dotcom
Distribution

Dotcom Distribution 2021 eCommerce Consumer Study

Consumer Trends Reshaping the Post-Pandemic eCommerce Landscape

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EXECUTIVE SUMMARY

Consumer purchase behaviors, expectations, and priorities change constantly. Helping retailers and brands follow these trends is why Dotcom Distribution co-founder and CEO Maria Haggerty launched our annual study of online shoppers back in 2015. But 2020 birthed a new chapter in the world of commerce. ***The pandemic condensed what would have been years of growth and change for retail and eCommerce into weeks, requiring both sellers and consumers to adapt to these changes, and adopt new ways of operating.***

For six years, this study has tracked how the prevailing behaviors, experiences, and preferences of online shoppers are shaping the evolving eCommerce landscape. Now in its seventh year, to ensure the 2021 data provided actionable insights during this unpredictable time, the survey explored not only what has occurred since the start of the pandemic, but identified the lasting impacts and trends that will carry the industry into the post-pandemic eCommerce reality.

In this year's study, we benchmarked annual data, compared pre-and mid-pandemic findings, and uncovered intent-based data that suggests likely future consumer behavior. We then shared our discoveries with several industry experts, as well as some of today's fastest growing online brands, to gauge how the data tracked for them, how the pandemic has impacted their business and strategies, and how they're utilizing consumer data to shape their future business. Their insights are featured throughout this study.

According to this latest research, some of the key efforts brands and retailers can make to shape the ideal customer experience are:

Embrace What Really Matters

Consumers are increasingly socially conscious, seeking and responding to brands that communicate values reflective of their own. They evaluate a brand by not only the breadth and quality of its commodities, but by causes it supports, who it gives back to, and how it's making the world a better place. Case in point, ***53% of respondents reported being more inclined to purchase from a business that supports initiatives surrounding diversity, racial and social justice.*** And when it comes to inner packaging, ***sustainable packaging was the factor most likely to compel online shoppers to purchase from a brand again in the future (42%).***

As the standard of the customer experience grows into a bigger role in the purchasing decision process, brands should be investing in causes that ring true to their identity and matter to their customers.

Be Wherever the Customers Are

eCommerce has exploded, but it's not the only channel in play; physical retail's role is shifting, not shrinking. ***Seventy-eight percent of all respondents reported adopting new cross-channel shopping options during the pandemic,*** and there are no signs of fading interest in continuing to use these methods. Post-pandemic, 45% say they'll continue utilizing curbside pick-up and another 45% prefer the buy online, pick up/return in-store (BOPIS/BORIS) method.

Maintaining a robust retail presence across the omnichannel spectrum is intrinsic to the seamless customer experience that is expected today. Realizing a successful multichannel strategy requires examining shopping journeys—online and offline—offering flexible options that accommodate those patterns, and ensuring transparency at every touch point.

Make Returns Easy to Get Repeat Business

Returns are generally looked at as a cost of doing business, but the impact of this part of the commerce cycle permeates more than just brand costs; it extends to customer satisfaction and environmental effects, too. Our data revealed that ***55% of respondents won't even shop with a company that doesn't offer free returns.*** With 86% of respondents crediting free returns as the policy that makes them most likely to shop with a brand, that's an opportunity missed.

Speaking of opportunities, a newer trend more and more brands are embracing recently is 'returnless refunds,' and according to our research, online shoppers are embracing it, too. Forty percent of respondents said this feature makes them want to shop with the brand again, 27% said the elimination of return shipping makes them feel like the brand values sustainability, and 26% said they appreciate the contactless experience it affords them.

This offering is not for every seller and its value should be assessed based on products and reasons for return, but taking into account all the associated expenses, the cost of a return can end up being more than the product is worth. Other potential upshots include improving brand image, earning customer trust and loyalty, and eliminating waste.

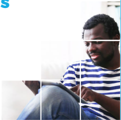
Only time will tell what future online shopping behavior and spending will look like as the effects of widespread vaccination transpire, but the findings of this year's study underscore how critical it is to tap into the evolving mindset of each unique customer profile. ***Doing so enables brands to anticipate their needs and deliver a convenient, positive, memorable online shopping experience that makes them feel heard, satisfied and eager for more.***

LANDSCAPE & ECOMMERCE TRENDS

Pandemic Reveals Emerging Perspectives and Trends

KEY TAKEAWAYS

- Retail professionals are heroes in the eyes of consumers
- Online shoppers are attracted to socially responsible brands
- Environmental concerns are driving purchase decisions
- Boredom and deals are top online shopping motivators
- Apparel remains the leading online shopping category



RETAIL PROFESSIONALS **ARE PANDEMIC HEROES.**

66%

Two-thirds of online shoppers surveyed said retail professionals who worked **in-person during the pandemic are heroes.**

MOST CONSUMERS FAVOR COMPANIES **THAT COMMIT TO BEING SOCIALLY RESPONSIBLE.**

53% of respondents reported being **more inclined** to purchase from a business that **supports diversity/racial/social justice initiatives.**

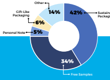
AGES 18-29:	AGES 30-44:	AGES 45-60:	AGES >60:
69%	58%	44%	51%

> "During the pandemic, we launched a program with BEAM Impact where customers can invite us to donate 1% of their purchase total to one of four charities at check-out. This has increased our return rate, AOV, and new customers coming to the brand. Our data suggests that when a brand truly gets behind causes this way, it's an additive to the customer experience. We're not asking our customers to donate anything; it puts the onus on the brand to put our money where our mouth is, and that's the way it should be."
>
> **EDWARD BERTOUCH** *CHIEF OPERATING OFFICER, ROLLER RABBIT*

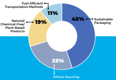
NO MATTER HOW YOU SLICE IT, **SUSTAINABLE PACKAGING IS A MAJOR FACTOR** IN CONSUMERS' SHOPPING DECISIONS.

Factors that make consumers want to shop with brands online:

Inner packaging components:

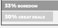


Environmental components:



BOREDOM AND GREAT DEALS ARE TOP MOTIVATORS OF ONLINE SHOPPING.

Pandemic-driven online shopping motivators:



The older the consumer, the more likely they are to do more online shopping thanks to money-saving offers.

"I have made more purchases during the pandemic because there have been great deals online."

Online shoppers are more concerned about financial wellness now than at the beginning of the pandemic.

MARCH 2020

"I've been hesitant to make purchases because of how COVID-19 has or may impact my finances."

22%

MARCH 2021

"I've made fewer purchases because of how COVID-19 has or may impact my finances."

28%

AGE GROUPS: 18-29 30-44 45-60 >60

THE YOUNGER SHOPPER

The younger the consumer, the more concerned they've been about spending during the pandemic.

"I've made fewer purchases because of how COVID-19 has or may impact my finances."

Youngest consumers also flip-flopped from most to least frequent Luxury Shoppers:

2020 (pre-pandemic):
18-29: 55%

March 2021:
18-29: 14%

The younger the shopper, the more likely boredom is to spur online shopping.

"I have done more shopping out of boredom."

NOT EVEN A PANDEMIC CAN **UNSEAT CLOTHING AS THE ECOMMERCE FRONT RUNNER.**

*Respondents were permitted to select multiple answers.

Top 5 online shopping categories:*

Category	%	
Clothing	77%	↓ 5% from pre-pandemic but still the leading category
Electronics	59%	
Home Goods	59%	
Cleaning Products	56%	
Vitamins/ Supplements	55%	

Top items for consumers ages 18-29

Clothing	79%
Electronics	60%
Home Goods	51%

Top items for consumers ages 30-44

Clothing	80%
Electronics	71%
Cleaning Products	66%

Top items for consumers ages 45-60

Clothing	77%
Home Goods	59%
Pet Products	59%

Top items for consumers ages >60

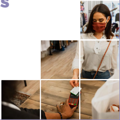
Clothing	74%
Home Goods	57%
Vitamins/ Supplements	54%

PURCHASE BEHAVIOR

Consumers Find Comfort in the Familiar

KEY TAKEAWAYS

- Post-pandemic purchase intent resembles current buying behavior
- Regionality influences in-store shopping behavior
- Apparel and electronics draw most eCommerce activity
- Younger consumers and apparel shoppers are most prone to new brand adoption



IN-STORE SHOPPING FREQUENCY **REMAINED UNCHANGED** FOR A SURPRISING NUMBER OF CONSUMERS.

28% of all respondents said their in-store shopping frequency was not affected by the pandemic.

*Respondents from West North Central US were least affected: **40%** said the pandemic did not affect their in-store shopping frequency.**

*Respondents from New England were most affected; only **15%** said their in-store shopping frequency wasn't affected by the pandemic.*

*Includes Iowa, Missouri, Nebraska, North Dakota, South Dakota, Minnesota & Kansas.

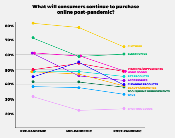
During the pandemic, the most respondents (33%) purchased items in-store **only if what they needed was not available online.**

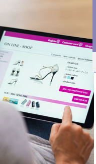
The in-store shopping frequency of **shoppers ages 45-60** was **affected less** than any other age group:

"My in-store shopping was unaffected by the pandemic."

Consumers ages 18-29: **14%**
Consumers ages 30-44: **20%**
Consumers ages 45-60: **37%**
Consumers ages >60: **30%**

ONLINE SHOPPING FREQUENCY WILL DROP SLIGHTLY, BUT WHAT PEOPLE **BUY ONLINE WON'T CHANGE MUCH.**





CLOTHING AND ELECTRONICS WILL REMAIN TOP PURCHASED ITEMS, BUT SUBSEQUENT CATEGORIES VARY BY AGE GROUP.

What will online shoppers continue to purchase most post-pandemic? 65% CLOTHING

Top items for consumers ages 18-29

Clothing & Electronics	64%
Accessories	46%
Home Goods	44%

Top items for consumers ages 30-44

Electronics	71%
Clothing	67%
Vitamins/ Supplements	52%

Top items for consumers ages 45-60

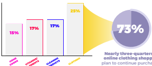
Clothing	63%
Electronics	58%
Pet Products	53%

Top items for consumers ages >60

Clothing	64%
Vitamins & Home Goods	46%
Electronics & Pet Products	44%

WHEN IT COMES TO TRYING NEW BRANDS, **CLOTHING IS A COMFORT ZONE.**

Top items online shoppers purchased during the pandemic from **brands or retailers they'd never shopped with before:**



Nearly three-quarters of online clothing shoppers plan to continue purchasing from those same brands/ retailers in the future.

> We have a very low return rate compared to industry standards, and it actually went down even more in 2020, from about 9% to 7%. I think that has to do with categories—we sell a lot of loungewear and pajamas, which is easier to get right from a fit perspective than ready-to-wear. Ready-to wear drives most of our returns and only makes up about 50% of our business.
>
> **EDWARD BERTOUCH**
> *CHIEF OPERATING OFFICER, ROLLER RABBIT*

YOUNGER SHOPPERS ARE MORE INCLINED TO TRY **NEW BRANDS.**

Here's what consumers plan to continue purchasing from brands/retailers they began shopping with during the pandemic:

Consumers ages 18-29

Clothing	40%
Electronics	26%
Accessories	25%

Consumers ages 30-44

Clothing	29%
Electronics	23%
Vitamins/ Supplements	22%

Consumers ages 45-60

Clothing	28%
Vitamins/Supplements & Pet Products	24%
Cleaning Products	20%

Consumers ages >60

Clothing	27%
Pet Products	19%
Electronics & Vitamins/ Supplements	17%


OMNICHANNEL
Modern Omnichannel
Trends Emerge From
eCommerce Boom

KEY TAKEAWAYS

- At-Home Try-On is eCommerce fan favorite
- Consumers are adopting social commerce as a point of purchase
- Subscription business is gaining momentum
- Curbside Pick-Up has earned long-term traction

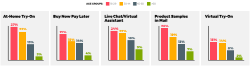
AT-HOME TRY-ON **WINS ONLINE SHOPPERS' FAVOR.**

Favorite Features

#1	#2	#3	#4	#5
At-Home Try-On	Live Chat/ Virtual Assistant	Product Samples in Mail	Shoppable Social Media Posts	Live Shopping

YOUNGER SHOPPERS ARE MORE INCLINED TO UTILIZE **ONLINE SHOPPING ENHANCEMENT FEATURES.**

Features most used during the pandemic.



> When it comes to leveraging new features or the overarching experience consumers have, it all boils down to identifying and removing friction from the digital journey. At Fractal, we are harnessing massive volumes of unstructured, clickstream-level data for our clients, and developing algorithms to understand where and why friction occurred, and what can be done to remove it. Through such initiatives we've generated over $1 billion of incremental revenue and significantly improved customer satisfaction.
>
> **PRANAY AGARWAL** *CHIEF EXECUTIVE OFFICER, FRACTAL ANALYTICS*

CONSUMERS ARE MORE INVESTED IN **SUBSCRIPTION SERVICES THAN DELIVERY APPS.**

54% of all respondents reported utilizing subscription services, delivery apps, or both.

Of those 54%:

26% will continue to utilize subscription services post-pandemic

"I have signed up for one or more subscription services during the pandemic."

"I will continue to utilize subscription services post-pandemic."

14% will continue to utilize delivery apps post-pandemic

"I utilized delivery services for the first time during the pandemic."

"I will continue to utilize delivery apps post-pandemic."

14% will continue to use subscription services and delivery apps post-pandemic

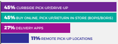
"I will continue to use both subscription services and delivery apps post-pandemic."

AGE GROUPS: 18-29 30-44 45-60 >60

TO MEET DIFFERING PREFERENCES, BRANDS MUST MAINTAIN A **STRONG OMNICHANNEL PRESENCE.**

78% of all respondents reported adopting new cross-channel shopping options during the pandemic.

Post-pandemic, here's what online shoppers will continue utilizing:*



Discounting ship-to-home, curbside pick-up dominates delivery preferences for almost all age groups.*

*Respondents were permitted to select multiple answers.

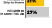
	AGE GROUP 18-29	AGE GROUP 30-44	AGE GROUP 45-60	AGE GROUP >60
Curbside Pick-Up	47%	53%	46%	34%
BOPIS/BORIS	47%	51%	45%	37%
Delivery Apps	38%	37%	22%	15%

SHIP-TO-HOME REMAINS PREFERRED METHOD FOR RECEIVING ONLINE ORDERS, BUT CURBSIDE PICK-UP HAS LEGS.

93% of those who most frequently arranged to receive online orders via ship-to-home will continue doing so post-pandemic.

6% will shift to in-store or curbside pick-up post-pandemic.

51% of those who most frequently arranged to **pick up online orders curbside** will continue doing so post-pandemic.



62% of those who most frequently arranged to **pick up online orders in-store** will continue doing so post-pandemic.

57% of those who most frequently arrange to **receive online orders via home delivery apps/services** will continue doing so post-pandemic.

OMNICHANNEL OUTLIERS

Post-pandemic, online shoppers across all categories will opt for curbside pick-up over in-store pick-up, ***with two exceptions:***

Beauty/cosmetics *consumers are* ***just as likely to pick up curbside*** *as they are to* ***pick up in-store.***

Sporting goods *consumers are* ***more likely to pick up in-store*** *than opt for* ***curbside pick-up.***

SHIPPING

Fast and Free Shipping Attracts and Retains Customers

KEY TAKEAWAYS

- Free shipping still outweighs fast shipping
- Patience for package delivery: a positive byproduct of the pandemic
- Ideal shipping timelines are fairly standard across categories

THE PANDEMIC CAUSED ONLINE SHOPPERS TO BECOME **MORE PATIENT.**

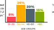
Significantly fewer people expected to receive online orders in 1-2 days during the pandemic:

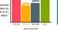
Significantly more people expected to receive orders in 5+ days during the pandemic:

50% of consumers **expected to receive online purchases within 3-4 days** during the pandemic, consistent with pre-pandemic expectations **(54%).**

Consumers with the slowest shipping expectations during the pandemic:

Shoppers 18-29 were most tolerant of longer delivery timelines.





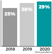
33% of Beauty/ Cosmetics consumers and **33%** of Accessories consumers expected to receive online orders in 5+ days.

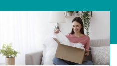
WITH SHIPPING, **FREE STILL OUTPERFORMS FAST.**

"I would rather get free shipping and wait longer to receive an order than pay for faster shipping."

"I am more likely to pay for faster shipping than I was prior to the pandemic."

Year over year, there has been a slight but consistent increase in customers willing to pay to receive orders faster.





The younger the consumer, the more likely they are to pay for faster shipping, but still less than ever:

FREE SHIPPING THRESHOLDS WORK.

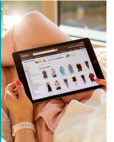
During the pandemic, **69%** of all respondents **added more items** to their online shopping carts to **qualify for free shipping.**

Categories with most shoppers acting on free shipping thresholds:

78%	78%	78%	77%	76%
SPORTING GOODS	CLEANING PRODUCTS	BEAUTY/ COSMETICS	ACCESSORIES	VITAMINS/ SUPPLEMENTS

Coastal consumers are most receptive to free shipping thresholds:

New England	Mid-Atlantic	Pacific
72%	**74%**	**74%**

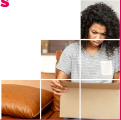


RETURNS

Prioritizing Returns Bolsters Bottom Lines

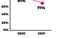
KEY TAKEAWAYS

- Free returns are major attraction for online consumers
- Consumers appreciate brands that offer Returnless Refunds
- Contactless store returns are on the rise
- Product dissatisfaction is leading cause of returns



ONLINE ORDER RETURNS ARE ON **THE DECLINE.**

Overall, returns of online orders are down 10% YOY:



Only **8%** of respondents returned more than a quarter of their online purchases during the pandemic.

The older the consumers, the fewer returns they made:

AGE GROUPS:
18-29
45-60
30-44
>60

What is yielding the fewest returns across all online shopping categories?

PET PRODUCTS

FREE RETURNS ARE BIG BUSINESS FOR ECOMMERCE.

What return policy is responsible for making consumers **most likely to shop with a brand online?***

86% Free Returns

44% Buy Online, Return In-Store (BORIS)

37% Extended Return Windows (30+ days)

36% Returnless Refunds

*Respondents were permitted to select multiple answers.

55%

of respondents won't make a purchase from a company that doesn't have a free return policy.

Shoppers most and least likely to make an online purchase from a company that **doesn't have a free return policy:**

AGE

Most Likely 18-29: **55%**

Least Likely 45-60: **40%**

SHOPPING CATEGORY

Most Likely Electronics: **49%**

Least Likely Beauty/Cosmetics: **45%**

REGION

Most Likely New England: **57%**

Least Likely West North Central: **36%**

GENDER

Most Likely Males: **47%**

Least Likely Females: **43%**

RETURNLESS REFUNDS ARE **EARNING CUSTOMER RETENTION.**

Top reasons consumers value Returnless Refunds:

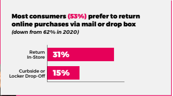
*Respondents were permitted to select multiple answers.

40% of all respondents said Returnless Refunds made them want to shop with the brand again.

26% of all respondents said they appreciate that Returnless Refunds prevented them from having to come in contact with anyone.

27% of all respondents said eliminating return shipping made them feel like the brand values sustainability.

PEOPLE STILL PREFER TO MAIL RETURNS, BUT ARE ADOPTING **STORE DROP-OFF OPTIONS.**



PRODUCT DISSATISFACTION HAS DRIVEN MOST RETURNS DURING THE PANDEMIC.

63% of all respondents said the pandemic has **not affected** the number of online orders they've returned.

Of the 37% whose return frequency *was* affected:

20% said **returns increased** because ordering online vs. in-store resulted in a **higher rate of dissatisfaction.**
(e.g, items didn't fit, didn't look like they did online, quality was poor, etc.)

11% said **returns decreased** because mailing back online orders has been **more of a hassle** during the pandemic.

5% said **returns increased** because orders were **delayed** long enough that they were no longer needed once they arrived.

"Our return rates have remained relatively consistent. As a fragrance brand, we fully understand that most people won't pay $100+ for a scent they've never tried, so we proactively offer our customers samples of our scents. In turn, we expect that when it comes time to buy the full size, returns shouldn't be necessary unless there is a logistics issue. This solution ends up being both economically and environmentally responsible."

INBAL SHAKED *INTERNATIONAL MARKETING DIRECTOR, COMMODITY*

PACKAGING

Consistent Packaging Preferences Prevail

KEY TAKEAWAYS

- Sustainable packaging is major sway factor
- Boxes are preferred packaging, for protection and the planet
- Return labels and packing slips are a packaged deal

IT'S WHAT'S INSIDE THAT COUNTS—BUT WHAT'S OUTSIDE MATTERS, TOO.

Given the choice between receiving an online order in a box or a poly bag, **82% of all respondents prefer boxes.**

Leading Reasons:

28% Boxes provide better protection in transit

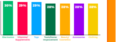
27% Boxes are more eco-friendly

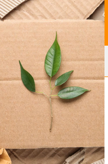
24% I reuse the boxes

While consumers across all shopping categories prefer boxes to poly bags, **the #1 reason behind their preference for boxes depends upon what they are buying:**

Boxes are more eco-friendly:

Boxes provide better protection in transit:





SUSTAINABLE PACKAGING HELPS THE PLANET WHILE FOSTERING CUSTOMER LOYALTY.

42% of respondents credited **sustainable packaging** as the packaging feature **most likely** to make them want to **shop with a brand again**, followed by **free samples (34%).**

Male consumers prioritize sustainable packaging:

Discounting product quality, **44% of males said sustainable packaging is the factor most likely to make them want to shop with a brand again** compared to 39% of females.

More than any other age group, **consumers >60** credited sustainable packaging as the factor most likely to make them want to shop with a brand again:

PEOPLE ARE PRAGMATIC ABOUT **PACKAGING PREFERENCES.**

What consumers want included with online orders:

#1 Packing Slip & Pre-Paid Return Label

Pre-pandemic 2020 | *March 2021*

Packing Slip: **65%** | **63%**

Return Label: **63%** | **63%**

#2 Surprise Giveaways

Pre-pandemic 2020: **46%** | *March 2021:* **45%**

#3 Coupons

Pre-pandemic 2020: **27%** | *March 2021:* **39%**

BRANDED OR GIFT-LIKE PACKAGING IMPROVES THE COVETED CUSTOMER EXPERIENCE.

Younger shoppers are especially receptive to branded and gift-like packaging.

"It makes me more likely to purchase from the brand again."

"It makes me worried that the package will be stolen from my doorstep."

"It gets me excited about receiving/ opening the package."

More than any other age group, **consumers ages 30-44 reported gift-like packaging makes a brand seem more upscale:**

Consumers most likely to say **gift-like packaging encourages them to purchase from a brand again:**

AGE GROUPS: 18-29 30-44 45-60 >60

SUSTAINABILITY

An Investment in Sustainability is an Investment in Customers

KEY TAKEAWAYS

- Sustainable packaging drives brand trial and loyalty
- Sporting goods shoppers are dependably eco-conscious
- Specific groups demonstrate more support for a circular economy

CONSUMERS CONSIDER **PACKAGING MORE THAN ANY OTHER SUSTAINABILITY FACTOR** WHEN DECIDING WHETHER TO SHOP WITH A BRAND.

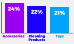
Sustainable packaging and ethically sourced products remain the environmental considerations that attract more customers. Other factors are catching up, indicating consumers are starting to think more holistically.

> Sustainability is a cornerstone to our brand purpose. Bliss is a clean, cruelty-free, planet-friendly skincare brand on a mission to empower everyone to achieve a higher state of happy, one self-care moment at a time. As such, we understand that consumers care not only about what they are putting on their bodies, but also the implications their choices have on the environment. Therefore, we consciously pursue paths to ensure the products we manufacture are not only efficacious, but also minimize our impact on the planet. We have partnered with international recycling leader, TerraCycle, to make our packaging 100% recyclable. Consumers are now able to send in all Bliss products and packaging to TerraCycle – including flexible and rigid plastic, pumps, sprays, packets, pouches, tubes, jars, and complex closures – to be recycled for free. Once collected, that packaging is cleaned and melted into hard plastic that can be remolded to make new recycled products. This partnership was a critical step in furthering our commitment to sustainability.
>
> **ANTHONY GAJEWSKI** *CHIEF FINANCIAL OFFICER, BLISS*

IMPACT OF ENVIRONMENTAL FACTORS ON PURCHASE DECISIONS VARIES BY SHOPPING CATEGORY.

Consumers agree sustainable packaging is the environmental factor most likely to make them shop with a brand. The #2 spot varies across shopping categories.

NATURAL/CHEMICAL-FREE/ PLANT-BASED PRODUCTS



ETHICAL SOURCING

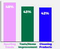
Home Goods	26%
Clothing	26%
Pet Products	25%
Electronics	24%
Sporting Goods	23%
Tools/Home Improvement	23%
Beauty/Cosmetics	23%
Vitamins/Supplements	23%

YOUNGER, COASTAL CONSUMERS ARE MOST ACTIVE IN **CIRCULAR ECONOMY PRACTICES.**

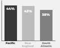
37% of all respondents have purchased products or subscribed to services that support a circular economy.

Consumers most supportive of a circular economy:

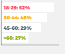
SHOPPING CATEGORY

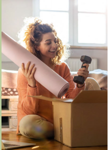


REGION



AGE GROUP





SPORTING GOODS CONSUMERS ARE **CONSISTENTLY ATTENTIVE TO SUSTAINABILITY EFFORTS.**

More than any shopping category, consumers who purchase sporting goods online:

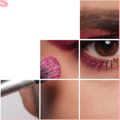
Credit their preference for boxes over poly bags to boxes being more eco-friendly.	31%
Support a circular economy.	48%
Believe brands that offer Returnless Refunds value sustainability.	37%

BEAUTY CONSUMERS

Growth Opportunities Abound in Beauty Sector

KEY TAKEAWAYS

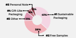
- Beauty consumers are heavily influenced by various sustainability factors
- Product ingredients are increasingly important in purchase decisions
- Region plays major role in behavioral preferences
- Beauty consumers are prone to embrace new brands



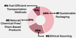
BEAUTY AND SUSTAINABILITY GO HAND IN HAND.

When shopping for any type of item, beauty consumers prioritize sustainable packaging above all other factors:

Importance of Inner Packaging Factors



Importance of Environmental Factors



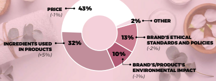
> Sustainability is an umbrella term that's frequently misused as a singular buzz word. We want to make real, tangible efforts towards sustainability, one step at a time. The first step will be to offset carbon emissions generated by our customers' order shipments, with the ultimate goal of becoming carbon neutral throughout the entire Commodity product lifecycle. We will soon launch a roadmap to sustainability on our website so customers can follow our progress and hold us accountable.
>
> INBAL SHAKED *INTERNATIONAL MARKETING DIRECTOR, COMMODITY*

Consumers who purchase beauty/ cosmetics online are among the groups most supportive of a circular economy.*

*Respondents were permitted to select multiple answers.

BEAUTY CONSUMERS ARE INCREASINGLY **CONCERNED ABOUT PRODUCT INGREDIENTS.**

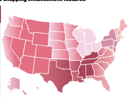
When shopping for beauty products, price continues to play the biggest role in purchase decisions, but ingredients are rising in importance:



WHEN IT COMES TO BEAUTY CONSUMERS, **PURCHASE BEHAVIOR VARIES BY REGION.**

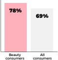
Online beauty/cosmetics consumers' favorite online shopping enhancement features:

REGION	PRODUCT SAMPLES IN MAIL	SHOPPABLE SOCIAL MEDIA POSTS	AT-HOME TRY-ON	LIVE CHAT/ VIRTUAL ASSISTANT	BUY NOW PAY LATER
EAST NORTH CENTRAL	●				
MID-ATLANTIC		●			
MOUNTAIN			●		
NEW ENGLAND				●	
SOUTH ATLANTIC			●	●	
WEST NORTH CENTRAL	●		●		
PACIFIC	●		●		
WEST SOUTH CENTRAL			●		●
EAST SOUTH CENTRAL					●



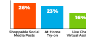
THE **BEAUTY MARKET PRESENTS MAJOR GROWTH OPPORTUNITY** FOR BRANDS.

Beauty consumers added more items to their online cart to qualify for free shipping than others:



69% of consumers who made first-time purchases from beauty/cosmetics brands during the pandemic plan to continue shopping with those brands.

These are their favorite online shopping enhancements:



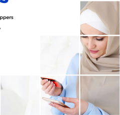
The number of consumers who prefer to buy cosmetics/beauty products **directly from the brand's website doubled YOY.**

LUXURY SHOPPERS

Luxury Shoppers Remain Discerning, Yet Conscientious

KEY TAKEAWAYS

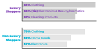
- Luxury Shoppers are more active online shoppers
- When it comes to trying new brands, Luxury Shoppers are more adventurous
- Environmental factors play a bigger role in purchasing decisions for luxury sector
- Luxury Shoppers are more amenable to shipping and return costs
- For beauty buys, luxury consumers prefer the DTC experience
- Luxury purchases: where gift-like packaging makes a difference



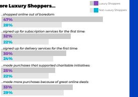
LUXURY PURCHASES TOOK A HIT DURING THE PANDEMIC, BUT **LUXURY SHOPPERS STILL DID MORE ONLINE SHOPPING THAN OTHERS.**

31% of respondents purchased luxury cosmetics, apparel or accessories online during the pandemic ***(-19% YOY)***

Top online shopping categories during the pandemic:



More Luxury Shoppers...



LUXURY SHOPPERS ARE MORE LIKELY TO **TRY AND RETURN TO NEW BRANDS.**

76% of Luxury Shoppers **became first-time customers with brands during the pandemic**, compared to 24% of Non-Luxury Shoppers.

Top first-time brand purchases:

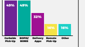
Luxury Shoppers	Non-Luxury Shoppers
35% Clothing	**22%** Clothing
23% Vitamins/Supplements	**16%** Cleaning Products
23% Cleaning Products	**15%** Home Goods
21% Beauty/Cosmetics	**15%** Vitamins/Supplements
20% Accessories	**13%** Pet Products

81% *of Luxury Shoppers will continue purchasing from those same brands.*

Top purchases consumers will make from brands they adopted during the pandemic:

Luxury Shoppers	Non-Luxury Shoppers
37% Clothing	**26%** Clothing
27% Beauty/Cosmetics	**20%** Vitamins/Supplements
25% Accessories	**19%** Pet Products
24% Electronics	**19%** Electronics
24% Vitamins/Supplements	**18%** Home Goods

UNTRADITIONAL DELIVERY AND PICK-UP METHODS ARE **FAVORED MORE BY LUXURY SHOPPERS.**



*Respondents were permitted to select multiple answers.

> "While eCommerce platforms have always been built to be reliable, secure, and easy to use, today, flexibility is the prized capability. Accommodating these escalating flexibility requirements necessitates three critical operations-focused capabilities: 1) Define different levels of 'Instant delivery' and develop multiple options to achieve it; 2) Upgrade the Returns process; and 3) Flex business practices to reduce the environmental impact of eCommerce."
>
> **CHRIS LUZAR**
> *MARKETING STRATEGIST, FROHMAN AND ASSOCIATES*

LUXURY AND NON-LUXURY SHOPPERS **PART WAYS ON FAVORITE ONLINE SHOPPING FEATURES.**

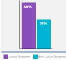
Offerings Luxury Shoppers used during the pandemic	Offerings Luxury Shoppers will continue using post-pandemic
24% Product Samples	**18%** Product Samples
24% Shoppable Social Media Posts	**17%** At-Home Try-On
24% Live Chat/ Virtual Assistant	**16%** Shoppable Social Media Posts
23% Buy Now Pay Later	**15%** Buy Now Pay Later
21% At-Home Try-On	**15%** Live Chat/ Virtual Assistant
18% Live Shopping	**10%** Live Shopping
15% Virtual Try-On	**8%** Virtual Try-On

Offerings Non-Luxury Shoppers used during the pandemic	Offerings Non-Luxury Shoppers will continue using post-pandemic
14% At-Home Try-On	**19%** At-Home Try-On
14% Live Chat/ Virtual Assistant	**16%** Live Chat/ Virtual Assistant
13% Live Shopping	**15%** Live Shopping
11% Shoppable Social Media Posts	**14%** Product Samples
11% Product Samples	**13%** Shoppable Social Media Posts
9% Buy Now Pay Later	**11%** Buy Now Pay Later
9% Virtual Try-On	**8%** Virtual Try-On

LUXURY SHOPPERS PLACE MORE EMPHASIS ON **ENVIRONMENTAL FACTORS WHEN MAKING PURCHASE DECISIONS.**

Environmental factors that weigh heaviest on purchase decisions:

Luxury Shoppers more frequently made purchases from or subscribed to companies that support a circular economy.

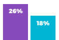


> Being the first consumer science company in the wellness and dietary supplement space, quality is a key value driver for our business, and a differentiator for long-term retention. We are committed to setting a higher standard of quality for our customers, which means going through stringent reviews and strictly governed third-party certification programs. Taking these rigorous measures ensures that our customers know what they are putting in their bodies and that everything has been tested, approved, and scientifically driven.
>
> *ELYSIUM*

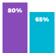
LUXURY SHOPPERS ARE **MORE WILLING TO SPEND ON SHIPPING AND RETURNS.**

Luxury Shoppers   Non-Luxury Shoppers

Luxury Shoppers are more likely to pay for faster shipping than Non-Luxury Shoppers:

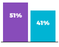


Luxury Shoppers added more to their carts to qualify for free shipping.

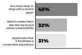


Luxury Shoppers are more tolerant of brands without free return policies.

"Will you make a purchase from a brand that doesn't have a free return policy?"



Luxury Shoppers are positively motivated by Returnless Refunds:

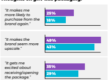


LUXURY SHOPPERS PREFER MAKING BEAUTY PURCHASES **DIRECTLY FROM BRANDS.**

LUXURY SHOPPERS PLACE VALUE ON **PREMIER PACKAGING.**

Luxury Shoppers | Non-Luxury Shoppers

Thoughts on gift-like packaging:



Luxury shoppers **credit free samples as the inner packaging component most likely to make them want to shop with a brand again**, followed by sustainable packaging.

More than half of Luxury Shoppers want surprise giveaways included with their online orders:

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 brands. Having serviced 125+ clients during the past 21 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, SuperCoop!, Roller Rabbit, 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. Leveraging its suite of business intelligence, and the latest tools and technology, Dotcom enables its clients to make data-driven fulfillment decisions. Recognized as a Top 3PL by Multichannel Merchant for five consecutive years, Dotcom Distribution is changing how emerging brands do business.

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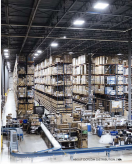

METHODOLOGY

In March 2021, Dotcom Distribution surveyed 1,137 online shoppers about their behavior, preferences, experiences, and expectations pertaining to eCommerce during the pandemic, and looking ahead to the future. Subject matter comprised purchasing activity, packaging, shipping, returns, omnichannel experience, and sustainability. This survey was implemented on behalf of Dotcom Distribution through SurveyMonkey.

Gender breakdown of respondents:
Male: **50.84%**
Female: **49.6%**

Age breakdown of respondents:
18-29: **11.33%**
30-44: **34.93%**
46-60: **30.71%**
>60: **23.035%**

Regional breakdown of respondents:
New England: **6.13%**
Middle-Atlantic: **14.53%**
East North Central: **15.57%**
West North Central: **7.08%**
South Atlantic: **16.79%**
East South Central: **3.58%**
West South Central: **9.53%**
Mountain: **7.64%**
Pacific: **19.15%**

Food and beverage purchases were excluded from this research.
Percentages reported throughout study were rounded to the nearest whole number