

Delivering on demand:

**HOW MANY DAYS  
IS TOO MANY?**

**ANNUAL U.S.  
HOME DELIVERY  
CONSUMER REPORT**



Demanding consumers who want everything exactly when and how they desire may finally be telling us that a three-day wait to get an item delivered is perfectly acceptable. Shippers that have been calibrating their home delivery operations over the last few years should find this goal attainable. For those still finetuning things, it's time to make some decisions or risk falling behind on consumer expectations. The availability of free shipping is still incredibly important when making the purchase decision.

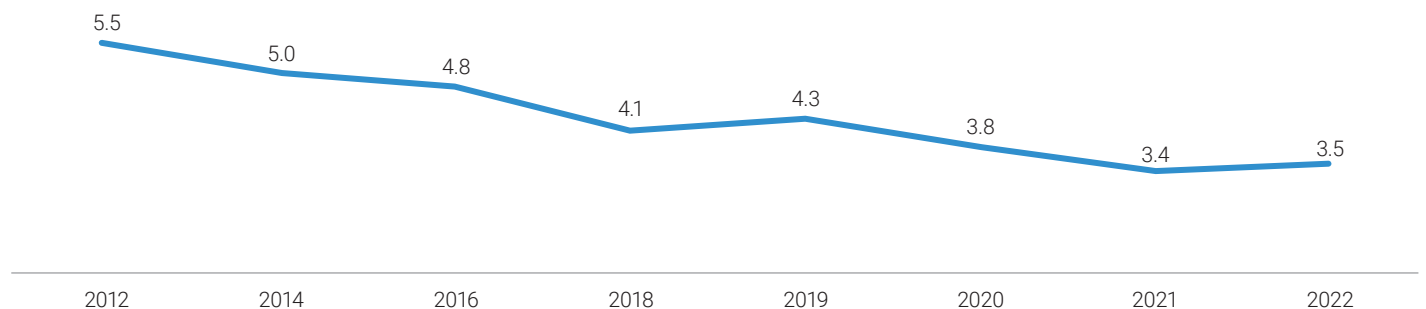
A majority of the more than 1,000 consumers AlixPartners asked about their home delivery preferences and expectations said they were willing to return the item in store if it meant being able to do so for free. And shoppers continue to be interested in the option to get their items delivered same day, giving shippers a puzzle to solve on how to pay for this service most effectively.

As e-commerce became ubiquitous over the last few years, consumers consistently kept lowering what they considered an acceptable delivery wait time for free shipping further and further. This trend may now be stabilizing.

Consumers appear to be settling at just over three days of wait time on deliveries with free shipping, around the same as in 2021 (figure 1). In 2012 the acceptable delivery time was five-and-a-half days, and it had been on a downward trajectory ever since. For a typical shipper with a multi-node regional network, one-day fulfillment plus two-day ground shipping is very achievable and, in many instances, potentially even cost-effective. As things stand, however, anything below three days exceeds the capability of most delivery networks to make free shipping economically viable even after raising the minimum spend threshold. This year's result, then, is good news.

There are several possible explanations for expected delivery time to not have dropped this year, including the revival of in-person shopping as recovery from the pandemic continues. Consumer expectations may also have been modulated by rampant news coverage of congested supply chains and ports as well as overburdened delivery providers. However, more than 40% of surveyed consumers consider waiting four days or longer unacceptable.

**FIGURE 1: CONSUMERS' WILLINGNESS TO WAIT FOR ONLINE DELIVERIES WAS ON A DOWNWARD TREND**



Note: Weighted average of maximum acceptable delivery time for free shipping, in number of days

**The availability of free shipping remains critical when making the purchase decision for delivery.**

**74%**

of the consumers surveyed by AlixPartners said it has a great impact, with only

**4%** saying it was not a consideration.

Consumers had been more willing to pay for delivery last year, but that deference to the difficulties of the pandemic seems to be over.

**Slightly fewer number of consumers are using the buy-online-pick-up-in-store (BOPIS) option than last year.**

**6.9% vs. 7.6%**

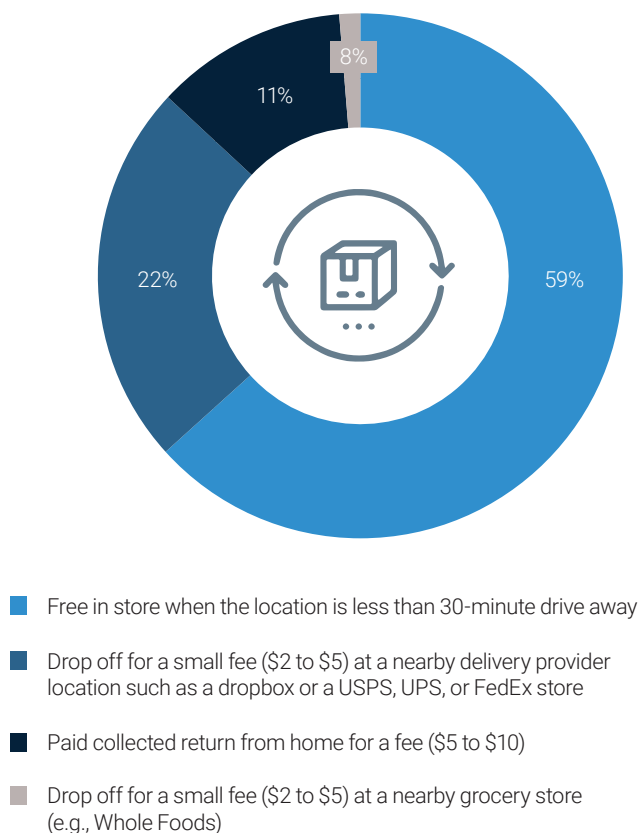
Consumers most utilize pickup options in cases of immediate need or due to shipping costs. BOPIS, which often presents impulse-purchase opportunities for retailers, seems to be leveling off into a consistent use rate after having seen an initial uptick during COVID-19 store shutdowns.

# CHANGING RETURNS NORMS

As shippers begin to make returns policies tougher in the face of escalating costs and dwindling warehouse space, the era of returns that would get shipped back for free with no questions asked may be ending. And consumers largely seem to be amenable. We found that as many as 60% of consumers are willing to drive to return an item in store, particularly if the alternative is paying for return shipping (figure 2). As BOPIS flattens, this may be the next foot traffic and profit driver for retailers through supplemental sales during the same visit.

**FIGURE 2: NEARLY 60% OF CONSUMERS PREFER TO RETURN ITEMS FOR FREE IN STORE**

When you return an item purchased online, which of these would be your preferred method of return?



The challenge for retailers is still how to reprocess returns profitably once they do get back to the store. But there are definite opportunities to streamline returns logistics.

The National Retail Foundation expects \$761 billion in products sold in the U.S. last year to be returned, which, at 16.6%, is more than double 2019 returns levels as a percent of total retail sales.



# SAME DAY STICKS

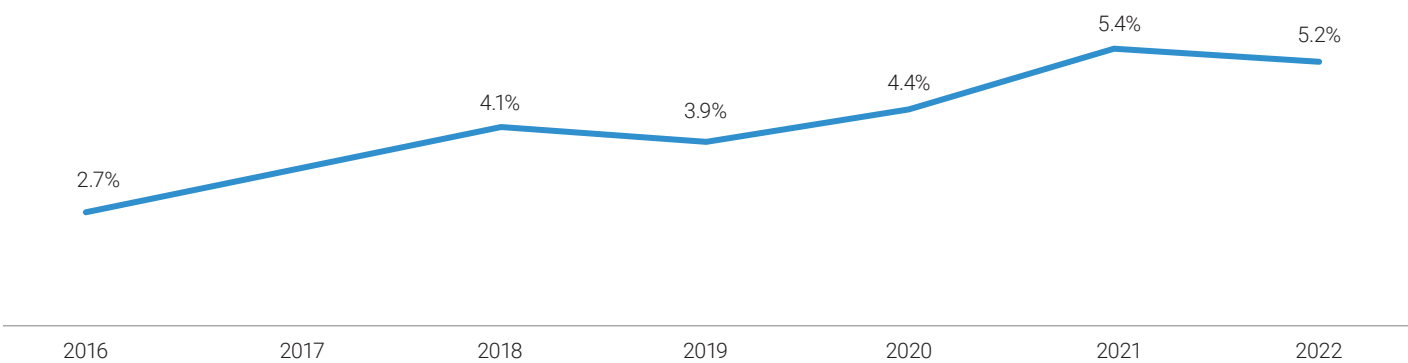
The demand for same-day deliveries has increased to 5.2% from 2.7% only five years ago (figure 3).

This growth over the years shows that this is a service that consumers have come to expect, even though they are typically charged for it. Nowhere is this more obvious than in grocery orders. We found that consumers' willingness to pay for same-day grocery delivery has edged up even from last year.

A third of consumers in this year's survey would pay \$5 or \$10 for same-day grocery delivery. A fifth would pay even for next-day delivery. It is worth noting, however, that on average over the last three years, increasing the same-day grocery delivery fee from \$5 to \$10 results in demand falling by approximately 50%.

**FIGURE 3: SAME-DAY DELIVERY PREFERENCE CONTINUES TO GROW**

What percentage of your online orders have been delivered same day?



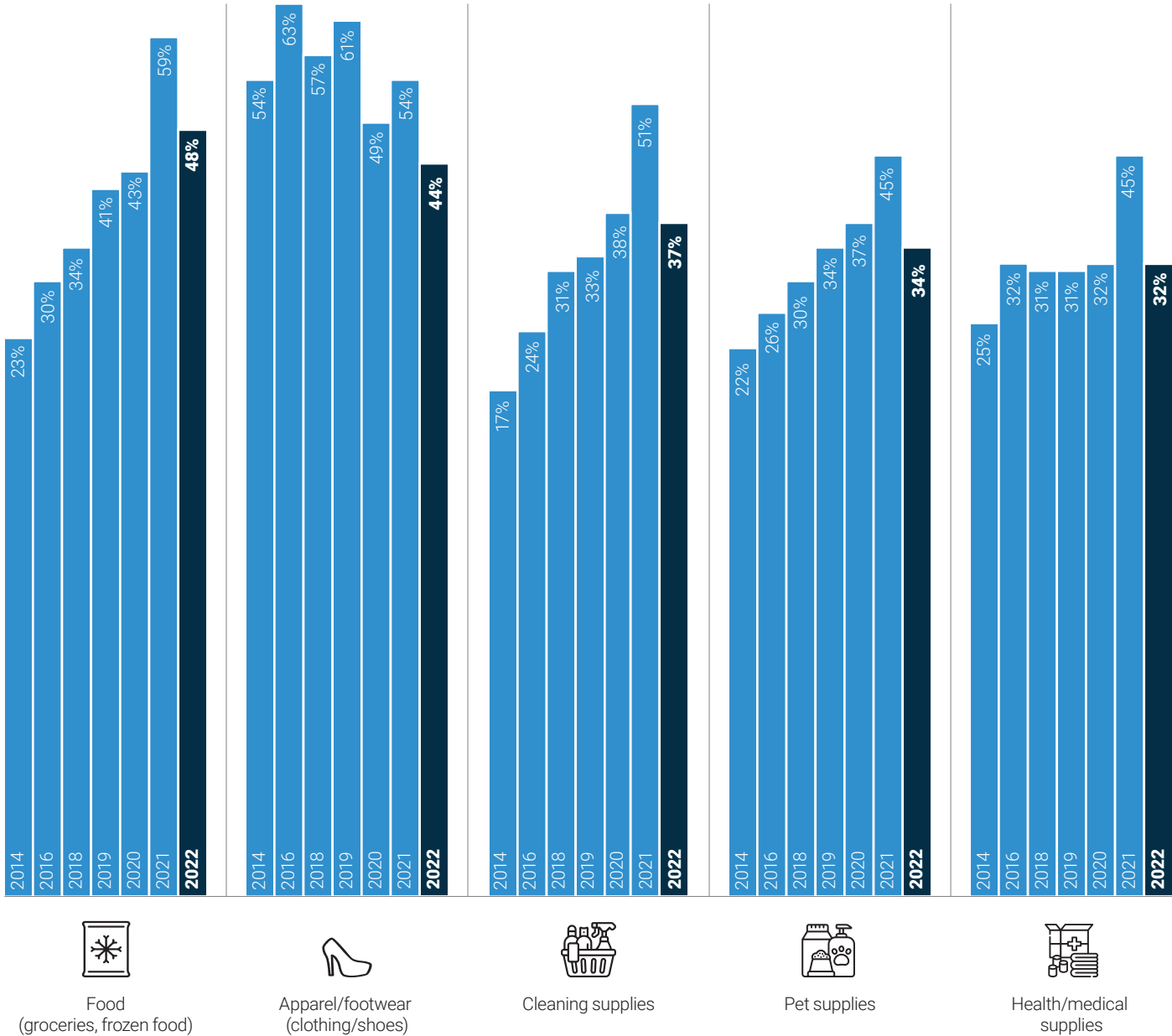
Note: Consumers did not include delivery of restaurant food in their responses



While all categories have expectedly seen a dip in delivery from last year as consumers get increasingly comfortable with shopping in person, some continue to benefit from habits developed during the height of pandemic lockdowns. For the second straight year, fresh and frozen groceries are the most popular product for home delivery (figure 4). Since 2014, demand for grocery delivery has more than doubled. The new normal appears to be settling higher than pre-pandemic figures. As things get back to usual, however, demand for delivery of products for pets, and health and medical supplies are back to 2019 levels.

**FIGURE 4: DELIVERY DEMAND HAS FALLEN OVER LAST YEAR, BUT GROCERY HABITS MAY FIND A NEW NORMAL**

Please select product categories you have purchased for delivery in the last 12 months



Note: Results are normalized to apparel/footwear segment; 'Delivery restaurant food' was added into the list only in 2021

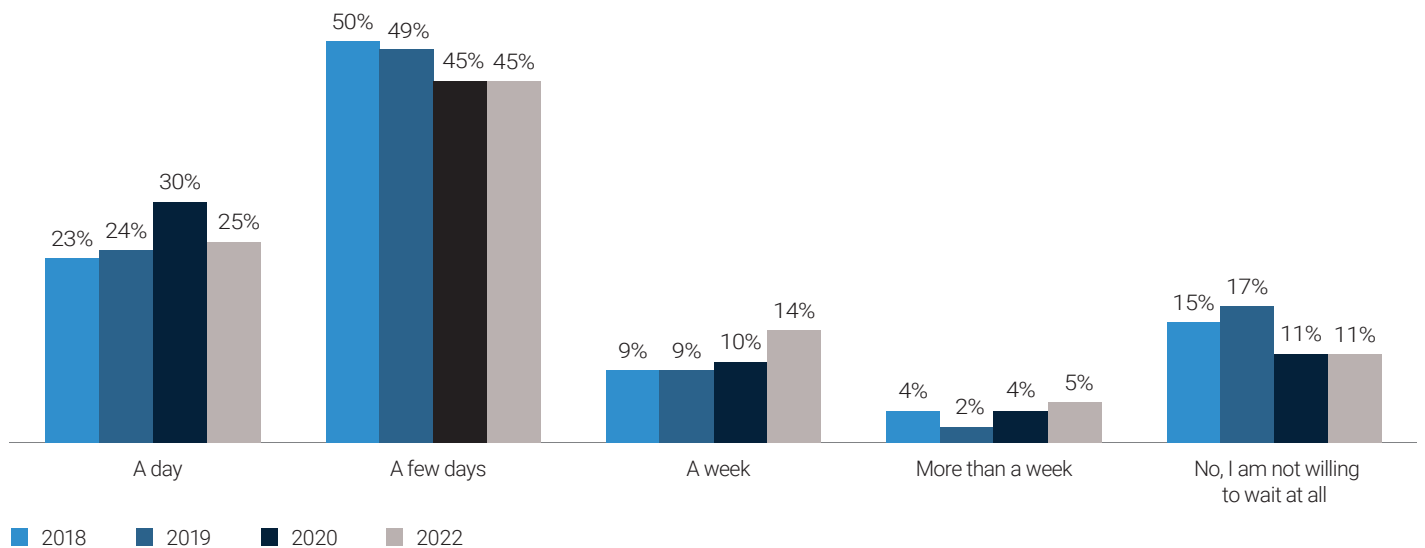
# CONSCIOUS CONSUMERS?

Three-fourths of surveyed consumers said they do not mind if their order arrives in multiple packages over multiple days. This provides shippers opportunities to combine orders, ship between distribution centers, and use other similar tactics to both keep shipping and fulfillment costs low and help reduce their environmental impact.

Of those who do not mind multiple packages as long as shipping was free for the extra deliveries, 60% would be willing to wait between a few days and a week (figure 5).

**FIGURE 5: CONSUMERS DON'T MIND MULTIPLE DELIVERIES FOR ITEMS IN THE SAME ORDER**

When buying multiple items online, how long would you be willing to wait to receive all the items in one delivery if there was no extra shipping for any extra deliveries?



## ABOUT OUR RESEARCH

Administered in April 2022, this year's survey was completed online by 1,021 consumers aged 18 years and older in the U.S. As with previous years' surveys, 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, marital status, and household income levels and most were living in households that had more than one resident.

## CONTACT THE AUTHORS:

### **Chris Considine**

Director

cconsidine@alixpartners.com

### **Bryan Eshelman**

Managing Director

beshelman@alixpartners.com

### **Marc Iampieri**

Managing Director

miamperier@alixpartners.com

### **Raj Konanahalli**

Managing Director

rkonanahalli@alixpartners.com

### **Brian Nemeth**

Managing Director

bnemeth@alixpartners.com

### **Jim Trankina**

Senior Vice President

jtrankina@alixpartners.com

## 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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