



State of Omni-Channel Retail & Shipping

2019 Report

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Introduction

We set out to understand the state of omni-channel retail in 2019. This report aims to understand the relationship between physical retail locations and eCommerce. We also investigated the delivery options available to customers and the way retailers are promoting their shipping options.

This is our second year compiling this report. Where relevant, we have made comparisons to data collected last year.

Team Shippit



Methodology

This report is compiled based on a sample of 2000 retail stores, all with physical stores located in major shopping centres in Australian cities. We surveyed the online presence of these retailers to see how their online and offline presence and strategy compared.

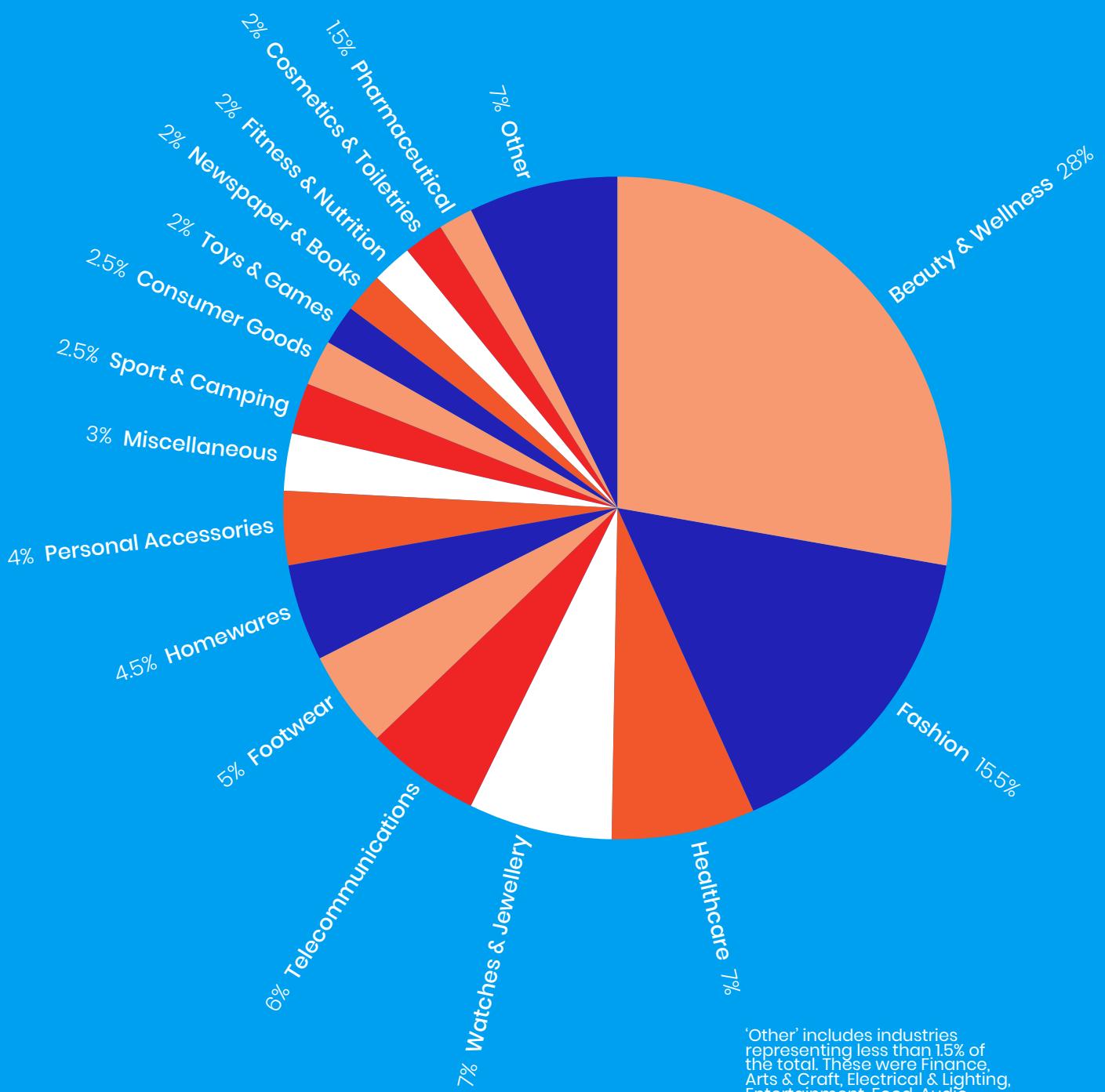
We analysed:

- The availability of free, standard, express and international deliveries.
- The delivery options promoted on their homepage, product pages and through their Google AdWords search campaigns.
- Their omni-channel shopping experience including click and collect and the ability to check in-store availability.
- How they promote their returns policy.

What is Omni-Channel Retail?

Omni-channel retail integrates different methods of shopping available to consumers, such as in a physical shop, online with delivery, click and collect or by phone.

Scope of the Study



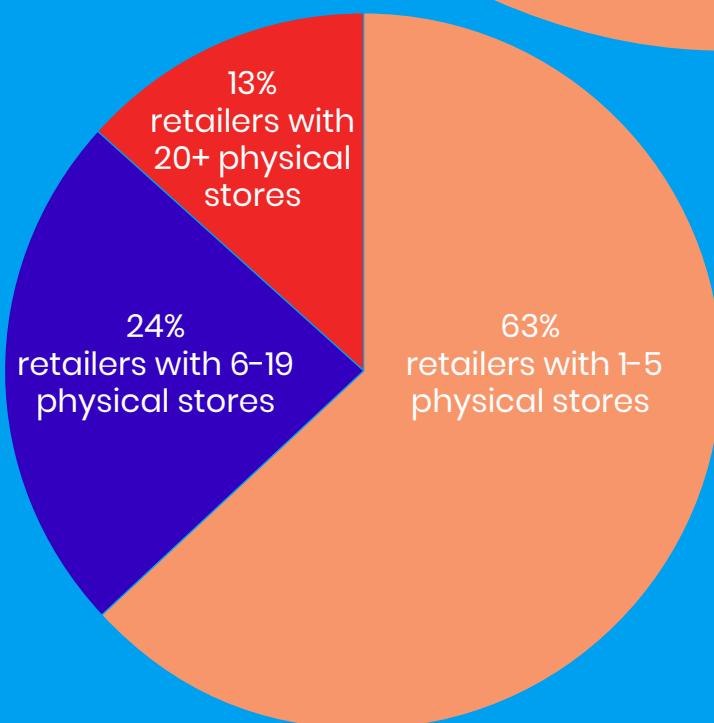
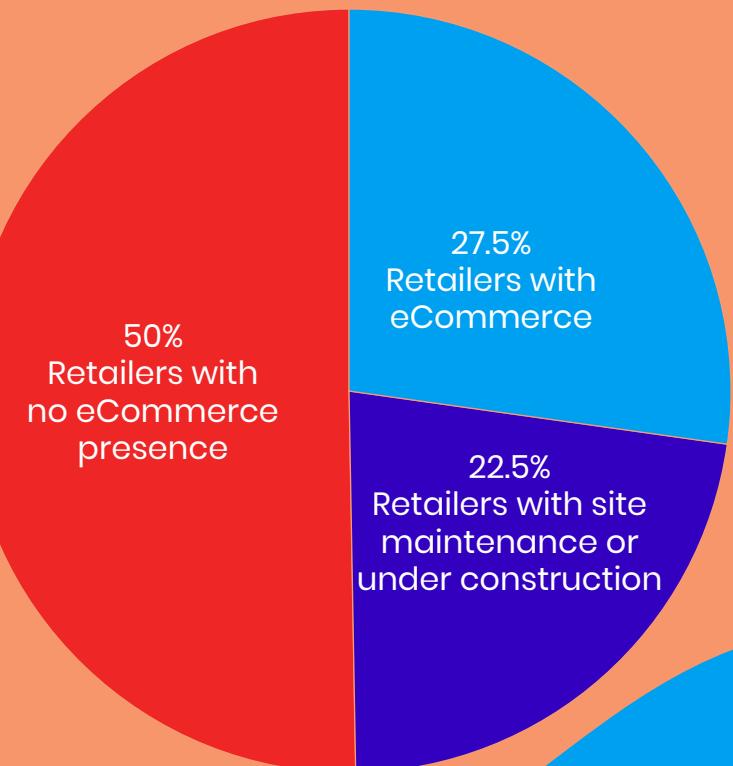


How Does Online Retail compare to In-store?

Online Retail

We found that, out of the 2000 retailers sampled, only 551 had an eCommerce presence.

The shipping and online shopping information in subsequent parts of this report is drawn solely from the 551 retailers with an eCommerce offering.



Of the 551 retailers with an eCommerce presence, 348 had between one and five physical locations, 131 had between six and 19 locations, and 72 had more than 20.

Online Goes Offline

Online retailers are responding to growing demand for more ways for customers to shop and receive their purchases. Shopping is not a one-size-fits-all experience and customers want to be able to choose the option that best suits their current situation.

Click and collect gives customers the option to buy or order goods from a store's website and then collect their

purchase from a store location.

Checking an item's availability online before going to a store saves customers time and frustration.

Both of these options require extremely accurate realtime inventory management.

Click and collect



Check in-store availability online





What Shipping Options Are Available?

Shipping at a Glance

The percentage of online retailers that offer:

Standard Shipping
97%

Same-Day Shipping
25%

Express Shipping
55%

Free Shipping
82%

International Shipping
51%

Average Time & Cost

The average fulfilment time and cost of different delivery methods for merchants using Shippit:

Standard Shipping

\$9.58

3.6 days

Same-Day Shipping

\$32.27

0.5 days

Express Shipping

\$10.75

2.3 days

Shipping to New Zealand

\$17.20

3 days

Shipping to the US

\$27.76

5 days



How Do Retailers Promote Shipping?

Advertised Shipping

The appeal of free shipping

Online retailers know that their shoppers care about shipping options. The psychological appeal of free shipping is so strong that shoppers are more likely to buy an item with free shipping, even if it works out to be the same price as a cheaper item without free shipping. Free shipping is a genuine selling point that retailers should be taking advantage of.

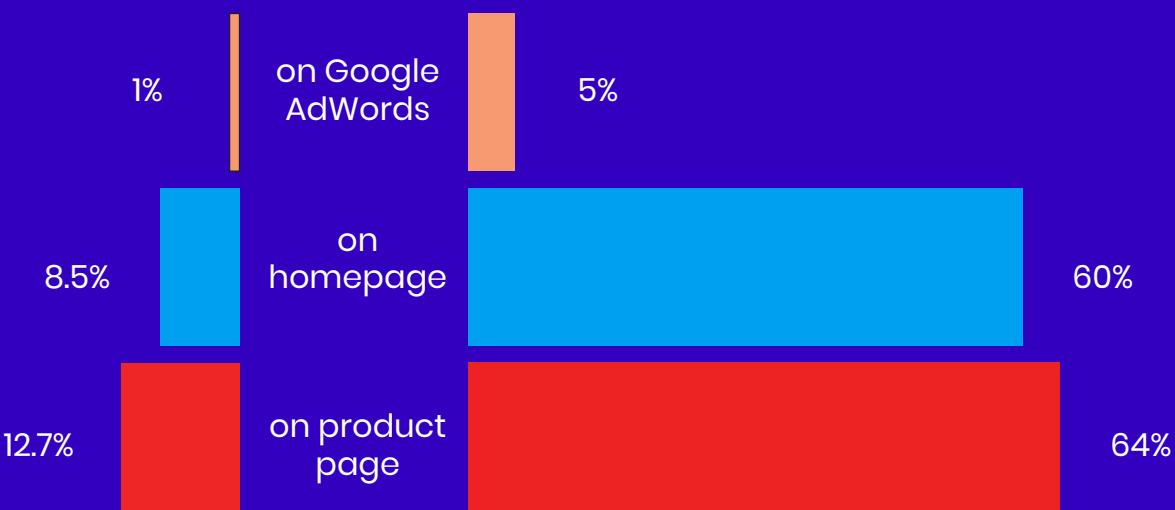
Advertising disconnect

Our research shows that 82% of online retailers offer free shipping

but only 5% advertise this fact on Google AdWords. Similarly, 55% of retailers offer express shipping and 25% offer same day shipping, yet only 1% advertise fast shipping on Google Adwords.

Higher ratios of retailers advertise these perks on their homepage or product pages, though this does require potential customers to visit a site to learn this information.

Advertisers Fast shipping



Shipping & Retailer Size

Based on our research, it appears that stores with more physical locations are more likely to offer a larger range of shipping choices for online purchases.

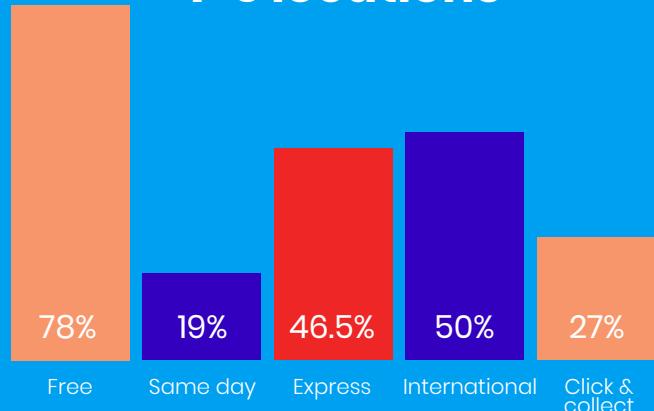
All retailers with an eCommerce presence offered standard shipping and, across the board, approximately half offer international shipping. This would indicate that the size of the business is not a factor for these shipping options.

On average, 82% of retailers offer free shipping, though this research does not show the spending threshold required to qualify for this. There is a direct correlation between the number of retail locations a store has and the likelihood that it offers free shipping.

Retailers with five or fewer locations are significantly less likely to offer same-day shipping. Overall, only a quarter of retailers offer click and collect, however, this is a 46% increase from last year.

Interestingly, retailers with five or fewer stores are slightly more likely to offer click and collect than retailers with between six and 19 locations. More than half of retailers with more than 20 stores offer this option.

1-5 locations



6-19 locations



20+ locations





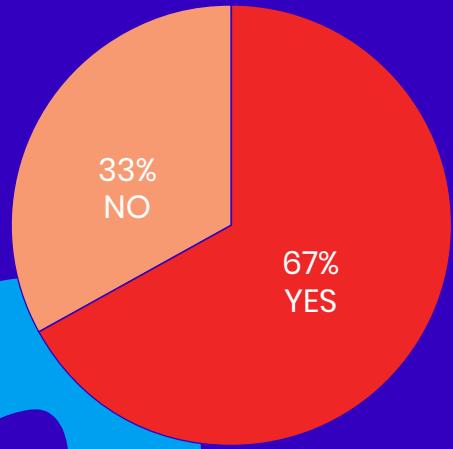
How Do Retailers Approach Returns?

Returns

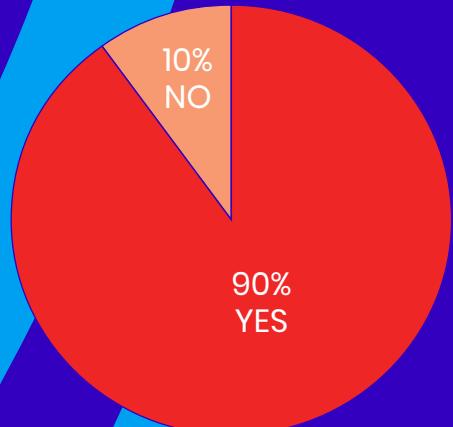
Well over half of the online retailers studied promoted free returns on their website.

Customers are more likely to buy when they know that the returns process is simple and even more so when it is free. Savvy retailers are setting themselves apart with their returns policy.

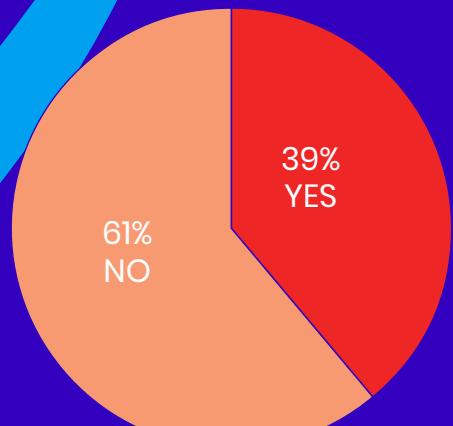
Free returns promoted



Return window promoted



Easy returns promoted



Key Takeaways

Based on the data, we concluded:

1. Not all retailers with physical stores have an online presence

Most retailers have between one and five physical stores and 50% do not have an online presence.

2. Click and collect is under-deployed

Despite consumer demand, click and collect and the ability to check in-store availability is still only utilised by a small number of retailers, mostly with more than 20 stores.

3. Some delivery options still have low rates of adoption by retailers

Although free and standard shipping are offered by the majority of retailers with an eCommerce presence, there are still large portions of retailers that aren't offering express, same day and international shipping options at checkout.

4. Shipping spend doesn't vary greatly across delivery options except shipping to the US and same-day shipping

This could be the reason why so few retailers offer same day shipping.

5. The product page is king for delivery promotion

Most retailers opt to promote their delivery options directly on their product pages, with only a small percentage of retailers choose to champion free and fast shipping on their Google Search ads. Most also promote free shipping on their homepage.

6. Free returns is the new free shipping

Retailers are focusing more on the broader shopping experience. The majority of retailers go out of their way to promote free returns or a return window on their website, however, only 39% of retailers promote frictionless returns.



Omni-channel retail is continuing to grow as retailers respond to growing consumer demand for more choice in how they shop and receive their purchases.

In 2020, retailers should look to strengthen their omni-channel offering with options like click and collect, the ability to check in-store availability and same day shipping.

shipit



Shipping made simple.