STRATEGIC INSIGHTS FOR ONLINE RETAILERS

Consumer behaviour, delivery preferences and sustainability needs

PACK & SEND®

FOREWORD

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This report offers a comprehensive analysis designed to provide valuable information on evolving consumer behaviour, delivery and shipping preferences, and sustainability initiatives in online shopping.

The market is increasingly competitive, making understanding these dimensions essential for retailers aiming to enhance customer satisfaction, build loyalty, and drive sustainable growth. This report delves into critical areas influencing consumer decision-making, from shopping frequency and delivery expectations to the rising importance of environmentally friendly practices.

Our extensive research reveals a generational change in what online shoppers value most – transparency in communication, speed of delivery, and sustainability practices are now fundamental expectations. As digital commerce continues to grow, aligning your strategies with these evolving and emerging consumer needs is beneficial and imperative for success.

We encourage you to read on to discover how you can tailor your offerings and supply chain to meet the diverse and rapidly changing needs of your customers. This report is designed to allow you to leverage these insights to not only stay competitive but thrive, anticipating shifts in the market and aligning your strategies with the future of online retail and logistics. The journey to a more customer-centric, successful business begins with understanding what your customers truly value.

ABOUT THIS REPORT

This report is based on a comprehensive study involving 754 respondents. It delves into the evolving landscape of online retail, capturing a comprehensive view of consumer preferences, behaviours, and expectations. Drawing on data from a diverse range of demographics, the study encompasses insights from various age groups, from young digital natives to older, more traditional consumers. It also includes perspectives across different regions, income levels, and household compositions, providing a holistic understanding of the modern consumer.

By covering such a broad spectrum of participants, this report offers a nuanced look at the differing needs and priorities across demographics. Whether it's the tech-savvy preferences of younger shoppers or the evolving habits of older consumers, the findings highlight key trends and shifts in the market.

The report is structured four main sections, offering deep insights and strategic recommendations to help retailers make decisions about the future of their business that make the most of the changing e-commerce landscape, enhance their market position and better serve their customers.

EXECUTIVE SUMMARY

The insights derived from this report are essential for online retailers looking to align their strategies with current and future consumer preferences. The findings highlight several critical areas of focus:

Frequent online shopping

Many consumers shop online frequently, with 46.8% doing so at least once a week. This frequency underscores the need for online retailers to ensure a reliable and seamless shopping experience, as any disruptions or negative experiences could affect customer loyalty.

Transparent delivery communication

Consumers increasingly demand real-time tracking and specific delivery notifications. This preference for transparency is driven by a desire for control and assurance in their shopping experience, and retailers must prioritise clear, consistent communication to maintain customer trust.

Sustainability as a key differentiator

Eco-friendly practices are rapidly becoming significant in consumer decision-making. Retailers demonstrating a commitment to sustainability are more likely to attract and retain customers who prioritise environmental responsibility.

EXECUTIVE SUMMARY
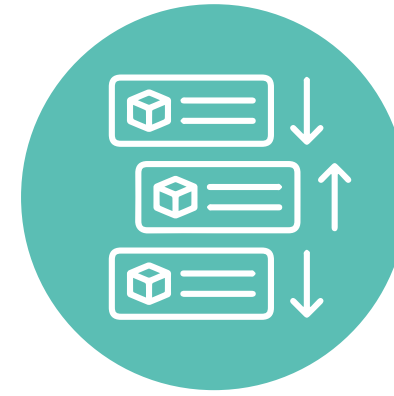
Customised delivery options

Flexible delivery choices are critical to meeting diverse consumer needs. Providing options such as scheduled deliveries, pickup points, and secure delivery locations can enhance the customer experience.

Impact of green credentials on loyalty

Strong environmental credentials are a powerful driver of consumer loyalty and brand preference. Retailers should communicate their sustainability efforts transparently to build a stronger connection with eco-conscious consumers.

Adoption of emerging technologies

The integration of real-time tracking and predictive delivery times is increasingly motivating consumers, indicating a growing preference for tech-enhanced delivery solutions. This trend reflects a desire for greater convenience and reduced uncertainty in the delivery process.

Section One

ONLINE SHOPPING BEHAVIOUR AND RETAILER SELECTION

To stand out in a crowded marketplace, retailers must now focus on differentiation through exceptional customer service.

46.8%
Shop online at least once a week

28.6%
Shop online a few times a month

THE NEW NORMAL

The digital shopping landscape has changed over the past decade, with consumers increasingly integrating online shopping into their daily routines. Our data indicates that nearly half (46.8%) of respondents shop online at least once a week, with "A few times a month" (28.6%) also a common response.

This trend signifies a profound reliance on online retail channels for everyday purchases. It also highlights the importance of delivering a consistent and positive shopping experience, as frequent engagement means consumers constantly evaluate and compare different retailers.

The high frequency of online shopping reveals several underlying consumer behaviours. Firstly, convenience is a primary driver, consumers appreciate the ability to shop anywhere, anytime. This convenience factor is amplified by reliable delivery services and user-friendly interfaces that streamline shopping. Secondly, the digital era has brought about a heightened expectation regarding service quality. To stand out in a crowded marketplace, retailers must now focus on differentiation through exceptional customer service, exclusive product offerings, and competitive pricing strategies.

Retailers should consider strategies to enhance cross-selling and upselling opportunities within these high-engagement categories to maximise revenue.

HIGH-VALUE CATERGORIES DOMINATE CONSUMER BUDGETS

Our analysis of monthly spending across various categories highlights key consumer priorities. Categories such as "Food and liquor", "Fashion", "Health and beauty", and "Department stores" exhibit the highest average expenditures. For instance, Food and liquor shows the highest average spend, at $66.29, reflecting its role as a staple category driven by essential household needs. Similarly, Fashion ($50.81) and Department stores ($47.18) show steady consumer interest, underlining the importance of personal care and style in online shopping.

These spending patterns suggest that consumers prioritise categories that fulfil essential needs or align with personal interests and lifestyle choices. For online retailers, understanding these preferences is crucial for targeting high-value customer segments and developing marketing strategies that resonate with consumer needs.

AVERAGE SPEND BY CATEGORY
Source: Inside Retail x PACK & SEND consumer survey report 2024

$66.29 Food and liquor	**$50.81** Fashion	**$47.18** Department stores
$36.71 Health and beauty	**$33.95** Hobbies and recreational goods	**$29.16** Home and garden
$26.10 Pharmacy	**$20.90** Hardware	**$17.77** Books, print and stationery

FREE DELIVERY AND SPEED SHAPE CONSUMER CHOICE IN ONLINE RETAIL

When selecting an online retailer, consumers are influenced by several key factors, including "Free delivery" (75.5%), "Speed of delivery" (58.6%), "Loyalty programs" (47.9%), and "Previous good delivery experience" (47.6%). These findings underscore the importance of cost-related incentives and service quality in the consumer decision-making process. Free delivery, in particular, stands out as a powerful motivator due to its perceived value and cost savings.
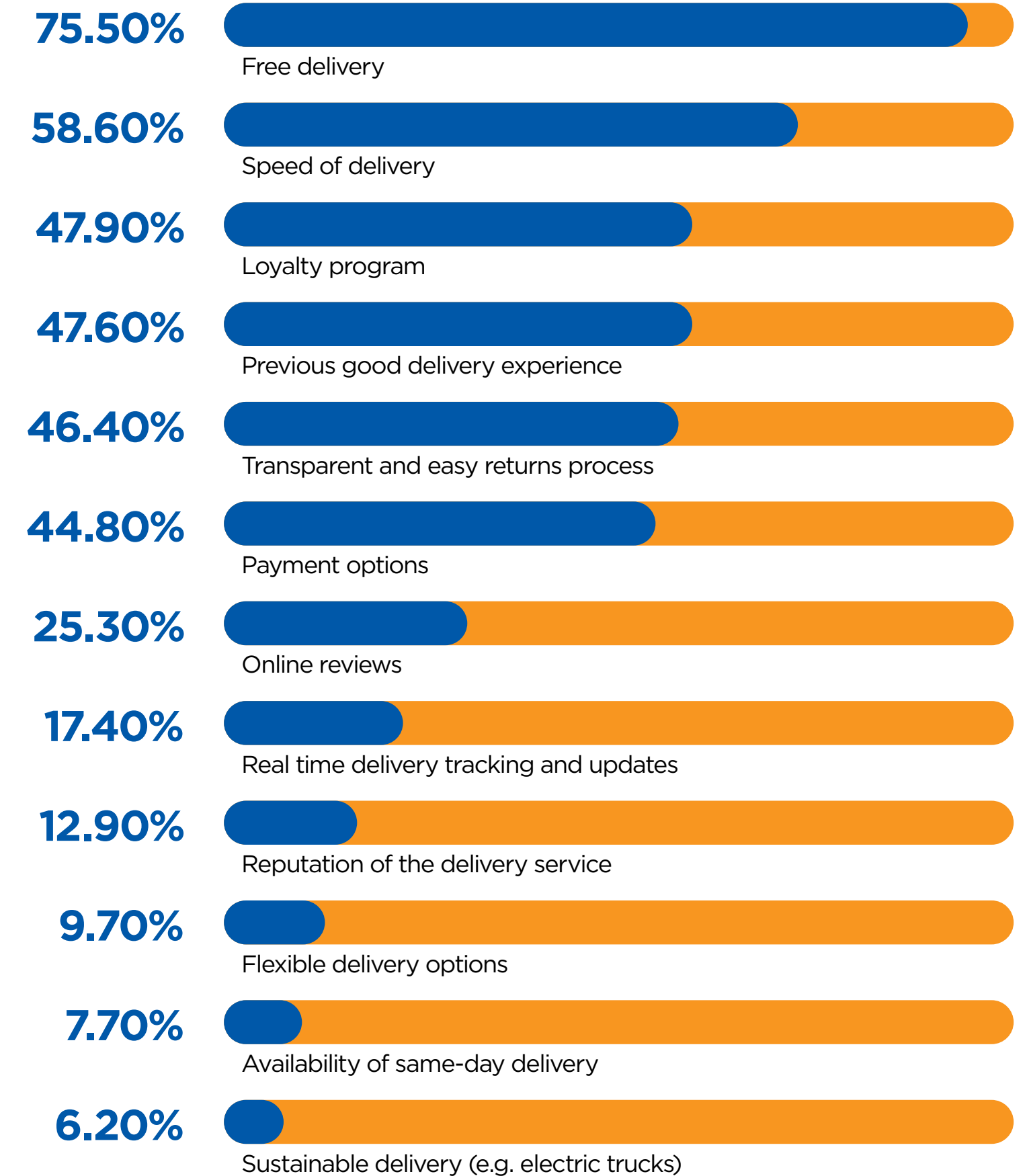
Retailers that optimise their delivery processes to ensure speed and efficiency are more likely to attract and retain customers. Maintaining high service consistency is crucial, as even a single negative experience can drive customers away. Loyalty programs also play an important role, offering consumers tangible rewards for repeat business and fostering long-term customer relationships.

Emphasis on delivery-related factors indicates that consumers are not only price-sensitive but also highly value the overall convenience and reliability of the service.

Maintaining high service consistency is crucial, as even a single negative experience can drive customers away.

FACTORS DRIVING ONLINE RETAILER CHOICE

Source: Inside Retail x PACK & SEND consumer survey report 2024

Percentage	Factor
75.50%	Free delivery
58.60%	Speed of delivery
47.90%	Loyalty program
47.60%	Previous good delivery experience
46.40%	Transparent and easy returns process
44.80%	Payment options
25.30%	Online reviews
17.40%	Real time delivery tracking and updates
12.90%	Reputation of the delivery service
9.70%	Flexible delivery options
7.70%	Availability of same-day delivery
6.20%	Sustainable delivery (e.g. electric trucks)

Section Two

DELIVERY EXPERIENCE AND CONSUMER EXPECTATIONS

Younger consumers

18-29 years

favour a mix of traditional (email) and digital communication methods (online chat, in-app chat, messaging), reflecting their adaptability and comfort with various technologies.

By combining traditional and digital communication channels, retailers can ensure all customer segments receive timely, preferred notifications, thereby enhancing the customer experience and building lasting loyalty.

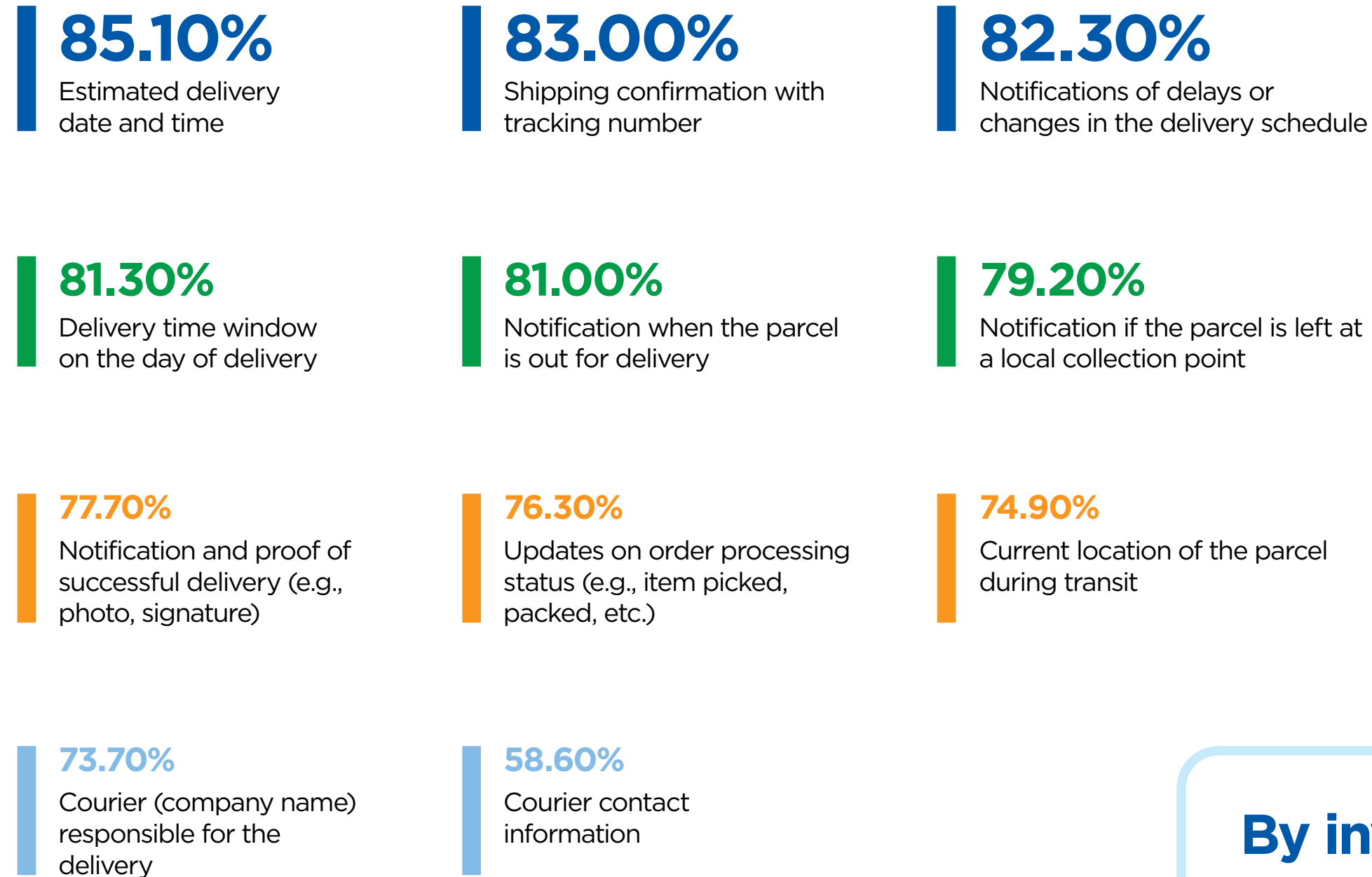## EFFECTIVE COMMUNICATION IS CRITICAL IN SHAPING A POSITIVE DELIVERY EXPERIENCE

The data suggests a generational shift in communication preferences for delivery notifications and updates. Younger consumers (18-29 years) favour a mix of traditional (email) and digital communication methods (online chat, in-app chat, messaging), reflecting their adaptability and comfort with various technologies. Their prominent use of digital channels highlights a preference for quick, real-time communication, which aligns with their broader digital-first lifestyle.

In contrast, consumers over 30, and particularly those over 40, show a strong preference for more traditional methods, like email and phone calls. However, the strong use of messaging apps among the 65+ age group reveals that even older consumers are open to adopting new technologies when they offer convenience and simplicity.

To stay competitive, retailers must adapt to shifting consumer needs and trends by understanding the nuanced communication preferences of different demographics.

DELIVERY INFORMATION CONSUMERS VALUE
Source: Inside Retail x PACK & SEND
consumer survey report 2024

85.10%
Estimated delivery
date and time

83.00%
Shipping confirmation with
tracking number

82.30%
Notifications of delays or
changes in the delivery schedule

81.30%
Delivery time window
on the day of delivery

81.00%
Notification when the parcel
is out for delivery

79.20%
Notification if the parcel is left at
a local collection point

77.70%
Notification and proof of
successful delivery (e.g.,
photo, signature)

76.30%
Updates on order processing
status (e.g., item picked,
packed, etc.)

74.90%
Current location of the parcel
during transit

73.70%
Courier (company name)
responsible for the
delivery

58.60%
Courier contact
information

BUILDING SATISFACTION AND TRUST THROUGH PROACTIVE NOTIFICATIONS

Transparency and control are vital components of the online shopping experience. Consumers place a high value on "Notifications of delays" (82.3%), "Estimated delivery date and time" (85.10%), and "Shipping confirmation with tracking number" (83%). This need for transparency reflects a desire for greater control over the delivery process, which helps to build trust and reduce anxiety.

Retailers should prioritise providing accurate and timely updates throughout the delivery process. Any delays or lack of communication can lead to frustration and potentially harm the customer relationship. Proactive updates and notifications anticipating customer needs and concerns can enhance the customer experience and foster a sense of reliability and trust.

By investing in robust logistics and communication systems and providing customers with delivery options, retailers can ensure they meet these expectations and maintain a strong reputation for service quality.

THE POWER OF HUMAN CONNECTION

Despite the increasing reliance on digital communication for routine updates, a majority of respondents (55.0%) find it "Very important" or "Extremely important" to connect with a local representative when assistance is needed. This finding underscores the continued importance of balancing automated and personalised customer service.

While technology can handle many aspects of the delivery process, there remains a strong desire for human interaction, particularly in complex or problematic situations. Retailers should consider maintaining or enhancing their local customer service teams, ensuring they are well trained and equipped to handle customer enquiries efficiently.
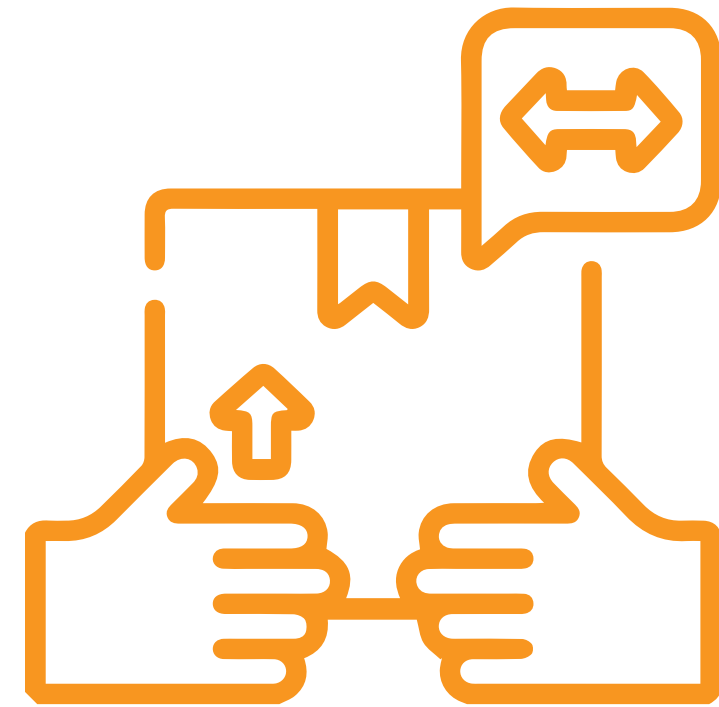
55%

Find it "Very important" or "Extremely important" to connect with a local representative when assistance is needed

A blend of digital and human touch points can help build stronger relationships, foster trust, and ensure customers feel supported and valued throughout their shopping journey.

GROWING INTEREST IN ALTERNATIVE PICKUP OPTIONS

Retailers should consider expanding their delivery options to include secure pickup points and partnerships with local businesses.

33%

A growing preference for alternative pickup options, with "Operated and secured pickup points"

The data highlights a growing preference for alternative pickup options, with "Operated and secured pickup points" (33.0%) and "Convenience and retail stores" (30.5%) emerging as the most favoured choices among consumers. This reflects a strong desire for greater flexibility in the delivery process and an increasing emphasis on security and control over when and where orders are collected. In an age where convenience is paramount, consumers seek solutions that fit seamlessly into their busy lives. Secured pickup points provide peace of mind, reducing the risk of missed deliveries or theft, especially for high-value or sensitive goods, while allowing customers to collect their purchases at a time and place that suits them.

By offering flexible and secure pickup options, retailers can cater to consumers who may not be home during delivery windows or prefer to avoid delivery charges. These alternative pickup points meet consumer demand and reduce logistical challenges associated with home delivery, such as failed delivery attempts, which can be costly and time-consuming. Importantly, they strengthen the retailer's value proposition, helping to differentiate their services from competitors.

The data underscores the importance of flexibility and choice in the delivery process. Retailers are encouraged to incorporate alternative options into their strategies to stay competitive, enhance customer satisfaction, and foster loyalty.

Section Three

SUSTAINABILITY IN ONLINE RETAIL

Sustainability can influence retail loyalty among 18-34 year-olds

For retailers, embracing environmentally friendly practices is no longer just a corporate social responsibility but a strategic imperative that can influence customer loyalty and brand perception.

SUSTAINABILITY HAS EMERGED AS A CRITICAL CONSIDERATION FOR MANY CONSUMERS

With 25.6% of respondents rating green credentials as "Very/Extremely Important." This sentiment is particularly evident among younger demographics, especially 18 to 34-year-olds, who lead the charge in prioritising eco-conscious purchasing decisions. For this age group, the environmental impact of their purchases is not just a passing concern—it's increasingly a value shaping their shopping behaviour.

Consumers increasingly seek retailers that reflect their values by adopting sustainable practices, such as reducing waste, minimising carbon footprints, and using renewable resources. Retailers that proactively communicate their green initiatives and demonstrate a commitment to sustainability are more likely to attract and retain customers who prioritise these values.

PREFERRED GREEN INIATIVES
Source: Inside Retail x PACK & SEND
consumer survey report 2024

79.80%
Reduce and
recycle packaging

77.70%
No use of plastic
or foam packaging

67.80%
Carbon neutral
shipping

67.40%
Use of renewable energy
across the business

67.40%
Only use suppliers with
environmental credentials

62.20%
Carbon offset of
business activities

CONSUMERS ARE LOOKING FOR REDUCED WASTE AND PLASTIC-FREE ALTERNATIVES

The most favoured green initiatives include "Reduce and recycle packaging" (79.8%) and "No use of plastic or foam packaging" (77.7%). These preferences indicate that consumers are mainly concerned with the environmental impact of packaging waste.

Retailers should consider implementing or expanding eco-friendly packaging solutions, such as recyclable or compostable materials, to align with these consumer preferences. Transparent communication about these initiatives can also enhance brand reputation and loyalty, particularly among younger demographics, which are more likely to prioritise sustainability in their purchasing decisions.

SUSTAINABILITY IS NO LONGER OPTIONAL

Among respondents, 37.5% indicated they would "Look for alternatives" if their current retailer did not implement sustainable practices. This suggests a substantial risk of customer attrition for retailers that neglect environmental responsibility.

As consumers become more informed and conscious of their purchasing decisions, retailers must view sustainability as a responsibility and a competitive advantage. By implementing and effectively communicating green initiatives, retailers can retain environmentally conscious customers and attract new ones.

37.5%

"Look for alternatives" if their current retailer did not implement sustainable practices.

RESPONSE TO RETAILER ENVIRONMENTAL PRACTICES

Source: Inside Retail x PACK & SEND consumer survey report 2024

39.30% Continue using the service

37.50% Look for alternatives

9.90% Complain to the retailer

12.10% Shop in-store

1.20% Other

RESPONSE TO RETAILER SUSTAINABLE DELIVERY OPTIONS
Source: Inside Retail x PACK & SEND consumer survey report 2024

45.80%
Electric delivery vehicles

41.80%
Carbon neutral shipping

80.10%
Real time-delivery tracking

78.10%
Predictive delivery times

57.80%
Reusable and returnable

63.40%
Personalized messaging

SHOPPERS LEAN TOWARD RETAILERS WITH SUSTAINABLE PRACTICES

With 41.1% of respondents stating they are more likely to use retailers offering eco-friendly or sustainable delivery options, it's clear that sustainability is a significant factor in retailer selection. Retailers should leverage this trend by highlighting their green initiatives in marketing campaigns and product packaging. Aligning brand values with sustainable practices can help differentiate a retailer in a crowded marketplace and build long-term customer loyalty.

41.1%
Are more likely to use retailers offering eco-friendly or sustainable delivery options

Section Four

LEVERAGING TECHNOLOGY FOR COMPETITIVE ADVANTAGE

80.1%
Prefer real-time delivery tracking

78.1%
Prefer predictive delivery times

With real-time tracking and predictive delivery, retailers can offer more transparency, reduce inquiries, and optimise operations.

SEAMLESS DELIVERY EXPERIENCES
Consumers prefer real-time tracking and predictive delivery times

Our findings reveal that "Real-time delivery tracking" (80.1%) and "Predictive delivery times" (78.1%) are among the most motivating technologies for consumers. These preferences suggest that consumers increasingly seek a seamless and transparent delivery experience facilitated by advanced technology.

Investing in these technologies enhances customer satisfaction by giving consumers greater control over the delivery process. Real-time tracking empowers customers to follow their orders at every step, while predictive delivery times provide accurate expectations for arrivals. These advancements improve customer experience and streamline logistics, reducing the burden on customer service teams and offering valuable data for route optimisation.

Integrating such technologies presents a dual benefit for retailers: it enhances the customer experience while improving operational efficiency. This approach aligns with consumer demand for convenience and reliability, positioning retailers to better meet evolving market needs and expectations.

CONCLUSION AND STRATEGIC RECOMMENDATIONS

This report highlights consumers' evolving expectations regarding online shopping and delivery experiences, strongly emphasising sustainability, transparency and technology. To capitalise on these insights and maintain a competitive edge, online retailers should consider the following strategic recommendations:

Enhance delivery transparency and communication

Implement real-time tracking and provide clear, accurate delivery times to improve the customer experience and reduce service enquiries. Ensure that communication is personalised and responsive to individual customer needs.

Adopt and communicate sustainable practices

Focus on reducing packaging waste and offering carbon-neutral shipping options. Transparently communicate these efforts through multiple channels to enhance brand loyalty and attract new customers who value environmental responsibility.
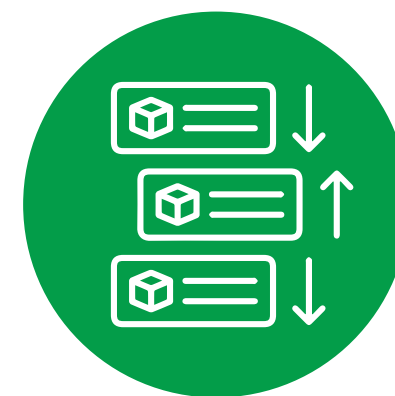
Offer flexible and secure delivery options

Expand delivery options to include secure pickup points and customisable delivery times, catering to consumer preferences for flexibility and convenience. These options improve customer satisfaction and help reduce operational costs associated with missed deliveries.

CONCLUSION AND STRATEGIC RECOMMENDATIONS

Leverage advanced technologies in delivery services

Invest in technologies that provide real-time updates and predictive delivery capabilities to enhance customer satisfaction and streamline operations. Use data analytics to optimise delivery routes and improve overall efficiency.

Balance automation and personalisation

While digital communication and automated services are effective for routine interactions, ensure that personalised customer service options remain available to handle complex or sensitive issues. This balance will help build stronger customer relationships and foster long-term loyalty.

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