

ANNUAL US HOME DELIVERY REPORT

Please, please, please let me
get what I want—right now



HOW SOON IS NOW?

That's the key question that consumers want answered regarding their e-commerce orders. More than 1,000 US consumers, when asked about their home delivery preferences and expectations, declared that they expect delivery of everything from groceries to health and medical supplies, to home improvement items, within hours or days. Now that consumers are starting to feel more comfortable allowing people into their homes, they also expect delivery drivers to double as installers and trainers for certain products by assembling everything from furniture to sound systems and showing buyers how to operate them. And when consumers can't wait hours or days to lay hands on their goods, they want to be able to pick up their online orders from a nearby location. When an order doesn't fill the bill, they want to be able to return the goods easily, quickly, and at no cost to them.

NOT EVERY SHOPPING HABIT WILL SURVIVE THE TRANSITION FROM PANDEMIC LOCKDOWN

Spending on services will likely return to the prepandemic norm of 67% of all consumer outlays—from 60% during lockdown, when most service businesses were dark. Consumers who insisted on contactless home delivery of groceries and apparel while the pandemic raged will want to return to physical stores so that they can pick the freshest perishables and try on the latest styles. They want the in-store experience again and the opportunity to stumble upon an unexpected treasure or to speak to a knowledgeable salesperson.

To meet those ever-rising expectations and cement their relationships with customers, shippers and fleet operators must:

- match their capabilities to their customers' wishes
- optimize their fleets to handle bigger and bulkier items
- ensure that they have trained staff capable of installing everything from refrigerators to wall-mounted televisions

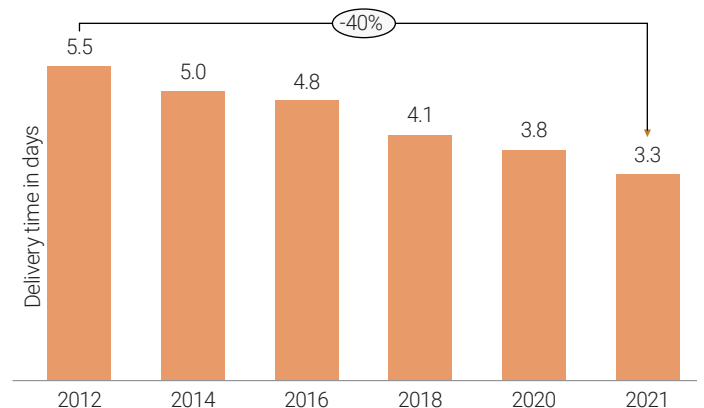
Consumers should be able to track their orders from beginning to end—and feel confident that:

- 1** Whatever they order will be in stock at a nearby distribution node
- 2** They can easily return or exchange unsatisfactory items

Those requirements put the onus on shippers to anticipate demand and position adequate inventory that ensures speedy and accurate delivery. Small, thinly-capitalized players in the delivery space offer better-heeled players a chance to consolidate their positions in the marketplace and reap economies of scale.

FIGURE 1: CONSUMER EXPECTATIONS FOR DELIVERY SPEED HAVE DROPPED TO 3.3 DAYS—A 40% INCREASE VERSUS OUR 2012 SURVEY RESULTS

Q: When buying an item for delivery, what is the maximum delivery time you are willing to accept for **FREE** shipping?



Source: AlixPartners Home Delivery Survey, 2012 to 2021

BY THE NUMBERS

The survey finds that consumers expect delivery of their orders in:



3.3 DAYS
DOWN FROM 5.5 DAYS IN 2012

THESE THINGS TAKE TIME

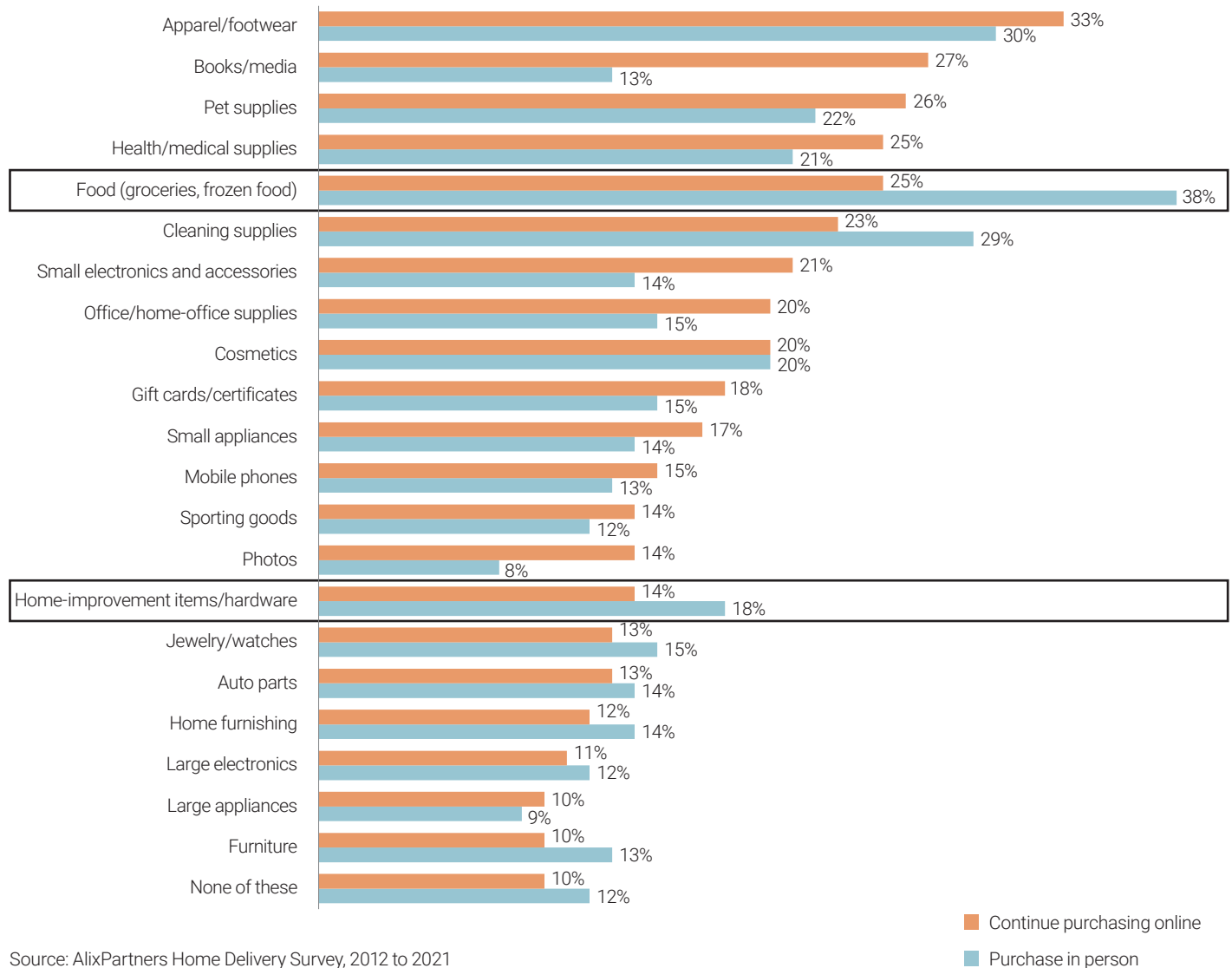
The demand for same-day deliveries has increased to 5.4% of all orders since 2019 (excluding restaurant food). Online orders in all categories have jumped, with groceries, health and medical supplies, and cleaning supplies leading the way. Although big and bulky home improvement items account for a relatively small share of deliveries, the category continues to grow, with 46% of respondents reporting that they expect to take delivery of home improvement goods within the next 12 to 18 months; somewhat smaller percentages say they expect to purchase large electronics, furniture, and large appliances during the same period.

In-store shopping—especially for groceries, home improvement and hardware—will bounce back strongly in 2021 as restrictions get lifted, but online shopping will continue to grow in all categories (figure 2).

BACK TO THE OLD STORE

FIGURE 2: ALTHOUGH IN-STORE SHOPPING IS SET TO INCREASE IN MANY CATEGORIES POSTRESTRICTIONS, ONLINE SHOPPING WILL REMAIN STRONG IN ALL CATEGORIES

Q: Once restrictions are lifted on in-person activities, which of the following products do you **expect to continue purchasing online**, and which will you purchase in person?



Source: AlixPartners Home Delivery Survey, 2012 to 2021

Consumers are unwilling to pay extra for same-day delivery, with 19% of respondents saying they would pay \$5 for same-day grocery delivery, 27% opting to buy online and pick up their orders in store for free, and 53% shopping in store (figure 3). When the delivery charge rises to \$10, 56% of respondents say they would instead shop in store; 34% say they would buy online and pick up for free; and 11% would take same-day delivery. Overall, consumers opting to buy online and pick up in store (a fulfillment mode known as BOPIS) rose slightly to 7.6% from 7% a year earlier. Consumers who prefer to buy online and pick up in store cite immediacy and convenience as their main reasons for going the BOPIS route.

I DON'T OWE YOU ANYTHING

FIGURE 3: ONLY 19% OF GROCERY SHOPPERS ARE WILLING TO PAY A MODEST \$5 FOR SAME DAY DELIVERY FOR THEIR ORDER

Q: Which would you prefer when **buying groceries?** Please select your preference from each of the following groups.



■ 2020 ■ 2021

Source: AlixPartners Home Delivery Survey, 2012 to 2021

Respondents expressed either some interest or high interest in in-home installation and technical services for online purchases of health and medical supplies, large appliances and electronic equipment, furniture, home improvement and hardware items, and toys and bicycles.

ABOUT OUR RESEARCH

Administered during March and April 2021, this year’s survey was completed online by more than 1,000 consumers age 18 and older in the US. As with previous years’ surveys in the US, the goal was to gain insight into consumers’ behaviors and preferences in ordering products online for home-delivery. Respondents were evenly divided in terms of gender, and most were living in households that had more than one resident.



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ABOUT US

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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