

Dotcom Distribution 2019 eCommerce Consumer Study

A LOOK INSIDE

EVOLVING

ONLINE

CONSUMER

EXPECTATIONS

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EXECUTIVE SUMMARY



Dotcom Distribution conducts its annual eCommerce consumer survey to track and report on the evolving online shopping experience. To uncover how the evolution of eCommerce has altered shoppers' expectations over the past year, we explored how brand decisions and consumer behavior intersect throughout the eCommerce journey. The study describes how this evolution is affecting purchase decisions. Subject areas include eCommerce trends, shipping, packaging, sustainability, and how online shoppers' preferences are determined by the types of items they purchase. The data provides a comprehensive view of what shoppers want, expect, and need from their eCommerce experience. The results of the study indicate what brands must deliver to bolster consumer trust, retention, and loyalty. Today, creating a brand experience is a core differentiator that heavily impacts buyer behavior. So, what do customers value and how do brands create a value-driven customer experience?

Prioritize Omnichannel Planning. Today's consumers expect and rely on multichannel touchpoints throughout their shopping journey. To be competitive in this retail climate, businesses must have a strong omnichannel strategy that ensures a unified, seamless brand experience for the customer. eCommerce, online shopping, brick and mortar, in-store—it's all commerce to customers in 2019; it's the way businesses appeal to customers that is evolving. Returns, for example, are now defining online buying behavior. As we see this trend growing, it is increasingly important to have a well-defined, well-executed strategy for return management. Fast, free, and easy returns and exchanges are key considerations that greatly impact future purchase

decisions. According to survey respondents, that means having the option to buy online and return in-store.

Optimize Packouts. When a customer receives an online order, this may be their first physical interaction with a brand, and in that lies huge opportunity for impact. Optimizing packaging encompasses many choices, including parcel size, exterior/interior design, void-fill materials, marketing collateral, and much more. Sustainable packaging initiatives, for example, are a response to consumer interest. To that end, brands must now consider moving toward a sustainable, circular economy, helping to create a healthier planet while increasing brand affinity. There is no universal blueprint; every brand must find its own delicate balance between “rightsizing” and “right-packaging” that best showcases its value to customers. A beautifully designed, gift-like package created with the customer in mind can enhance a brand's image and create a memorable experience. And while packaging has the potential to accrue significant upfront shipping and logistics costs, optimizing packaging can also help brands realize cost-savings. Again, it's about balance. Understand what excites your customers and deliver on that to the extent that it is feasible for your brand. How important is sustainable packaging to your market? Do they respond to free samples? Are they worried about package theft? Creating a roadmap to success starts with understanding their concerns and motivation.

Implement a Careful Shipping Strategy. Free and reliable shipping are top priorities for online shoppers, so much so that

customers are willing to add more items to their orders to qualify for free shipping. As this trend continues, properly identifying the ideal free shipping threshold for your customer base is critical, as identifying this minimum is likely to boost average order value (AOV). For Brosa, an online retailer from Australia, clear communication surrounding shipping has boosted brand loyalty, according to Chief Merchandising Officer Rushabh Sanghavi.

“When it comes to shipping and associated costs, we find customers are most interested in a fair and transparent policy resulting in a known cost. There’s no argument that free shipping isn’t preferential, but at Brosa, we’ve seen dramatic increases in conversion rates since recently moving from a variable pin-code based shipping calculator to a single-cost, capped-price shipping model in some of our key markets.”

Identify Your Customers’ Priorities. The data indicates that online shoppers’ preferences are reflective of the types of items they buy. For example, survey respondents who purchased items from luxury lifestyle brands demonstrated a higher level of consideration for sustainability. This spurred a deeper look at buyer behavior specifically in the luxury segment, which revealed seemingly higher expectations across the board. Customers who purchased items from luxury lifestyle brands expect the level of service they receive from their offline experience duplicated online. This includes high-touch packouts, always-on-time delivery, free and easy returns, and excellent customer service—there is no margin for error. This type of customer research can help brands identify unique preferences.

Secure the Right Partners. When it comes to eCommerce, where there is “free,” “fast” is never far behind. To accommodate this universal demand, brands must align with a fulfillment and logistics provider who understands their industry and needs, and clearly communicate with them to ensure they are able to get orders out accurately and on time. In 2019, sooner is better and late delivery is simply not acceptable.

1,213 online shoppers from across the United States were surveyed about their eCommerce experience during the period of April 2018-April 2019.



CURRENT ECOMMERCE LANDSCAPE AND TRENDS



**MOST
SHOPPERS
DO A MAJORITY
OF THEIR
SHOPPING
ONLINE.**



60%

Did more online shopping in the past 12 months than the previous 12 months.

59%

Prefer to buy items online over in-store (when price is equal).

**ALMOST
HALF OF
CONSUMERS
DID A MAJORITY
OF THEIR
SHOPPING
ONLINE VS.
IN-STORE.**



49%

Online

29%

In-store

21%

About the same

**TO NO
SURPRISE,
AMAZON IS
INCREASINGLY
POPULAR
AMONG ONLINE
SHOPPERS.**



57%

Did most of their online shopping on Amazon this past year, an increase from 44% in 2018.

**CONVENIENCE
AND LOWER
ONLINE PRICES
DRIVE
CONSUMERS
TOWARD
ECOMMERCE
OVER
TRADITIONAL
RETAIL.**

**Primary
motivation to
shop online:**

Convenience

49%

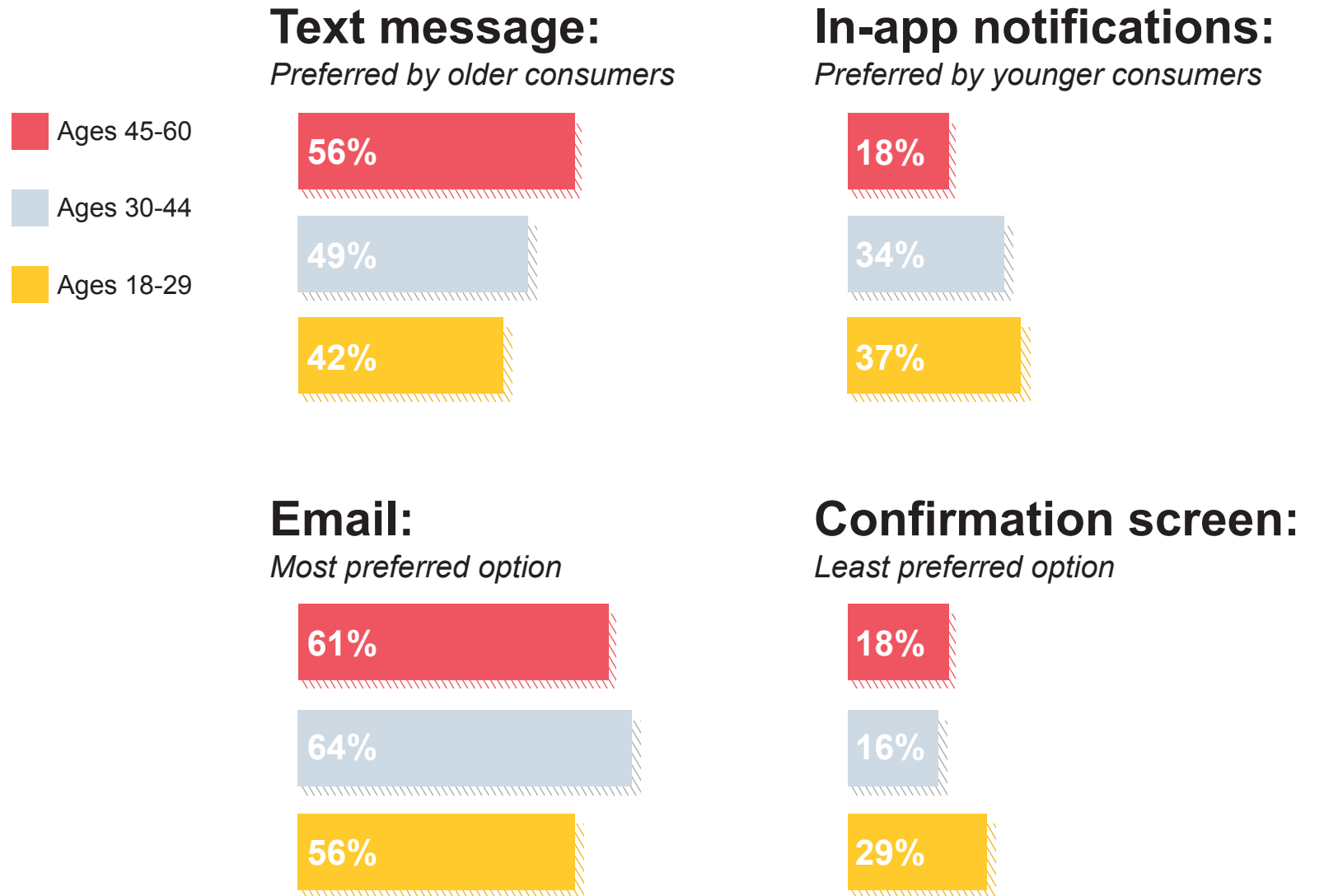
Lower Prices

26%



**AGE
DETERMINES
A SHOPPER'S
PREFERRED
MEDIUM FOR
RECEIVING
SHIPPING
STATUS
UPDATES.**

Preferred shipping notification method:



A strong online presence continues to grow in importance for brands who wish to satisfy consumer demand.

eCommerce has experienced sustained growth for years and will continue to do so. With more consumers doing a majority of their shopping online, the process becomes more natural, leading to a rising standard for what is considered a convenient experience. This is compounded by the fact that Amazon, with its two-day delivery, is increasingly becoming the go-to retailer for today's consumers. While brick-and-mortar remains a significant portion of overall retail success, a strong online presence continues to grow in importance for brands who wish to satisfy consumer demand. With convenience and pricing being the top priorities for shoppers choosing to make purchases online, focusing on these areas will prove most valuable for businesses, especially in the growingly competitive environment of retail. These standards will continue to rise as online retail grows, creating a bigger challenge for eCommerce brands.

INFLUENCING PURCHASE BEHAVIOR THROUGH SHIPPING COST AND DELIVERY SPEED



**FREE SHIPPING
AS AN
INCENTIVE
IS MORE
EFFECTIVE
NOW THAN
LAST YEAR.**



Year over year (YOY) more shoppers would add additional items to their online shopping carts to qualify for free shipping.

80%

2019 survey

67%

2018 survey

**SHIPPING
COST IS
INCREASINGLY
MORE
IMPORTANT
WHEN MAKING
PURCHASE
DECISIONS.**

62%

Ranked free shipping as the top feature that influences them to become repeat customers.

39%

Reported using same-day delivery whenever it's available for free.

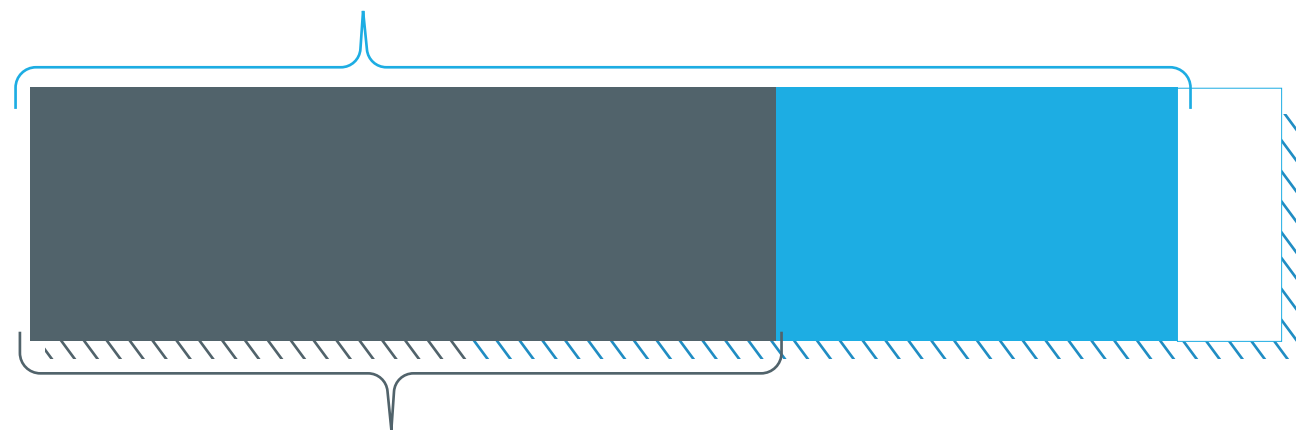
58%

Said shipping costs greatly impact their decision to make an online purchase.

**FREE RETURNS
YIELD MORE
PURCHASES.**



93% Find a free return policy important when making an online purchase.



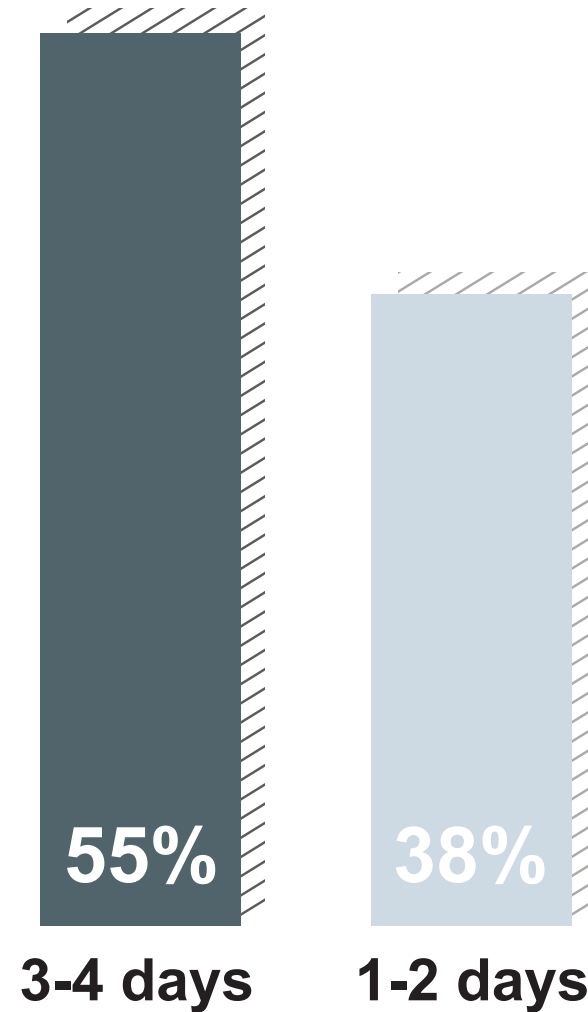
59% Of this group specify free returns are “very important.”

ONLINE SHOPPERS EXPECT ORDERS FASTER AND ARE INCREASINGLY LESS FORGIVING OF DELAYS.

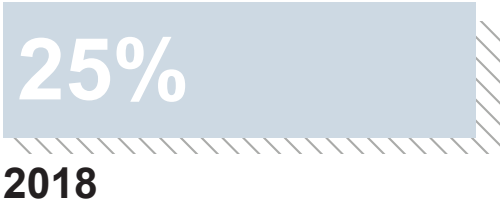
83%

Said delayed shipments of online orders would influence their decision to purchase from a brand again.

Delivery expectations:



Shoppers who would pay a higher price to receive orders faster:



CUSTOMERS ARE SLIGHTLY MORE LIKELY TO PAY MORE FOR FASTER SHIPPING THAN THEY WERE LAST YEAR.



Online businesses should prioritize free and fast shipping now more than ever.

Shipping speed and costs, along with ease of returns, continue to be an area of crucial importance for establishing a satisfying online presence. Given the ubiquity of free shipping, the ability to purchase an item online without any additional delivery fees has almost become the norm. In fact, customers are increasingly more affected by shipping costs, with nearly all valuing free shipping as a top factor that would make them purchase from a brand again. Coupling this with the fact that consumers have more strict demands when it comes to shipping speed, online businesses should prioritize free and fast shipping now more than ever. Specifically, orders should be delivered in no later than four days with little to no added cost. Though many emerging businesses may not be able to ship orders for free in two days, providing this speed as an option with an added fee may prove beneficial for shoppers who are willing to pay more for faster shipping.

MEETING CONSUMER DEMANDS IN AN OMNICHANNEL WORLD



**CONSUMERS
NOW VALUE
IN-STORE PICKUP
AND RETURNS
OVER FREE
RETURNS AND
EXCHANGES.**

In 2019:

**Buy online, pickup
in-store (BOPIS)
has **more influence**
over repeat
purchases than
free returns
and exchanges.**

6% **More shoppers
ranked BOPIS/
BORIS as the
most influential factor in repeat
purchase decisions than free
returns and exchanges.**

In 2018:

62%

**Said free returns and
exchanges would make
them more likely to be
a repeat customer.**

31%

**Preferred to buy
online, return
in-store (BORIS).**

**IN-STORE
PICKUP IS
INCREASINGLY
LIKELY TO
YIELD
INCREASED
PURCHASES.**

Shoppers are now more likely to make an online purchase if given the option to return or exchange any unwanted items in-store.

84%

2019 survey

74%

2018 survey



**SHOPPERS
PREFER
OMNICHANNEL
PURCHASE/
RETURN
OPTIONS OVER
SINGLE-CHANNEL
MODELS.**



Preferred shopping method:

60%

Buy online, return in-store

50%

Buy online, return via mail

41%

Buy in-store, return in-store

CONSUMERS DO MORE HOLIDAY SHOPPING ONLINE VS. IN-STORE THAN REST-OF-YEAR SHOPPING.

Holiday Shopping

Source: Dotcom Distribution 2018 Holiday Shopping Satisfaction Survey

24%

Did most of their shopping in-store.

60%

Did most of their shopping online.

Rest-of-year shopping

29%

Did most of their shopping in-store.

49%

Did most of their shopping online.

**MOST PEOPLE
PURCHASE
CLOTHING
ONLINE BUT
WOULD PREFER
TO IN-STORE.**

80%

**Purchased clothing online,
making it **the most
purchased type** of item for
online shoppers in 2019.**

However...

59%

**Would prefer to buy clothing
in-store vs. online.**



***Shoppers
want more
options for
their
purchases
and returns.***

According to Sabir Semerkant, Chief Strategy Officer, NaturesPlus and former Senior Vice President of eCommerce, Vayner Media, "Having an eCommerce channel is essential to the survival of any retail brand in today's market. We knew we needed to serve our customers across multiple channels and that's why eCommerce was chosen as the next logical expansion of NaturesPlus." People are not only shopping online more, they also want to have more control over the path they travel throughout the shopping journey. Apparel is another great example of a sector that is poised for eCommerce growth, with the maturity of features that satisfy this desire, such as virtual and at-home try-on.

It's more important than ever for brands to maintain cohesive, real-time inventory, order information, and communication throughout brick-and-mortar and online channels to meet consumer expectations. For example, enabling in-store pickup and returns of online orders isn't just a matter of satisfying customers—it can boost sales. 85% of shoppers reported making additional purchases in-store when picking up their online orders, and 15% said they do this somewhat frequently (source: Doodle survey). Additionally, shoppers today are especially more likely to do most of their holiday shopping online, further emphasizing the need for a stable, convenient online presence. Finally, it's important to note that with the higher expectations demanded by customers paying more for faster shipping, adhering to service-level agreements is even more vital to customer satisfaction, loyalty, and retention.

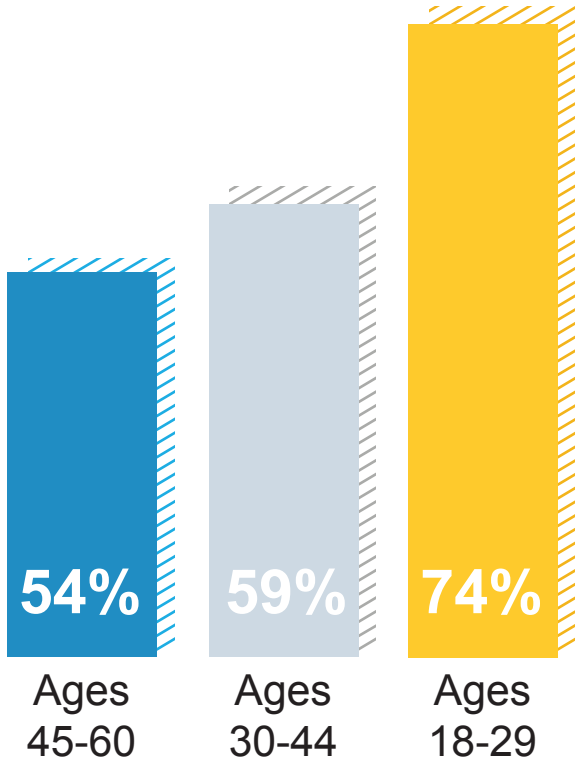
DELIVERING THE IDEAL PACKAGING EXPERIENCE



MOST ONLINE SHOPPERS— ESPECIALLY YOUNGER CONSUMERS— PREFER BRANDS WITH SUSTAINABLE PACKAGING MATERIALS.

62%

Shoppers more likely to purchase from brands that use sustainable packaging materials.

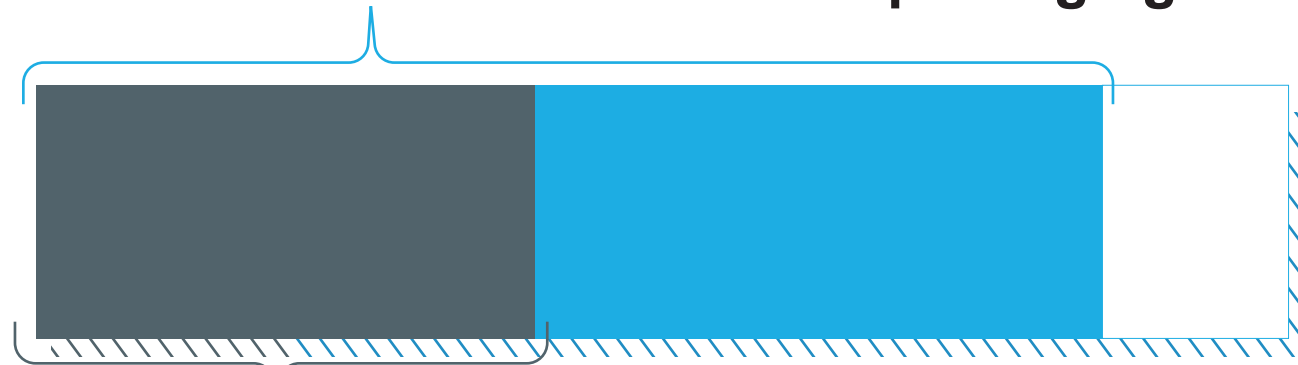


**Despite the value placed on sustainability, 70% of shoppers still want a packing slip (paper print-out with order details) and 72% want a pre-printed return label included in their package.*

**OVERSIZED
PACKAGING
BOTHERS
CONSUMERS.**



80% Shoppers bothered by oversized packaging.



38% Of this group specified being “extremely bothered” by oversized packaging.

**CUSTOMERS
WANT A BRAND
EXPERIENCE.
CONSIDER
WHERE AND
HOW YOU
DELIVER THAT
EXPERIENCE.**

45%

Said gift-like packaging makes brands seem more upscale.

49%

Want to see giveaways in their packages.

62%

18-29-year-olds would make repeat purchases upon receiving a giveaway.

Gift-like packaging causes different responses among different age groups.

Age 18-29 feel more excited

44%

Age 45-60 feel worried about theft

48%

1 in 5

Respondents have had a package stolen from outside their residence in the past year.

*Giveaways include branded stickers, magnets, samples, etc.

***The “perfect”
package
design is
not one-size-
fits-all.***

Online shoppers weigh every step of their journey to determine future shopping behavior, including the way products are packaged. The “perfect” package design is not one-size-fits-all. Designing eCommerce packaging has grown to emphasize a detail-oriented approach. Delivering on the expectations and predilections of consumers who, today, have endless options and resources, means catering to their concerns. Offering solutions that address these pain points can benefit both customer satisfaction and bottom lines. For example, using appropriately sized packages addresses sustainability concerns, and may also reduce risk of product damage in transit, as well as minimize dimensional weight shipping costs. “Right-sizing” packaging for a particular subset of shoppers creates a more enjoyable experience for customers, bolstering trust and improving overall image, while allocating resources to packaging elements that make this positive customer impact improves time and cost-efficiency.

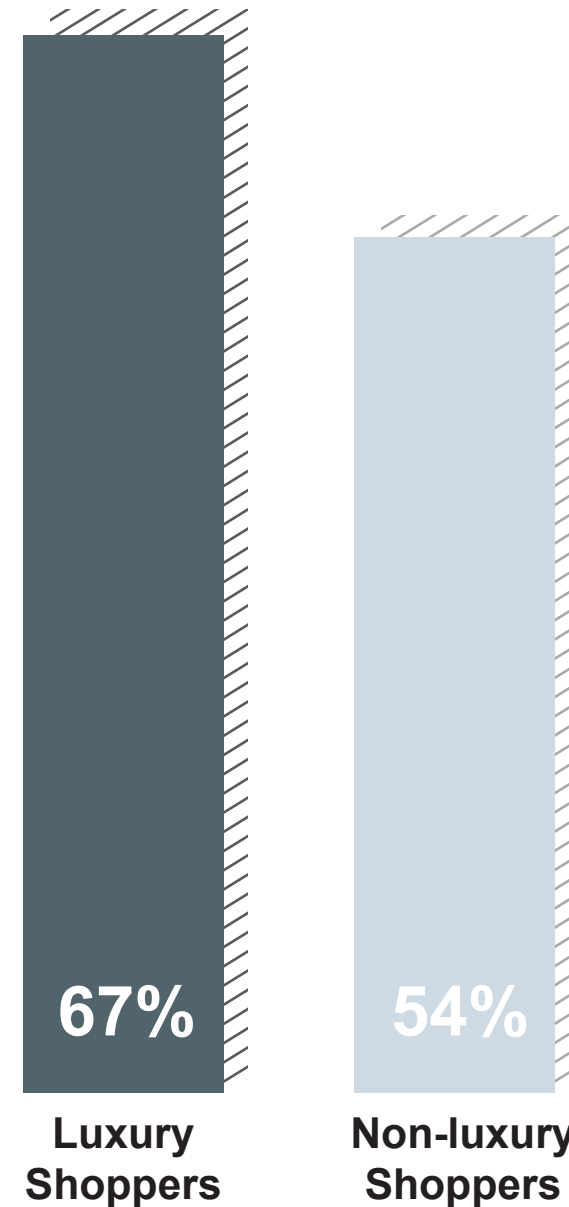
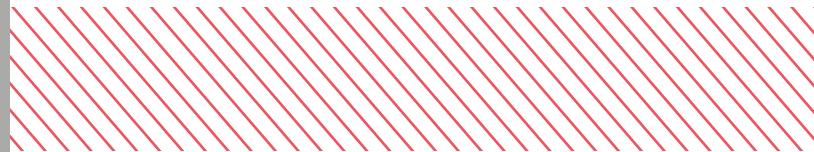
SATISFYING EXPECTATIONS OF THE LUXURY BUYER



**SHOPPERS WHO
PURCHASED
FROM LUXURY
LIFESTYLE
BRANDS* ARE
SHOPPING
ONLINE MORE.**

+13%

**More luxury
shoppers made
more online
purchases YOY
than non-luxury
shoppers.**

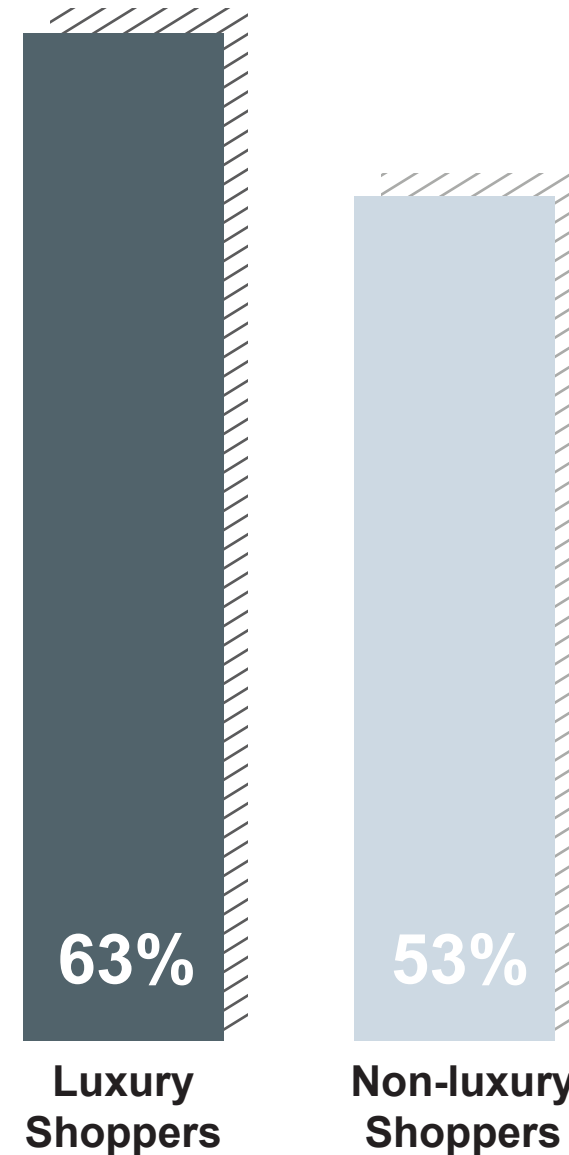


*Items respondents considered a “treat,” that they wanted but did not need.

THOUGH ALL SHOPPERS PREFER TO MAKE PURCHASES ONLINE AS OPPOSED TO IN-STORE, THIS PREFERENCE IS MORE EVIDENT AMONG LUXURY SHOPPERS.

59%

Would prefer to purchase an item online instead of in-store at the same price.



**CONSUMERS
PURCHASING
ITEMS FROM
LUXURY
LIFESTYLE
BRANDS ARE
MORE LIKELY TO
PAY MORE FOR
FASTER
SHIPPING.**



31%

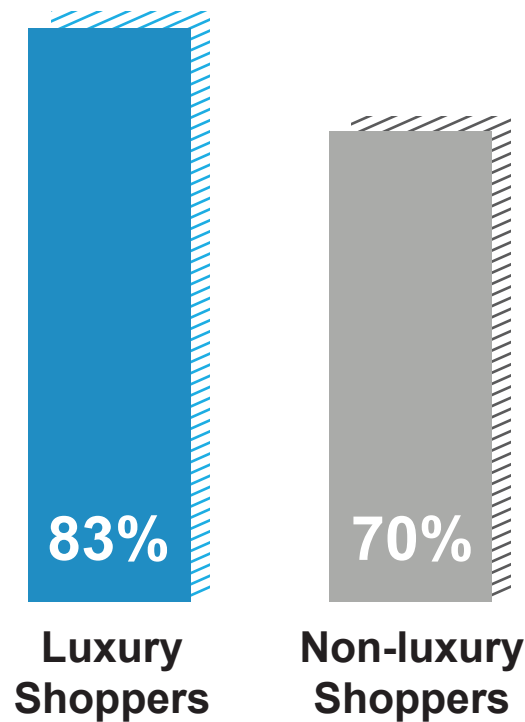
**Luxury shoppers who
will spend more to
receive items faster.**

20%

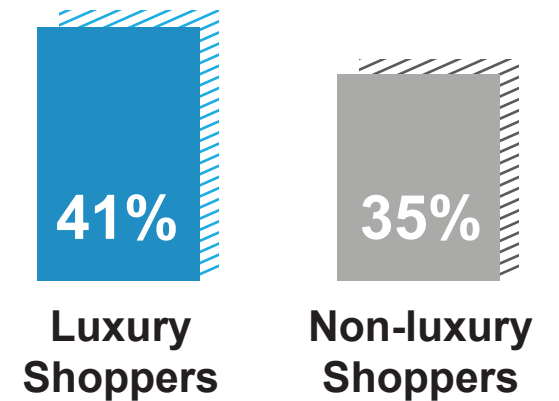
**Non-luxury shoppers
who will spend more to
receive items faster.**

LUXURY SHOPPERS FIND SAME-DAY DELIVERY MORE APPEALING THAN OTHERS.

Luxury brand shoppers use same-day delivery more than non-luxury brand shoppers.



Shoppers who use same-day delivery whenever it's free:



SHOPPERS WHO HAVE PURCHASED FROM LUXURY BRANDS ARE MORE LIKELY TO BE INFLUENCED BY PACKAGING.

Luxury brand shoppers are

12%

more likely than non-luxury brand shoppers to purchase from a brand that uses sustainable packaging materials.

Shoppers who agree that gift-like packaging makes brands seem more upscale:

Luxury shoppers

50%

Non-luxury shoppers

39%

18% more luxury shoppers are compelled to share photos or videos of a package on social media than non-luxury shoppers.

Luxury shoppers

38%

Non-luxury shoppers

20%

SHOPPERS IN HIGHER-INCOME GROUPS ARE MORE CONCERNED WITH PACKAGE THEFT; LOWER-INCOME SHOPPERS ARE MORE OFTEN VICTIMS.

Shoppers who have experienced package theft in the past year:

HHI \$50,000 - \$99,999

22%

HHI \$100,000 – \$149,999

19%

HHI \$150,000+

16%

Shoppers who say gift-like packaging increases worry that the package will be stolen from outside their residence:

HHI \$50,000 - \$99,999

38%

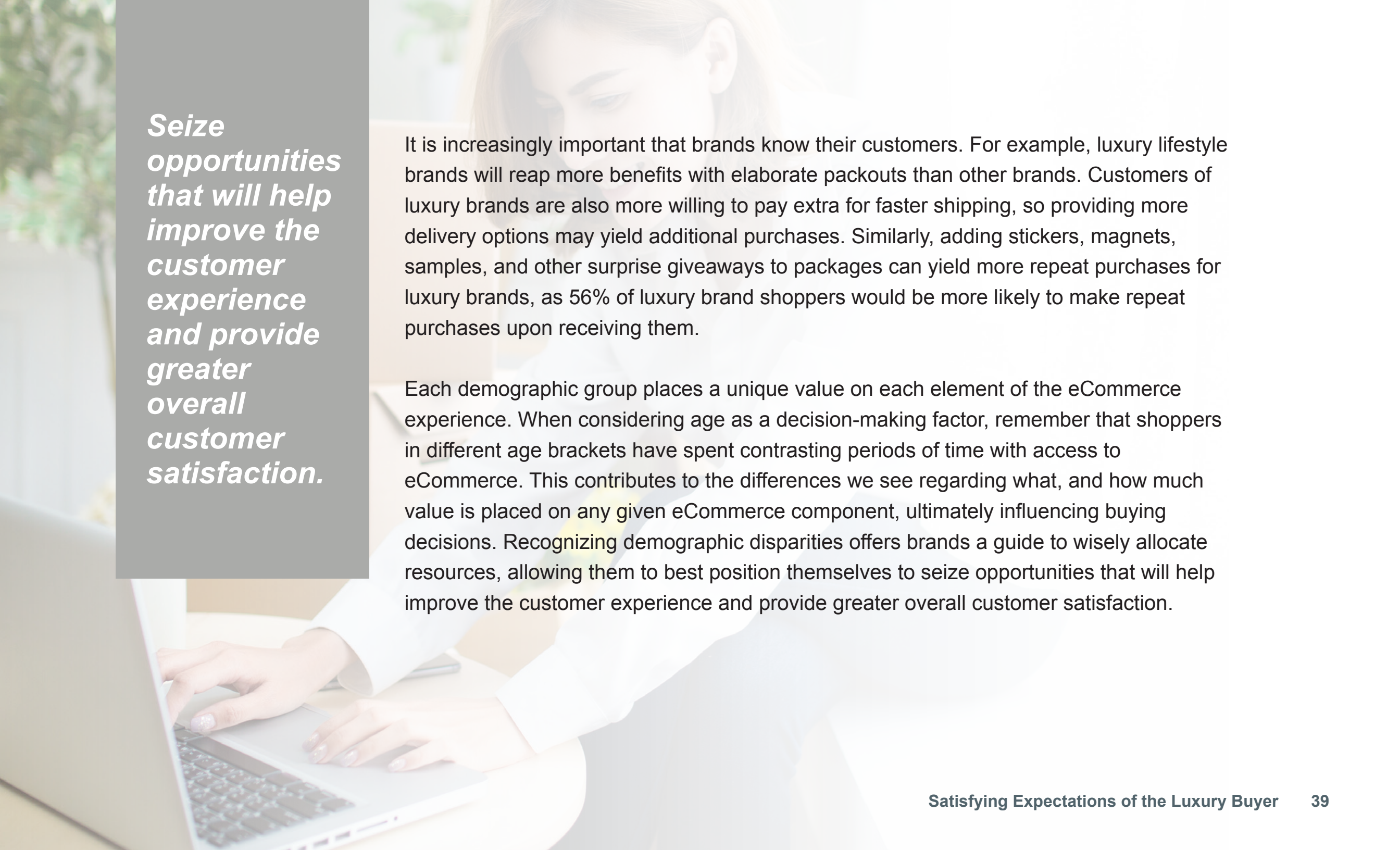
HHI \$100,000 – \$149,999

43%

HHI \$150,000+

46%

*HHI = Household income

A woman with long dark hair, wearing a white blazer, is looking down at a laptop screen. Her hands are on the keyboard. The background is a soft-focus indoor setting with greenery.

Seize opportunities that will help improve the customer experience and provide greater overall customer satisfaction.

It is increasingly important that brands know their customers. For example, luxury lifestyle brands will reap more benefits with elaborate packouts than other brands. Customers of luxury brands are also more willing to pay extra for faster shipping, so providing more delivery options may yield additional purchases. Similarly, adding stickers, magnets, samples, and other surprise giveaways to packages can yield more repeat purchases for luxury brands, as 56% of luxury brand shoppers would be more likely to make repeat purchases upon receiving them.

Each demographic group places a unique value on each element of the eCommerce experience. When considering age as a decision-making factor, remember that shoppers in different age brackets have spent contrasting periods of time with access to eCommerce. This contributes to the differences we see regarding what, and how much value is placed on any given eCommerce component, ultimately influencing buying decisions. Recognizing demographic disparities offers brands a guide to wisely allocate resources, allowing them to best position themselves to seize opportunities that will help improve the customer experience and provide greater overall customer satisfaction.

Methodology

In April 2019, Dotcom Distribution surveyed 1,213 online shoppers about their habits, preferences, and expectations in the areas of online shopping, packaging, shipping, returns, and transparency. This survey was implemented on behalf of Dotcom Distribution through SurveyMonkey.

The gender breakout of respondents was **51.33% men and 48.67% women.**

The age breakout of respondents was **27.14% ages 18-29, 47.98% ages 30-44, 24.09% ages 45-60, and <1% age 60 or older.**

The regional breakout of respondents was as follows:

- New England (**6.24%**)
- Mid-Atlantic (**13.38%**)
- East North Central (**14.27%**)
- West North Central (**7.14%**)
- South Atlantic (**17.34%**)
- East South Central (**6.44%**)
- West South Central (**9.12%**)
- Mountain (**7.73%**)
- Pacific (**18.33%**)



About Dotcom Distribution

Dotcom Distribution (Dotcom) is a premier provider of B2C and B2B fulfillment and distribution services. Located near New York City, Dotcom supports eCommerce and omnichannel solutions for emerging brands. Having serviced 125+ clients during the past 20 years, Dotcom provides fulfillment, production, assembly, and kitting services for luxury and lifestyle brands in the beauty, fashion, and other specialty industries. Some of our past and current clients include names like Vineyard Vines, BirchBox, Kenneth Cole, DevaCurl, Bliss, SuperGoop!, NaturesPlus, and SiriusXM Radio.

Brands partner with Dotcom to provide a superior omnichannel experience to their end customers. Using a consultative approach, Dotcom nurtures emerging brands to become fully scalable and successful. Dotcom leverages the latest technology and enables its clients to make data-driven decisions through its suite of business intelligence and tools. Dotcom Distribution has been recognized as a Top 3PL provider for three consecutive years by Multichannel Merchant.

Dotcom Distribution is changing how emerging brands do business!

