



# Setting the Standard

**A study revealing UK consumers' attitudes  
towards standard and premium delivery options**

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## Key Findings

- UK consumers are far less likely to choose next day delivery than online retailers imagine. This confirms anecdotal evidence in the e-commerce logistics sector that premium delivery options are underused.
- When ordering items *for themselves* online, the vast majority of the UK public would choose standard delivery - consistently over 86%
- The exception to this is electronic goods, where standard delivery becomes less prevalent and drops to 65%
- Buyers of electronic goods are also more likely to use track & trace facilities (15% compared to between 1% and 3% for other products) confirming that type of product influences choice of shipping
- When purchasing for others at special events, usage of special delivery rises dramatically with birthday (28%) and Christmas (31%) presents showing a higher incidence of special delivery
- Value of item ordered confirms its significance and £50 appears to be the break-off point after which a significant proportion of consumers choose special delivery. 91% choose standard delivery for items under £50, but this drops to 58% for items between £50 and £100
- £100 seems to be the second item value threshold after which track & trace usage increases significantly. Only 13% opt for track & trace for items under £100, but 30% choose it for goods over £100
- Women appear to plan their purchases further in advance than men, with generally higher use of standard delivery and lower use of special delivery, whether buying for themselves or for another person
- The survey also found that selection of standard delivery is consistently higher amongst the 56+ age group and lowest in the 18-22 age group

## Introduction

E-commerce has rapidly become one of the favourite shopping channels for UK consumers with the IMRG Capgemini e-Retail Sales Index reporting that in the UK £5.2 billion was spent online during the month of April 2011 representing a year-on-year 19% increase. A greater number of UK consumers are spending online and they are also reported to be spending more, with the average order value having reached £174.

It is not surprising that in such a rapidly expanding market e-retailers are focused on gaining and maintaining whatever competitive advantage they can get. For many e-commerce retailers the ability to deliver products through special delivery, be it next-day, Saturday or same-day delivery or providing track and tracing facilities so that anxious customers can follow the progress of their order appears to be of make-or-break importance.

Online retailers have recently been expanding the delivery options they offer clients, as the latest Snow Valley Online Retail Delivery Report highlights. The report found that 69% of e-retailers offer at least two delivery options (usually standard and next day delivery), up from 54% in 2005. The report also found that a quarter offer Saturday delivery, 17% specific choice of day, 12% the option to select the time of day the delivery takes place and one in ten (9%) offer same day delivery.

Anecdotal evidence from within the e-commerce logistic industry, however, indicates that special delivery options are far less popular and significant to consumers than online retailers presume. In order to put some facts behind this perceived truth, P2P Mailing Limited, the mailing and distribution solutions provider, commissioned research into UK consumers' actual views regarding their preferred delivery options. A sample of 2000 UK consumers, representative by gender, region and age, was polled during June 2011 by independent research specialist Mindmetre and revealed that, indeed, premium delivery services are much less popular than online retailers presume.

## The Research

The survey revealed that although retailers are setting great store by the provision of additional delivery options in an attempt to offer choice to consumers, most UK e-commerce shoppers actually prefer standard delivery when given a choice. Premium rated delivery options are actually far less popular than imagined.

### Goods for yourself

Certainly, when ordering items for themselves, the vast majority of UK consumers would choose standard delivery. More than four fifths of consumers (over 86%) would select standard delivery when ordering items for themselves, aside from when ordering electronic goods, for which 65% of consumers would choose standard delivery.

When ordering for themselves, standard delivery is selected by 88% of shoppers buying clothing, home and garden products, and 86% of consumers purchasing DVDs, games and music. Standard delivery is even more popular for beauty (93%), books (92%) and pet accessories (94%).

By contrast, consumers choosing track & trace or Saturday delivery options for these products are polarised at the 1% figure - with only minor variations. For example, 2% of consumers select track and trace delivery for home or garden products and the same proportion choose Saturday delivery for music or DVDs. 3% choose track & trace for DVDs and music and Saturday delivery for home and garden products, confirming that while there is some relation between consumer choice of delivery method and the opportunity to enjoy the product as soon as it arrives, it is minimal.

The survey also uncovered some interesting gender differences; women are generally more likely to select standard delivery and particularly so when purchasing non-electronic goods for themselves, with the proportion of female consumers selecting this method never falling below 89%, compared to 82% of men. Men (82%) are less likely than women (91%) to select standard delivery option for games, DVDs and music and books -90% of men compared to 95% of women. Both sexes were equally likely to choose special delivery (9%) for items of clothing.

**Delivery Choice Differences in DVDs, Music and Games**



Demographically, with the exclusion of electronic goods, standard delivery was the favoured option for over 56s, always selected by more than 95% of respondents. Conversely, Under 35s were far more likely to choose special delivery options

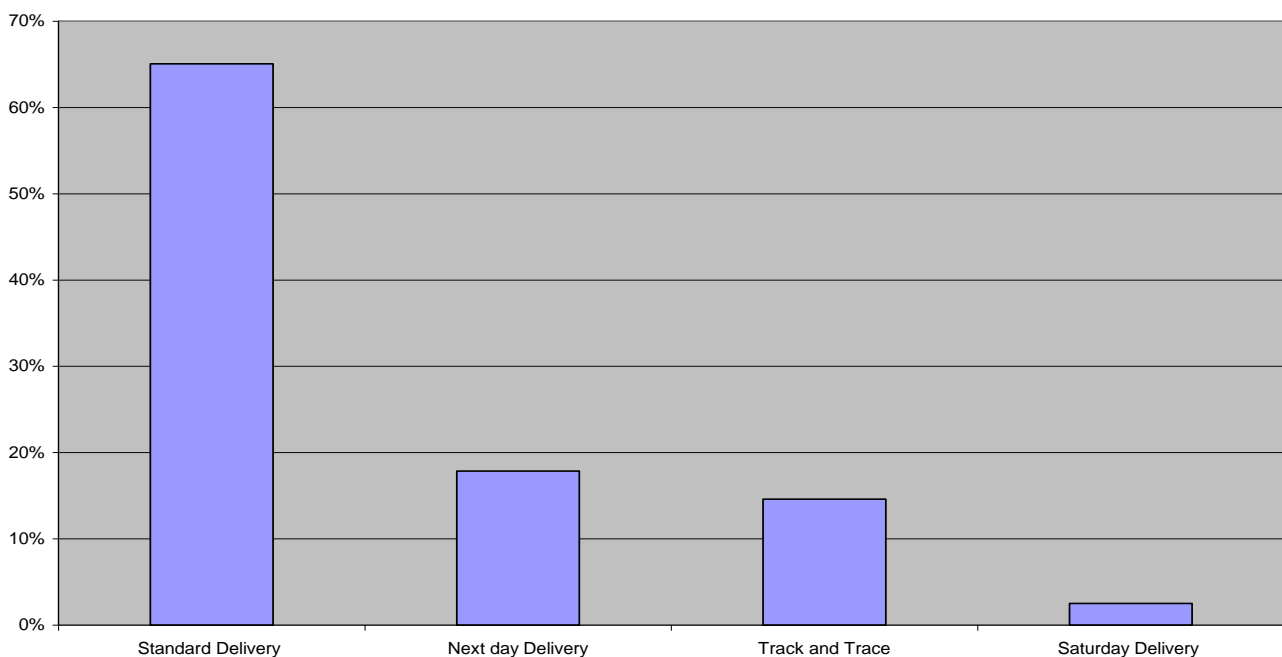
particularly for clothing – over 15%, DVDs, music or games – over 11%, and beauty products - over 9%.

In Northern Ireland, London and the East of England a steadily higher number of consumers select special delivery on non-electronic goods ordered for their own use. This proportion, however, never peaks beyond 17% of respondents in Northern Ireland who would choose special delivery for DVDs, games or music. Londoners' use of special delivery for non-electronic items never drops below 5%.

Electronic goods represent an exception. These are generally higher value, more fragile items and the choice of delivery method reflects this. When it comes to the purchase of electronic goods, in fact, preference for standard delivery drops to 65%. In particular, fully 18% of UK shoppers would choose next day delivery for electronic goods and 15% prefer to use a track & trace facility for these items. This compares with 4%-9% of consumers choosing track and trace and between 1 -3% choosing next day delivery for other types of goods.

Some regional and demographic differences appear, with London leading in numbers of consumers choosing special delivery for electronic goods, (28%) shortly followed by the South East (19%) and East of England (18%).

#### Electronic Goods



A quarter of 23-35 year olds (26%) would choose special delivery for electronic goods but fewer, 21%, of 18-22 year olds prefer this method. For businesses targeting over 56s it is important to note that only 13% of UK consumers in this particular age bracket would request next day delivery for electronic goods, with fully 78% sticking to standard shipping.

Interestingly, 17% of women would choose track & trace for electronic goods, compared to only 12% of men, but this trend is reversed when it comes to next day delivery with more men (21%) than women (14%) choosing to receive electronic goods the next day. Overall women confirm that they are willing to wait longer for goods, although more likely to want to keep an eye on progress, and 67% select simple standard delivery even for these items, compared to 63% of men.

### **Goods for others**

When purchasing for others there is a greater sense of urgency, with more consumers selecting special delivery options. Nevertheless, although the proportion of consumers choosing next day delivery rises, it never reaches a third. 31% of consumers would choose special delivery when ordering a birthday present and 28% a Christmas gift.

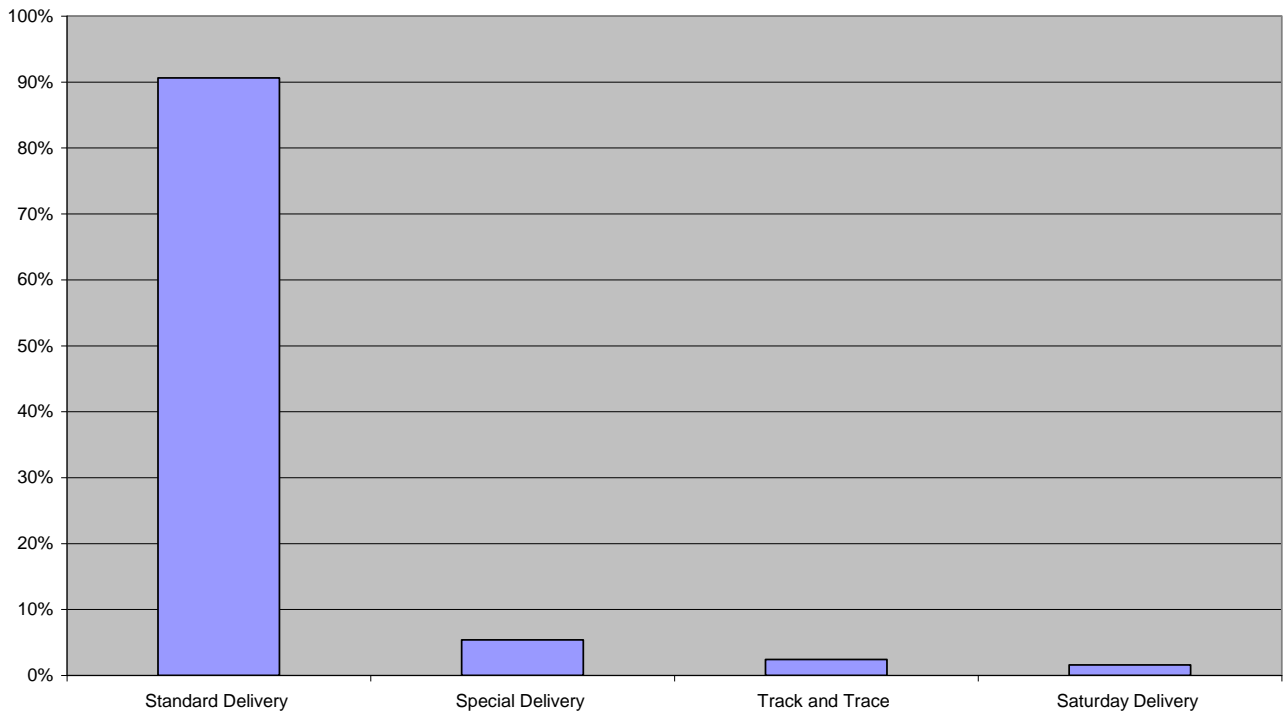
Other special occasions saw a smaller increase in selection of special delivery options, with 24% selecting these options for a wedding gift, 23% for an anniversary present and only 22% for a mother's day or father's day gift.

Generally women were found to be a little more likely to choose standard delivery for gifts for others, although a couple of items stood out suggesting that, in the instance of buying toys, women plan better and are less likely to need next day delivery; fully 93% of women order toys by standard shipping compared to 88% of men. Male consumers, on the other hand, are more likely to plan for mother's and father's day, with 70% using standard delivery compared to 66% of women.

### **Value of item**

The survey identified that value of item ordered is the most significant factor in determining consumer choice of shipping. A value above £50 appears to significantly influence consumers to select special delivery. In fact, 91% of consumers would select standard delivery for orders under £50, but only 58% would do so for orders above £50 and 35% for orders over £200.

Items under £50



In addition, for orders over £100, the survey revealed an increase in the selection of track & trace, which rises from 13% for orders under the £100 threshold, to 30% for orders above it. For items over this value, standard delivery finally becomes a minority option with only 40% of consumers selecting standard delivery for items worth between £100-£199, 23% selecting next day delivery and 30% choosing track and trace. For items over £200 track and trace becomes the most popular option (40%). Evidently, where a larger sum of money is involved, UK consumers prefer to either receive the item faster, or to be able to track the progress of their item, thus becoming immediately aware if something goes wrong.

## Conclusion

Online retailers have been operating and devising their strategies under the false assumption that consumers require and prefer next day delivery. This assumption has led them to believe that offering a range of complex and expensive premium options will provide them with the competitive advantage they need to separate them from other e-retailers in their segment.

In order to provide a factual basis to the *anecdotal* evidence that this assumption is incorrect, P2P Mailing Limited has commissioned pioneering research into the actual preferences of UK customers and found that standard delivery is the preferred delivery option by far.

Although exceptions to the norm do exist, in particular electronic purchases and gifts, they represent a minority. Premium delivery options could prove a winning strategy

for birthday, mother's day or father's day gift sellers and those specialising in electronic goods, but presuming that all consumers are drawn to premium delivery for every purchase is an expensive and misplaced assumption.

Item value was found to be the real differentiator, as standard delivery becomes a minority option only for items over £100. As value rises, so does the preference for track and trace. By understanding that premium shipping is linked to item value, e-commerce retailers can hone in to more tailored strategies to offer delivery options that suit their client base and their preferences.

If consumers are habitually spending smaller sums for lower value items purchased for themselves it is likely that premium options will very rarely be used, thus providing no competitive advantage whatsoever. Only by partnering with an expert that is able to match items sold and customer profile with cost-effective shipping options can online retailers avoid hampering their business processes with complex and ineffective delivery options and provide customers with the service that they really need.

**Ends**