



AlixPartners

JULY 2025

The Longest Mile:

2025 HOME DELIVERY REPORT

alixpartners.com

Is anyone having fun yet?

There must be some stakeholders in the e-commerce ecosphere that are feeling cheerful, but you won't find them in the numbers in this report.

Shippers, carriers, consumers—they're all feeling the effects of geopolitical unrest, spiking oil prices, economic uncertainty and trade turmoil. Consumer confidence is down—and so are consumer self-reported order volumes, across the board.

Shippers complain of rising home-delivery costs and paltry profits. Carriers are squeezed as volumes plummet and shippers execute alternative-carrier strategies. And to top it off, consumers blame carriers when deliveries are late.

Is anyone having fun yet?



The AlixPartners Home Delivery Survey

Since 2012, AlixPartners has surveyed e-commerce shoppers and, separately, executives in the transportation, consumer products and retail sectors to identify e-commerce trends and understand companies' home delivery offerings and preferences, the challenges they are facing, and the actions they're taking to improve operations.

This year's consumer survey, fielded online in late May and early June 2025, encompasses 1,000 U.S. consumers 18 years and older, across all regions, demographics and income levels. The accompanying executive survey, fielded online during the same period, includes 100 executives of companies with \$100 million or more in annual revenue.



The more things change, the more they stay the same

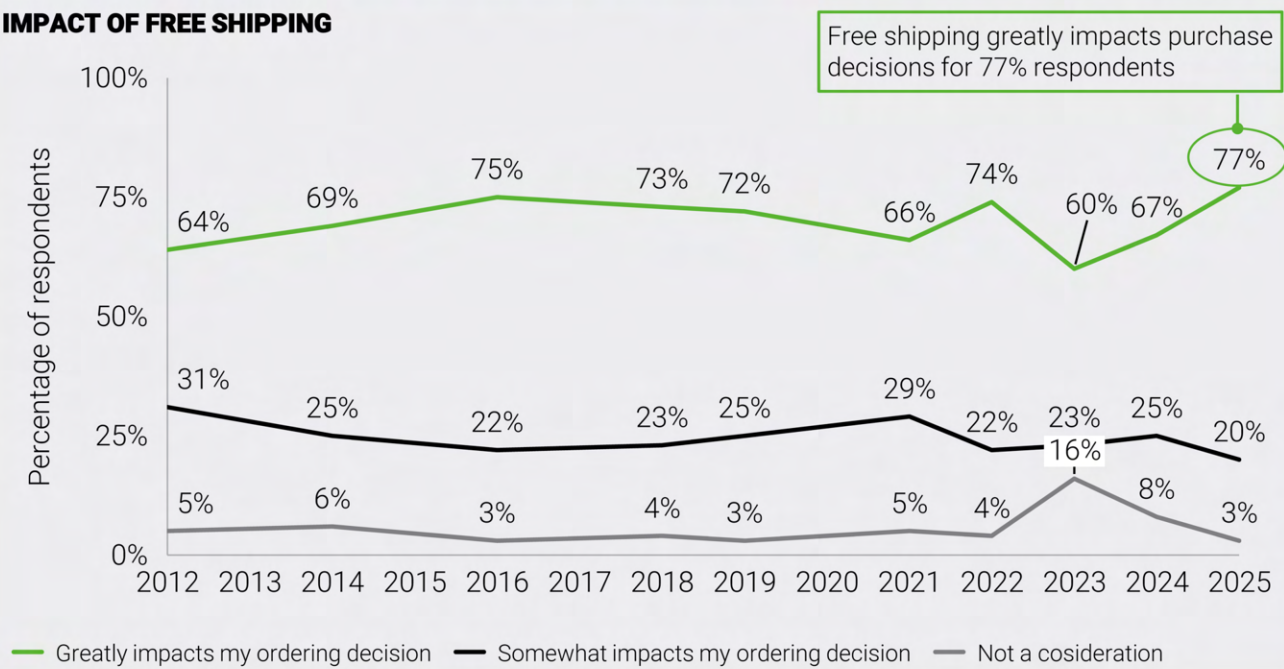
The results reveal both continuity and change, with the change especially noticeable among younger consumers.

What is continuous with earlier reports is that consumers demand free shipping: 97% of those surveyed say that availability of free shipping impacts their ordering decision to some degree, and 77% say that it greatly impacts their decision—up a full 10 percentage points year over year. And people want their packages to arrive within 3.5 days, a number that has held steady for the past four years.

FIGURE 1: THE OFFER OF FREE SHIPPING IS CRITICAL WITH 77% SAYING IT GREATLY IMPACTS THEIR PURCHASE DECISION; HIGHEST PERCENTAGE SINCE THE SURVEY STARTED

Q: When ordering an item for delivery, how does the choice of free shipping impact your ordering decision?

IMPACT OF FREE SHIPPING



77% of consumers say that the availability of free shipping greatly impacts their decision—up a full 10 percentage points YOY



Gen Z: The patient generation?

But there's a notable exception to this general trend. Gen Z consumers (those born 1997 or later) are comfortable with delivery times of a week or more and are more willing than other demographic segments to wait an extra day to allow e-retailers to consolidate their shipments.

Gen Z shoppers, by no coincidence, are also the most likely to purchase from overseas e-retailers such as Shein and Temu, which feature low prices and lengthy, uncertain shipping times. Those Chinese e-retailers have seen their U.S. sales and web traffic plunge following the imposition of stiff new tariffs and the closing of a loophole for low-priced goods. They have responded by slashing their U.S. advertising spend and turning their focus to non-U.S. markets.

The question for e-retailers is whether Gen Z's lower service expectations will endure as the cohort ages, or whether those expectations will come further into line with those of older generations as Gen Z's disposable incomes grow and disposable time shrinks.

A lot hangs on the answer to that question. A significant percentage of older consumers, conditioned by the service delivered by prominent e-commerce platforms such as Amazon, say they will take their business elsewhere (either online or in-store) if their service expectations aren't met.

That fickle attitude puts a large percentage of e-retailers' sales at risk. Consider: 37% of Baby Boomers are willing to walk if their expectations are not satisfied, as are 37% of Gen X and 33% of Millennials. Only 21% of Gen Z, by contrast, say they'd shop elsewhere. If those younger shoppers retain those expectations into older adulthood, the rules of the e-commerce game will change dramatically.

21% of Gen Z

would shop elsewhere if their shipping expectations are not met, notably lower than older generations

FIGURE 2: SALES RISK IS HIGH FOR ALL GENERATIONS EXCEPT FOR GENERATION Z

WHEN POOR SERVICE COSTS SALES

Sales risk (i.e. propensity to shop elsewhere if delivery promise is unsatisfactory) is high for Baby Boomers, Generation X, and Millennials, while it is very low for Generation Z

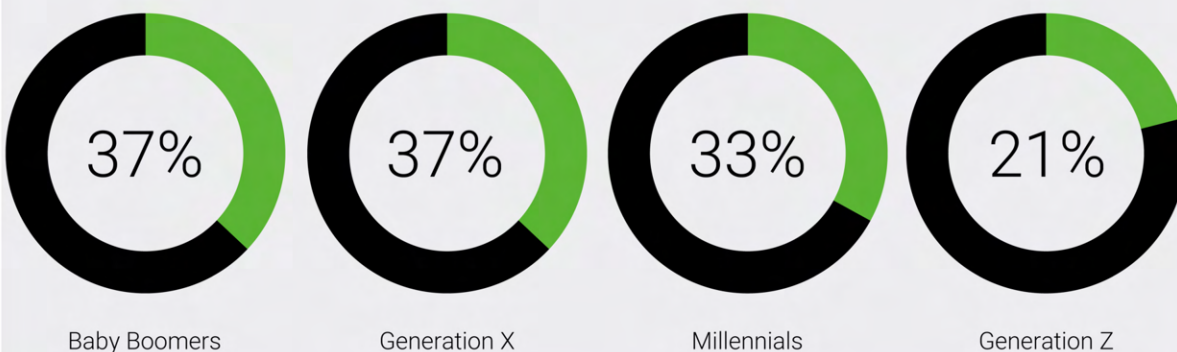


FIGURE 3: BROAD YEAR-OVER-YEAR DECLINE IN ONLINE PURCHASES ACROSS MOST CATEGORIES, LED BY CONSUMER CATEGORIES
Q: [Consumer] Please select all of the product categories you have purchased for delivery in the last 12 months

PRODUCT CATEGORY	2014	2016	2018	2019	2020	2021	2022	2023	2024	2025	YOY CHANGE
Food (groceries, frozen food)	23%	30%	34%	41%	43%	59%	48%	52%	62%	62%	0 %pt.
Apparel/footwear (Clothing/shoes) ¹	54%	63%	57%	61%	49%	54%	44%	59%	62%	58%	-4 %pt.
Cleaning supplies	17%	24%	31%	33%	38%	51%	37%	42%	53%	49%	-4 %pt.
Pet supplies	22%	26%	30%	34%	37%	45%	34%	48%	53%	46%	-7 %pt.
Delivery restaurant food	n/a	n/a	n/a	n/a	n/a	56%	38%	44%	50%	43%	-7 %pt.
Health/medical supplies	25%	32%	31%	31%	32%	45%	32%	36%	46%	42%	-4 %pt.
Books/media	39%	47%	37%	38%	37%	41%	26%	32%	38%	34%	-4 %pt.
Cosmetics	24%	31%	28%	33%	34%	39%	27%	38%	44%	34%	-10 %pt.
Small electronics & accessories	31%	35%	29%	34%	33%	35%	24%	29%	34%	28%	-6 %pt.
Small appliances	22%	26%	27%	28%	28%	33%	23%	29%	35%	28%	-7 %pt.
Home-improvement items/hardware	18%	26%	26%	26%	25%	34%	23%	27%	32%	25%	-7 %pt.
Gift cards/certificates	28%	38%	31%	33%	30%	34%	19%	23%	31%	24%	-7 %pt.
Office/home-office supplies	23%	33%	28%	28%	29%	37%	20%	29%	37%	24%	-14 %pt.
Mobile phones	22%	22%	24%	28%	28%	30%	23%	25%	29%	21%	-8 %pt.
Jewelry/watches	19%	22%	20%	25%	23%	29%	14%	20%	28%	20%	-8 %pt.
Auto parts	19%	22%	23%	25%	24%	28%	17%	19%	20%	18%	-2 %pt.
Sporting goods	18%	20%	20%	22%	23%	28%	14%	21%	30%	18%	-12 %pt.
Furniture	13%	22%	20%	21%	25%	27%	19%	23%	28%	18%	-10 %pt.
Home furnishing	16%	25%	25%	27%	28%	30%	18%	26%	28%	18%	-10 %pt.
Large appliances	10%	15%	16%	17%	19%	22%	13%	18%	22%	15%	-7 %pt.
Large electronics	14%	20%	19%	20%	23%	26%	14%	19%	25%	15%	-10 %pt.
Photos	17%	22%	18%	20%	19%	28%	12%	16%	20%	13%	-7 %pt.

1. 'Clothing/shoes' was used prior to 2020

Consumers are reporting declining purchases across almost all categories

In the meantime, e-commerce executives must contend with a weakening market. For the first time since the survey’s 2012 inception, consumers report that their online purchases have declined across all product categories except groceries, which remain flat. Some categories, including sporting goods, furniture, home furnishings and large electronics, have fallen by double-digit percentages, reflecting reluctance among wary consumers to commit to big-ticket purchases.

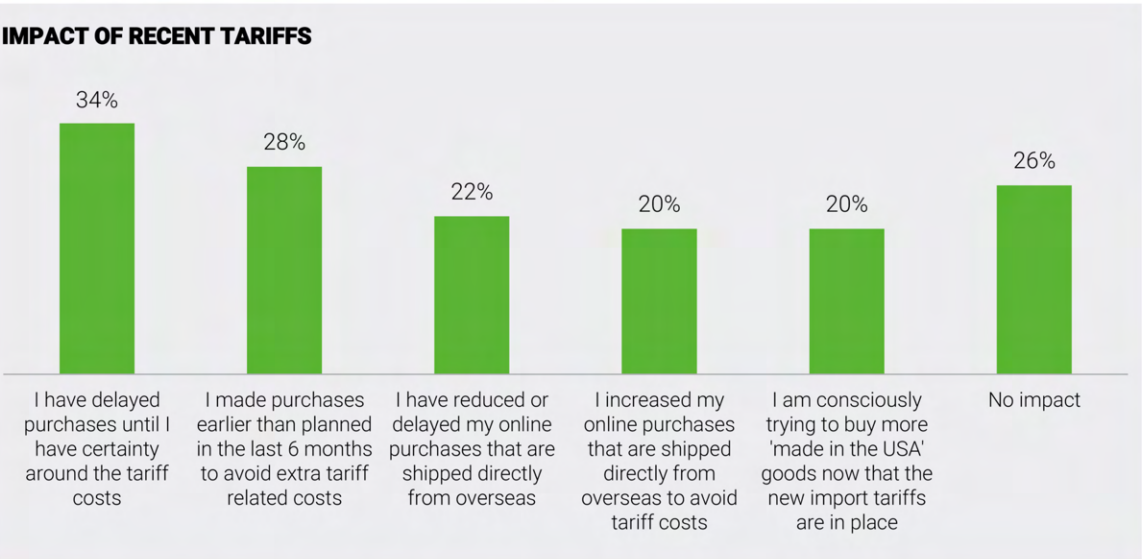




Tariffs shifting online shopping behavior

Consumers are also trying to time their purchases to avoid tariffs. The percentage of consumers making purchases earlier than expected is roughly equal to the percentage that has deferred some purchases. What’s more significant than those specific percentages is that tariffs are making a visible impact on what and when consumers buy. Also notable is the relatively small percentage (20%) of consumers who say they’re consciously trying to “buy American” in response to new import tariffs.

FIGURE 4: TARIFFS DRIVE SHIFT IN ONLINE SHOPPING: MANY DELAY OR ACCELERATE PURCHASES, WHILE ONLY ONE IN FOUR SAY TARIFFS HAVE HAD NO IMPACT ON THEIR ONLINE SHOPPING
Q: [Consumer] Which of the following best describes how recent import tariffs have influenced your online purchasing behavior?



Such trends complicate an already difficult business for e-commerce executives, who admit in their survey that meeting consumer expectations is a struggle. Although 68% claim that they can hit the 3.5-day target, nearly half (46%) also say they still fall short of the performance consumers expect. And there’s a wide gap between retailers and consumers around the question of compensation for late delivery. Where 82% of consumers say that merchants should make them whole in some fashion when a delivery is late, nearly the same percentage of merchants (78%) say they do no more than inform the consumer of the delay and offer no further compensation. A mere 18% of consumers consider that a fair exchange for a late delivery.

Executives report multi-prong strategy

Nearly three-quarters (72%) of executives surveyed say that e-commerce is not accretive to their profitability, while 76% say their per-package delivery costs have increased in the past year. No wonder 85% say that reducing total cost per order (rather than, for example, improving service levels) is their top priority for last-mile delivery. To help meet that goal, nearly half (49%) of executives surveyed report that they have increased the minimum purchase level or required club membership, or both, to qualify for free shipping.

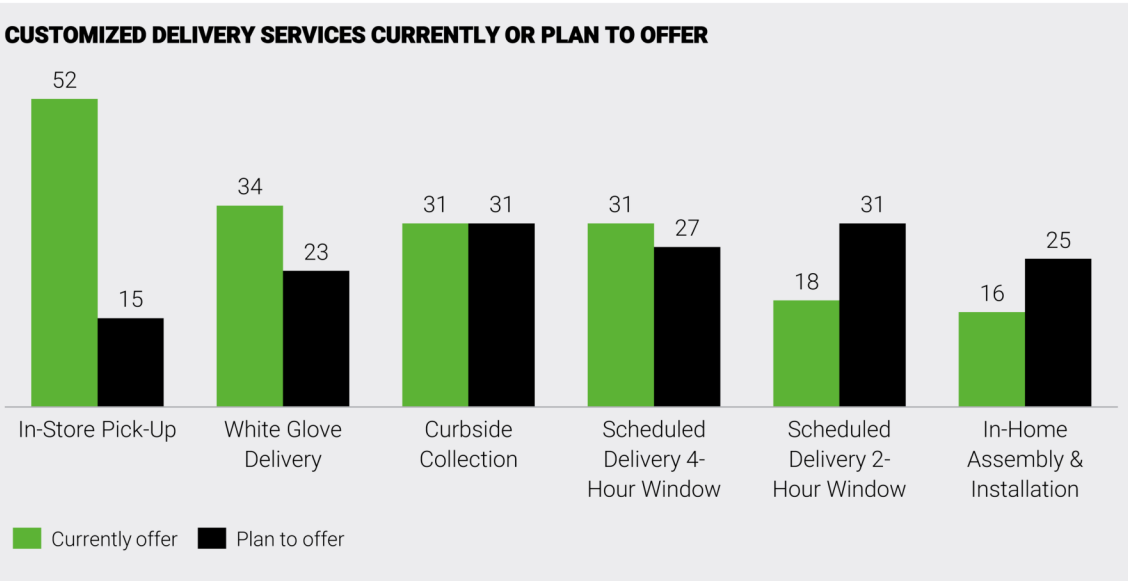
Above all, though, executives say their main lever for addressing costs is distribution network optimization. For the first time in three years, more than 50% say they're addressing costs by diversifying the carriers they use—40% say they have shifted volume away from FedEx or UPS in the past year as part of their cost-saving drive. And though more than half (57%) say they're investing in their planning and execution technology platforms, few are looking for a quick technological fix: only 13% say they're investing in AI/ML optimization capabilities, while a mere 7% are putting their chips on robots and other autonomous technologies.

Retailers are also tweaking their service offerings to accommodate consumer expectations. A high percentage of retailers say they're offering or plan to offer in-store pickup of items purchased online. One virtue of in-store pickup, from the retailers' standpoint, is that the service neatly sidesteps the problem of last-mile delivery, with its rising costs and high service expectations. It's also popular with a small but significant percentage of consumers, since in-store pickups negate the risk of porch piracy and suit the needs of consumers whose living situations make home delivery impractical or inconvenient.

49% of Execs
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FIGURE 5: OVER HALF OF THE RESPONDENTS INDICATED CURRENTLY OFFERING IN-STORE PICK-UP, WITH 15 INDICATING A PLAN TO OFFER IT – MOST POPULAR SERVICE AMONG EXECUTIVES

Q: Which of the following customized delivery services do you currently or plan to offer?





Priorities converge on tracking & returns

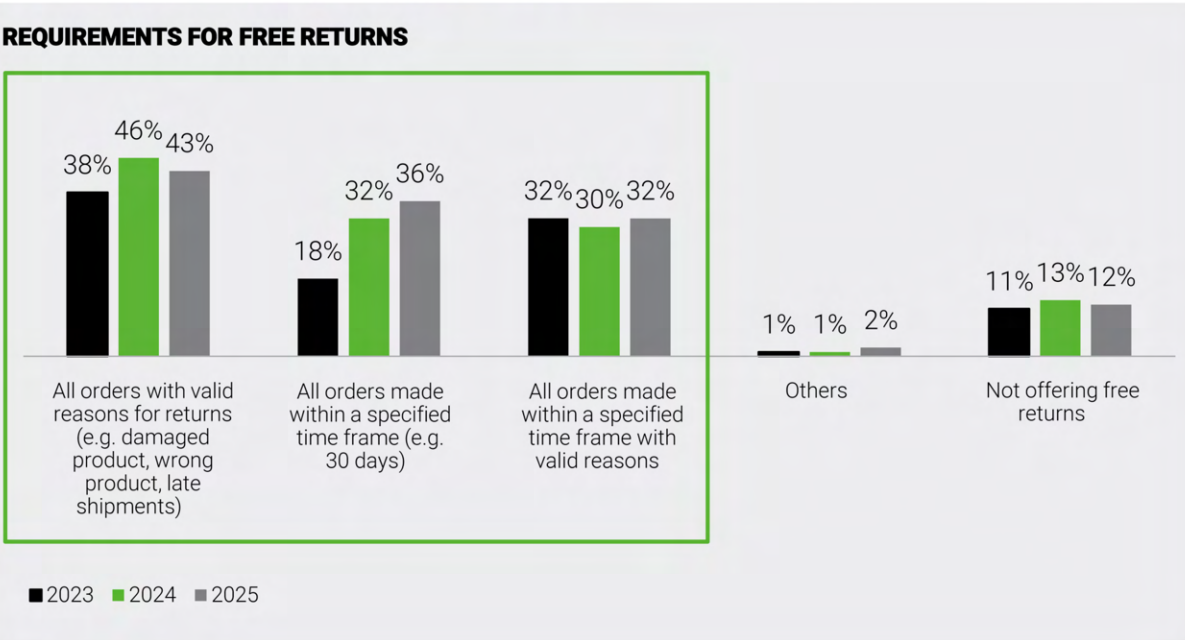
Another focus for retailers is offering real-time tracking information. That’s also a top consumer priority, suggesting that on this point, at least, consumer and executive priorities converge.

They’re also converging on the question of returns. The percentage of purchase returns has held steady at around 5% in recent years. What’s different now is that consumers are pretty clearly expressing a preference for handling returns by dropping them off at a UPS or FedEx location, while the preference for in-store returns has fallen off.

Retailers, meanwhile, have tightened their return policies, with a plurality requiring a valid reason for returns, such wrong or damaged products or late delivery.

FIGURE 6: VALID REASONS FOR RETURNS AND RETURN MADE WITHIN A TIME FRAME DRIVE MOST RETAILERS' FREE RETURN POLICIES

Q: [Executive] What are your requirements for free returns?



37% blame the carrier

when consumers' orders do
not arrive by the expected
delivery date

21% blame the shipper

when consumers' orders do
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delivery date

While the trends and attitudes revealed in the survey findings suggest difficult times ahead for most stakeholders in the e-commerce ecosystem, carriers appear to face the most imposing challenges.

Volumes are down both for macroeconomic reasons and because of shippers' carrier diversification strategies, and in what may be the unkindest cut of all, carriers bear the brunt of consumer blame when a delivery is late.

Where 43% of consumers are inclined to blame shipper and carrier equally for service shortfalls, 37% reserve principal blame for the carriers, as against 21% who blame the shipper.

How carriers adjust to such unlovely conditions will be one of the most consequential stories in e-commerce in the years ahead.



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About AlixPartners

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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