



# E-commerce shipping and the customer experience

**10 questions to consider for a successful  
e-commerce delivery strategy**

Hardlines Conference  
November 14, 2017



# Agenda

-  Is the Canadian online retail sector catching up to other major markets?
-  Why are more Canadians shopping online this holiday season?
-  Where does your business fit within Canadian online shopper preferences?
-  What are the opportunities to leverage shipping throughout the customer journey?
-  How can your carrier help you develop a shipping strategy?
-  Are you offering your customers shipping options?
-  Do your customers know where their purchases are?
-  Does your carrier offer the delivery choices consumers expect?
-  How does packaging impact your bottom line?
-  Why is an e-commerce returns policy important?

# Is the Canadian online retail sector catching up to other major markets?



- **Retail e-commerce sales in 2016 accounted for 6.5% of total retail sales and are expected to be 10% of total retail sales by 2020.<sup>1</sup>**
- Web sales by Canadian retailers are on pace to grow 42% in 2017, and Internet Retailer estimates Canadian consumers this year will spend 43.9% of their digital dollars with online retailers based in Canada, up from 35.2% in 2016.<sup>2</sup>
- Amazon is Canada's biggest e-commerce retailer by a vast margin<sup>3</sup> and Canadian retailers are starting to increase their investments in e-commerce and omni-channel in order to compete.<sup>1</sup>

<sup>1</sup> eMarketer, Aug. 2016; confirmed and republished, Dec. 2016

<sup>2</sup> Internet Retailer estimates, based on figures released by Statistics Canada for the Jan.–May 2017 period

<sup>3</sup> Financial Post, per BMO Capital Markets, June 26, 2017

# Why are more Canadians shopping online this holiday season?

According to our just-released holiday shipping survey:

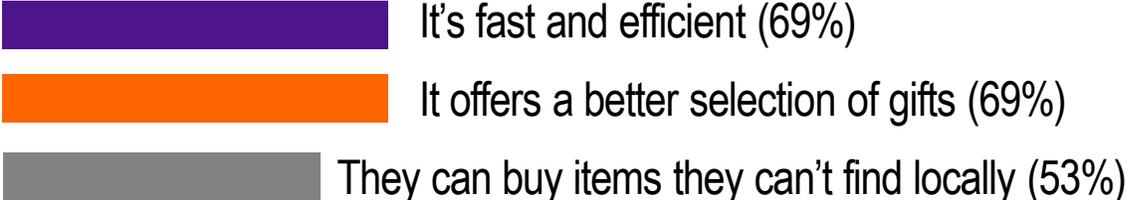


Two-thirds of Canadians plan to shop online for their holiday gifts

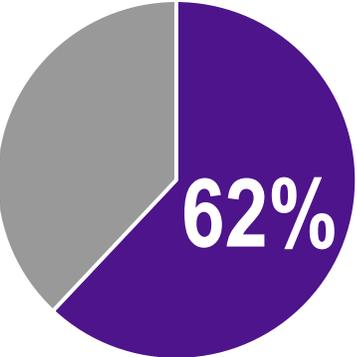


Gifts purchased online represent 63% of respondents' total holiday gift purchasing

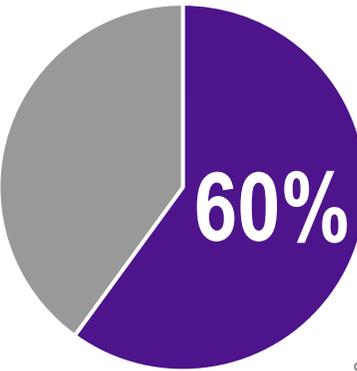
## Canadians are online shopping because:



47% of Canadians who aren't already shopping online are planning to do so this holiday season:



With Canadians over 55 being the mostly likely to try, at 62%



And Canadians from Ontario being the most likely to try, at 60%

Source: FedEx Express Canada Online Shopping Intentions Survey conducted online among 1,522 Canadians between October 2-6, 2017.

# Where does your business fit within Canadian online shopper preferences?

Canadians prefer big retailers over small ones because:



They offer a better selection (65%)



They offer better value/sales (64%)

Those who said they prefer small-business retailers said it's because:

**63%**

They like to support small businesses

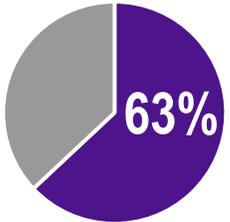
**56%**

Small businesses provide more unique gifts

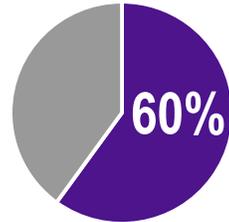
**35%**

Small businesses have higher-quality products

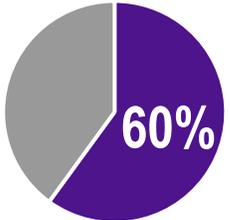
Canadians who prefer to shop online from Canadian retailers over ones from the U.S. gave the following reasons:



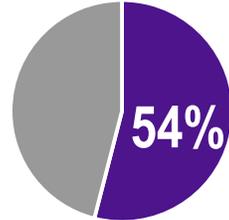
To avoid extra taxes and duties



The U.S. exchange rate is not favourable



To support the Canadian economy

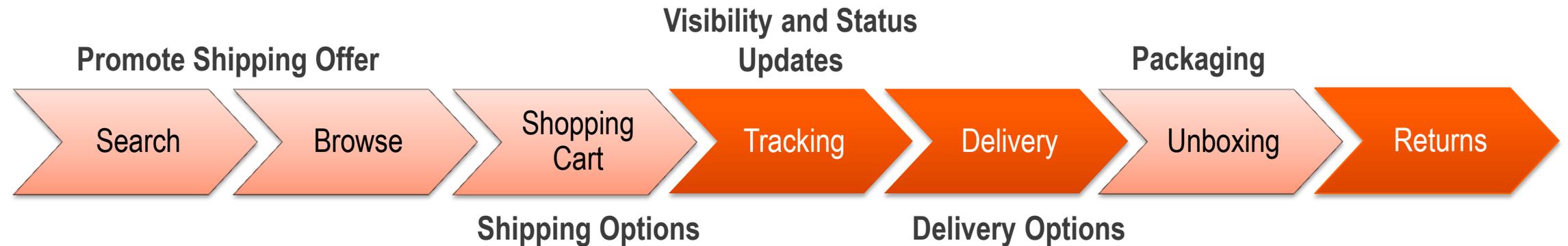


To get free shipping

Source: FedEx Express Canada Online Shopping Intentions Survey conducted online among 1,522 Canadians between October 2 and 6, 2017

# What are the opportunities to leverage shipping throughout the customer journey?

The customer experience starts when a shopper searches for an item and ends when they open the box or complete a return.



# How can your carrier help you develop a shipping strategy?



**9** OUT OF **10** consumers cite free shipping as their No. 1 incentive to shop online more often<sup>1</sup>

Consumers expect free shipping in  **2 days**

-  What's an appropriate minimum-spend threshold for free shipping?
-  Can you drive up your average order value (AOV) through free shipping minimum-spend thresholds?
-  How does free versus fast shipping impact your customer experience?
-  Will offering limited-time free express shipping promotions change customer behaviour in the long run?

<sup>1</sup>“Retail study: 9 out of 10 consumers say free shipping No.1 incentive to shop online more.” Marketing Land, June 9, 2016

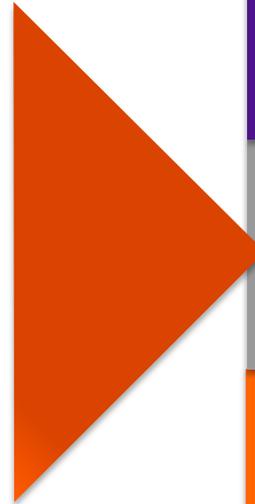
# Are you offering your customers shipping options?

Canadian consumers' expectations for delivery speed are shifting.

## 2-day shipping

is preferred by online shoppers and is a top-three decision-making factor<sup>1</sup>

**74%** of Canadian retailers expect **free two-day delivery** to become standard expectation of Canadian shoppers<sup>2</sup>



**34%** of Canadian online shoppers are willing to **pay more for next-day shipping**<sup>1</sup>

Majority of those shoppers are willing to pay up to \$10 more for overnight shipping

Respondents most likely to be willing to pay for premium shipping services:

- Men
- Age 18–34

<sup>1</sup> FedEx Express Canada Online Shopper Recipient Study conducted among 1,530 Canadian online shoppers between April 25 and May 4, 2016

<sup>2</sup> eTail Canada WBR Digital: Canadian Brands Take the Next Step into Omni-Channel Retail (survey conducted between May and June 2015)

# Do your customers know where their purchases are?

**72% of Canadian online shoppers rated tracking as very important when making an online purchase.**

**65%** of respondents tracked their recent online purchases

**3.3** is the average number of times respondents track their package

Source: FedEx Express Canada Online Shopper Recipient Study conducted among 1,530 Canadian online shoppers between April 25 and May 4, 2016

## Major methods of tracking packages

Shipping company's website  
**60%**

Tracking email sent by merchant  
**37%**

Merchant's website  
**34%**

Tracking email sent by shipping company/carrier  
**23%**

# Does your carrier offer the delivery choices consumers expect?

**Your customers want delivery choices that work with their busy lifestyle.**

Delivery options to reroute packages or enable a successful first delivery attempt must be easy for consumers to access and implement:

- Deliver directly to retail pickup point
- Redirect packages to retail pickup point
- Redirect packages to alternate address
- Delivery on future date
- Sign for packages electronically
- Leave specific delivery instructions



# How does packaging impact your bottom line?

- Keeps products safe and reduce damage
- Optimizes for dimensional weight pricing
- Provides an opportunity for branding

## Best practices:

- Choose the right-sized box for your items
- Put multiple items in one box with appropriate padding between items
- Use bubble wrap for lightweight items and inflatable air bags for sharp-edged or heavy items
- Print your logo on your boxes or take advantage of customized shipping label solutions





# Why is an e-commerce returns policy important?

**30%** of products bought online are returned<sup>1</sup>

**95%** of customers are willing to shop with a retailer again after a positive returns experience<sup>2</sup>

How Canadian online shoppers return their purchases:<sup>3</sup>

## Returns are omni-channel

Shipped back to merchant  
**61%**

Brought back to brick-and-mortar store  
**36%**

<sup>1</sup> "Online Surge Means Many Not-So-Happy Returns for Retailers." bloombergbusiness.com, Dec. 29, 2015

<sup>2</sup> "Tips for Better Ecommerce Returns and Exchanges." practicalcommerce.com, Dec. 19, 2015

<sup>3</sup> FedEx Express Canada Online Shopper Recipient Study conducted among 1,530 Canadian online shoppers between April 25 and May 4, 2016

# Key takeaways

-  E-commerce growth in Canada will continue — from 7% of retail sales today to 10% by 2020<sup>1</sup>
-  Your carrier represents your brand, and the delivery experience impacts your customers' loyalty
-  Shipping can be a part of your marketing strategy throughout the customer journey
-  A shipping strategy can help increase conversions and average order value
-  Shipment tracking is important to your customers and is critical to your customer experience
-  Your customers want delivery choices that work with their busy lifestyle
-  Proper packaging can help you reduce your costs
-  Your returns policy can give you a competitive advantage

<sup>1</sup>eMarketer Aug 2016; confirmed and republished, Dec. 2016

**For additional information, please contact:**

Emil Cermak,  
Manager, Retail & Channels Marketing  
FedEx Express Canada  
emil.cermak@fedex.com  
(905) 212-5388

