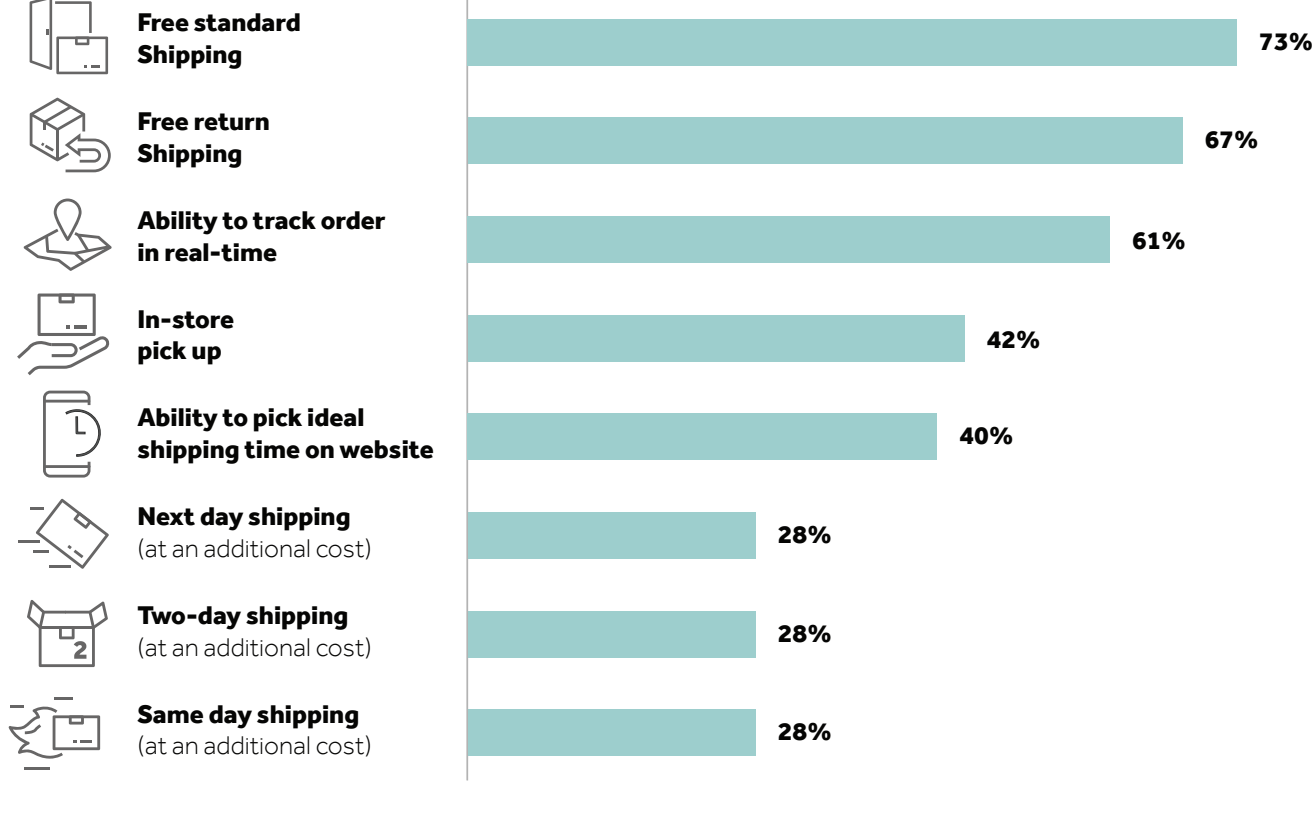


Has the pandemic affected consumers' shopping behaviors and expectations about the ecommerce delivery experience? LaserShip commissioned a study from Hanover Research to survey over 1,000 online shoppers in the US.

Key Takeaways

- Shipping Costs Remains Paramount**
Free or low-cost shipping remains the most important shipping consideration when shopping online.
- Delivery Satisfaction Has Decreased During the Pandemic**
Consumers are less satisfied with their delivery experience during the pandemic citing late deliveries and slow delivery times as the main causes.
- Baby Boomers Are Adopting E-Commerce**
The coronavirus has forced consumers to adapt, and Baby Boomers are no different. 47% of Boomers plan to increase their online shopping after the pandemic.
- The Continued Need For Speed**
Consumers want their merchandise to arrive faster, and GenZ and Millennial shoppers are willing to pay for expedited delivery options.

Exhibit 3 – Likelihood to Shop at New Retailers During Pandemic



73% of consumers are more likely to purchase from a new retailer that offers some type of free shipping while 28% are more likely to shop at new retailers with expedited same day, next day, or 2-day shipping and are willing to pay for it.

Exhibit 4 – Online Shipping Satisfaction

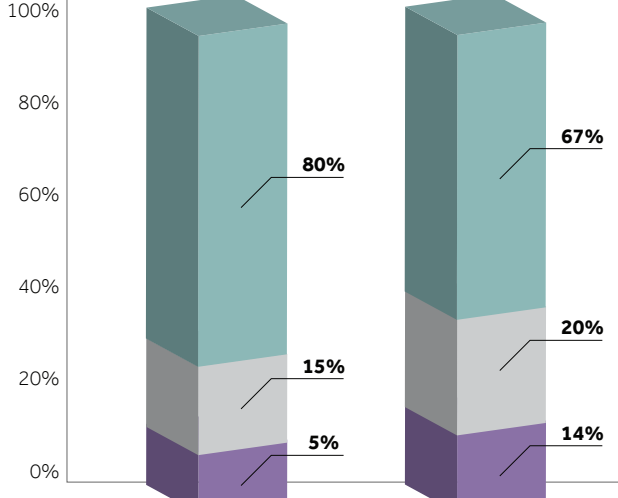
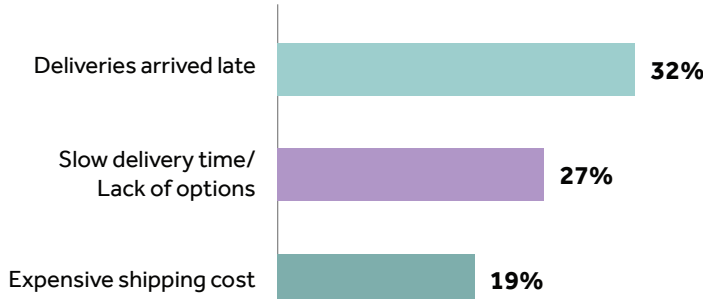


Exhibit 5 – Reasons For Shipping Dissatisfaction During COVID-19



47% of Boomers plan to increase their online shopping after the pandemic.

Exhibit 6 – Reasons for Increasing Online Shopping After the Pandemic

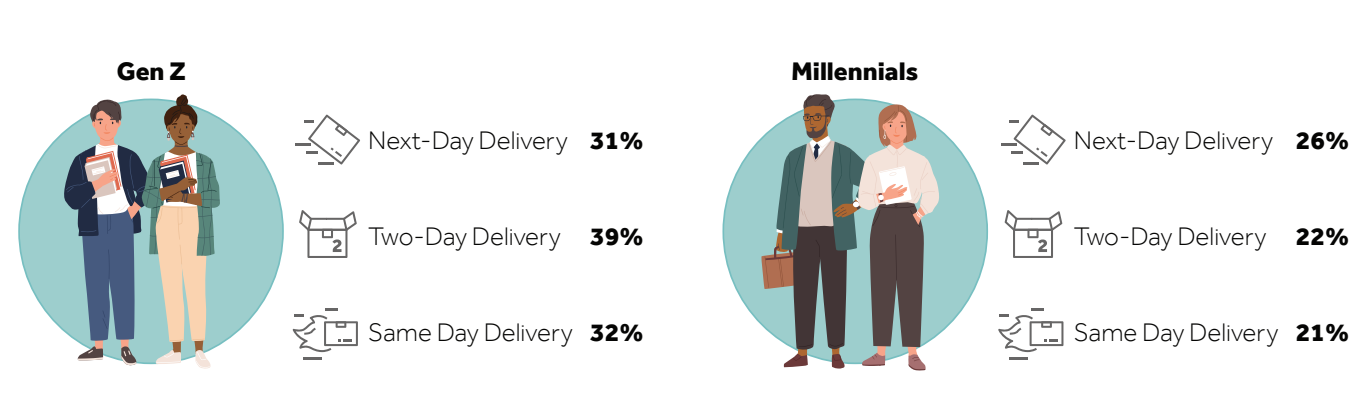


Exhibit 7 – Likelihood of Shopping at New Retailers by Generation & Shipping Preferences

	Gen Z	Millennial	Gen X	Baby Boomer or older
Free standard shipping	58%	71%	74%	83%
Free return shipping	59%	66%	69%	70%
Ability to track order in real-time	57%	62%	62%	63%
In store pick up	40%	51%	46%	34%
Ability to pick ideal shipping time on website	46%	44%	44%	29%
Next day shipping (at an additional cost)	40%	37%	30%	13%
Two-day shipping (at an additional cost)	39%	37%	30%	13%
Same day shipping (at an additional cost)	36%	39%	31%	11%

Paying for faster delivery is generational. 40% of Gen Z consumers and 37% of Millennials surveyed would increase their probability of shopping at a new retailer if they offered next day delivery serviced at an additional cost, a stark contrast to their parents and older generations.

Exhibit 8 – Percentage of Gen Z and Millennials Paying for Faster Delivery During COVID-19



How Retailers Can Respond to Changing Shopping Behaviors

Recommendations

- Acquire new customers by offering **free shipping and returns**
- Build loyalty and lifetime value with **expedited delivery options**
- Improve the delivery experience by **diversifying your carrier mix**

About the Author

Josh Dinneen is the Senior Vice President of Commercial Development at LaserShip, the leader in last-mile delivery and largest regional ecommerce parcel carrier in the US, where he oversees revenue strategy, sales, marketing, account management, and call center operations. Josh has over 18 years of experience in the industry, and prior to his current role, he created LaserShip's e-commerce hub and spoke delivery network as the Vice President of Supply Chain.