



# The AlixPartners Home Delivery Survey

## *Cost and ease of shipping emerge as key decision drivers in online shopping*

**F**ew shopping trends have disrupted traditional models as much as online shopping. In 1995, Amazon.com launched as a tiny online bookseller; today, it stocks more than 20 million products,

from consumer electronics to clothes to groceries to industrial supplies. And it competes with countless other retailers for a piece of the e-commerce market—estimated at \$219 billion in the U.S. alone<sup>1</sup>.

FIGURE 1: TOP FACTORS DRIVING PURCHASES

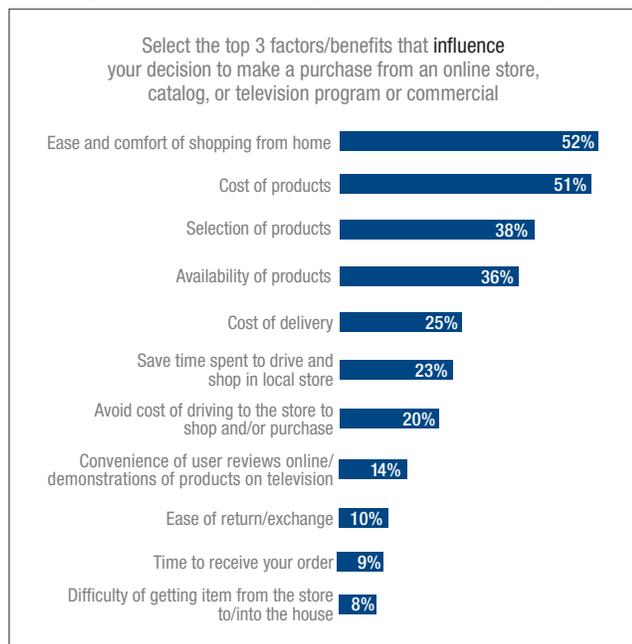
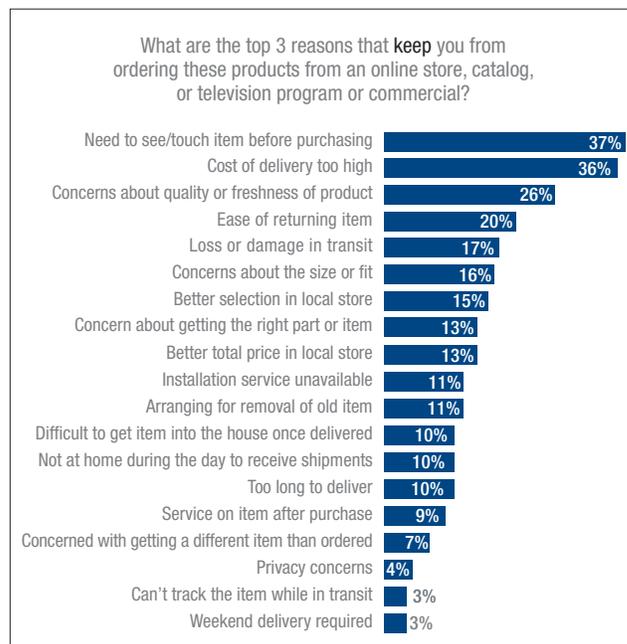
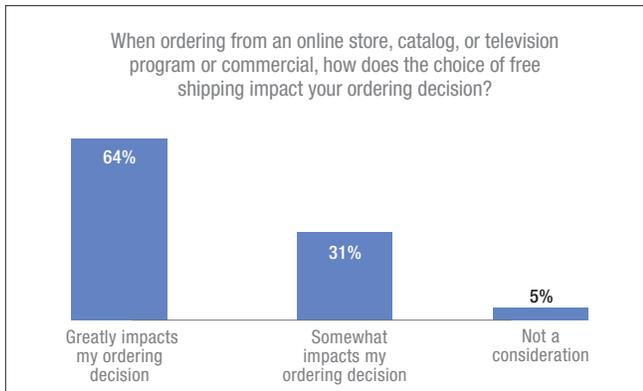


FIGURE 2: TOP REASONS FOR NOT ORDERING



<sup>1</sup>IBISWorld. March 2012. E-Commerce & Online Auctions in the U.S.: Market Research Report.

FIGURE 3: IMPACT OF FREE SHIPPING



The rise of online shopping has been a boon for shippers—and it could mean big business for logistics companies. According to the *AlixPartners Home Delivery Survey*, more than 75% of consumers have shopped at home in the last year, and nearly one-third of those make online purchases at least once per month<sup>2</sup>. Of those, 95% say shipping concerns impact their purchase decisions. This puts logistics front and center in driving sales: those who find ways to address these consumer concerns and drive purchases may unlock significant growth opportunities.

FIGURE 4: DELIVERY TIME



**THE IMPORTANCE OF SHIPPING**

Consumers choose to shop online for many reasons, including convenience, cost, and selection of products (figure 1). And shipping plays a critical role in driving this decision; two of the top three factors that prevent consumers from buying online are shipping-related (figure 2). Consumers say they are least likely to purchase food, large appliances, and large electronics—largely due to concerns around shipping and ease of returns.

Attractive shipping options can and do impact consumer purchase decisions: 95% say free

FIGURE 5: DELIVERY COST

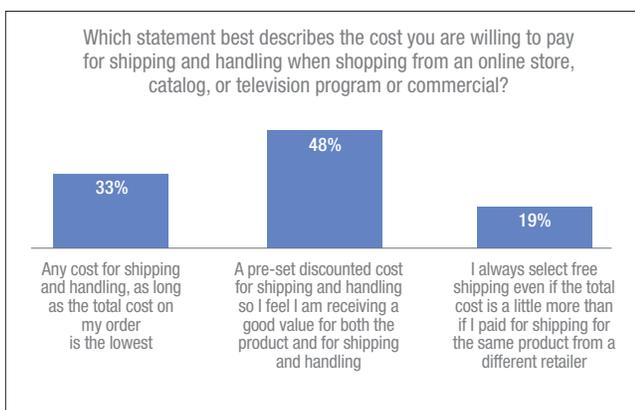
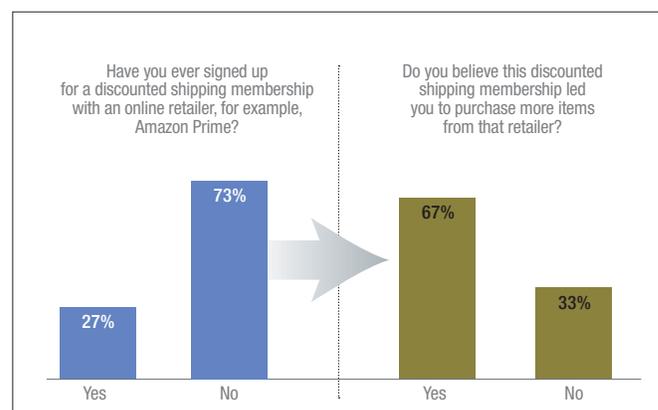


FIGURE 6: DISCOUNTED-SHIPPING MEMBERSHIPS



<sup>2</sup>The AlixPartners Home Delivery Survey polled a demographically representative sample of 1,000 adults in the U.S. from March 22-25, 2012 about their activities, expectations, and preferences around shopping from home.

shipping impacts the decision to buy (figure 3) and 74% say they're willing to wait longer for delivery if it means it will ship free (figure 4). And when paying for shipping, consumers express a clear preference for discounted-shipping programs (figures 5 and 6).

### KEY AREAS OF OPPORTUNITY

Companies can differentiate themselves and attract and convert customers by offering attractive shipping options. Specifically, we see significant opportunity for growth in four key areas:

#### Low-Cost, Deferred Delivery Services

Consumers have made it clear that they expect free/discounted shipping and they are willing to wait five or more days or more to receive it. Regional courier companies are already offering lower-cost delivery solutions to retailers.

**Reverse Logistics** Some companies (i.e., Zappos) have overcome the online purchasing barriers by

making the exchange and return process easier. Newgistics is an example of a growing company that offers small package delivery and reverse logistics solutions to help address those consumer concerns.

**Premium Delivery** To compete even more effectively with brick and mortar competitors, Amazon.com is leading the push to same-day delivery. We expect cost-effective, same-day delivery services in key markets to be an important area of growth going forward.

**Large Item Delivery** Shipping companies specializing in larger, bulkier freight delivered to the home can offer solutions to help retailers increase online purchases of products in that category. Deploying assets to achieve four-hour-or-less delivery windows can offer significant differentiation for the retailers and carriers alike. For example, carriers now offer "white glove" home delivery and set-up of certain electronics and appliances.

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