

Online Retailing: Delivery, Collection and Returns - UK - 2022

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This report looks at the following areas:

- The impact that the cost-of-living crisis could have on delivery choice and online shopping intention
- The size of the online retailing market and the collection market
- Online purchasing by category
- How purchases made online are received
- Price sensitivity in same-day orders
- Interest in future delivery, collection and returns innovations
- Attitudes towards next-day delivery, returns charges, and sustainability in delivery methods.

Some 60% of online shoppers say that special offers on delivery are a good reason to switch retailer when shopping online. While delivery and collection options and pricing may not be thought as a chief driver of where people shop online, they do play an important role in the value judgement a consumer makes of a retailer and in the midst of the cost of living crisis they will play an important role in where consumers decide to shop.

Indeed, while it is a positive that for the online channel that 54% of consumers believe the best prices are online, this will not lead to lessening of the competition in the market. Indeed, friction around the cost of delivery, collection and increasingly the return of items online mean that these core functional elements of shopping online will be under greater scrutiny in the short-to-medium term.

This is the greatest threat at present in the market, that pressure on finances from retailers which in turn lead to necessary but still barrier-creating changes in policy, limit retailers' ability to be competitive in the online channel. A number of retailers have looked to charge for returns as well as delivery. While for store-based retailers this can create reasons to come into stores, with 51% of online shoppers saying that charges for postal returns make returning in-store more appealing, for online-only players this can significantly lessen the appeal



“The online channel has a strong value perception, which will continue to drive demand even though a majority of demand within the sector is discretionary.”
- Nick Carroll, Analyst
Category Director – Retail
Insights, October 2022

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of shopping with them, with 75% of online shoppers saying that a retailer which charges for returns is less appealing than one that doesn't.

For retailers there are significant opportunities to grow their delivery pass membership base during this period. 50% of online shoppers say access to free deliveries make signing up to such a scheme appealing, and such schemes are a way of helping customers find value when it is high on the agenda while also building loyalty which can extend past the current pressures. However, retailers also need to prove the worth of these schemes, and need to look past simply free delivery to other incentives, such as exclusive discounts or product launches, to further underline value and stand out in an increasingly competitive market.

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