



## Retailer shipping habits

A CouriersPlease study | November 2024



## About the study

As Christmas approaches, retailers are shoring up their strategies to capture a share of the market. Online shopping is a major part of that landscape with online retail sales more than doubling in the past five years and events such as Click Frenzy and Black Friday scheduled a month out from Christmas.

CouriersPlease commissioned an independent survey of 203 Australian retailers to find out what changes they are making to their shipping strategies to attract more of those customers. The survey focused on the five major states of NSW, Victoria, Queensland, South Australia and Western Australia. Respondents were asked about the changes they made to their shipping strategies this year and those they planned to make next year. They could choose from the following nine multiple-choice answers:

- Switch carrier to offer a better service
- Next-day shipping
- Same-day shipping
- After-hours shipping
- Flat-rate shipping
- Bulk-rate shipping discounts
- Free shipping, at least in some areas
- Enhanced customer communication in relation to shipping
- More delivery choices, such as enabling customers to pick up their parcels from parcel collection points or their neighbours' homes

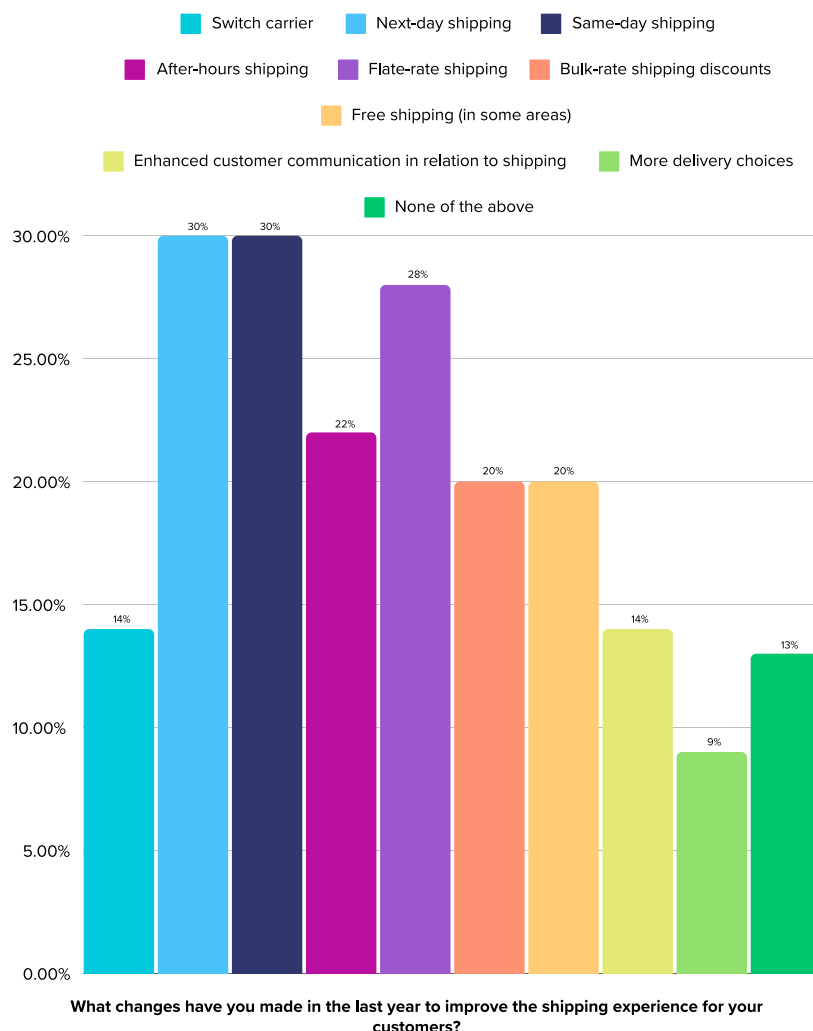
## What changes have retailers made in 2024 to improve the shipping experience for customers?

Overall, 87 per cent of retailers made changes to their shipping strategies this year. Offers that drove faster and cheaper delivery were the most popular additions.

An equal 30 per cent of retailers began offering same-day or next-day shipping, indicating high shopper demand for faster delivery. Shipping rates were also a top priority, with 28 per cent of retailers adding flat rates, suggesting that shoppers are reluctant to pay more due to their geographical location. An equal 20 per cent of retailers added discounts on bulk orders or free shipping to some areas. Free shipping often applies to minimum online spends, encouraging shoppers to buy more in place of shipping costs.

After-hours shipping was another popular addition, at 22 per cent. Offering more delivery choices, such as enabling customers to pick up parcels from a collection point or a neighbour, was low at 9 per cent. The results suggest shoppers preferred doorstep deliveries at a time that they can be home to receive their parcel in-hand.

A low uptake of enhanced customer communication (14%) suggests that existing communication measures in relation to shipping were working well.



## Results across the five major states

This year, NSW retailers made more changes aimed at improving the shipping experience end to end – with 90 per cent having made some changes in the last year. Queensland and South Australian retailers focussed more on faster and flexible shipping options, while NSW and Victoria have focused more on predictable pricing models and customer communication. West Australian retailers have shown a relatively lower rate of adoption for most changes.

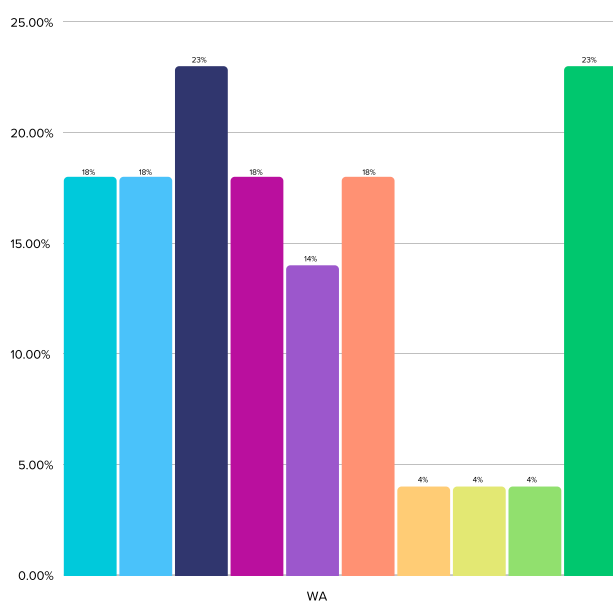
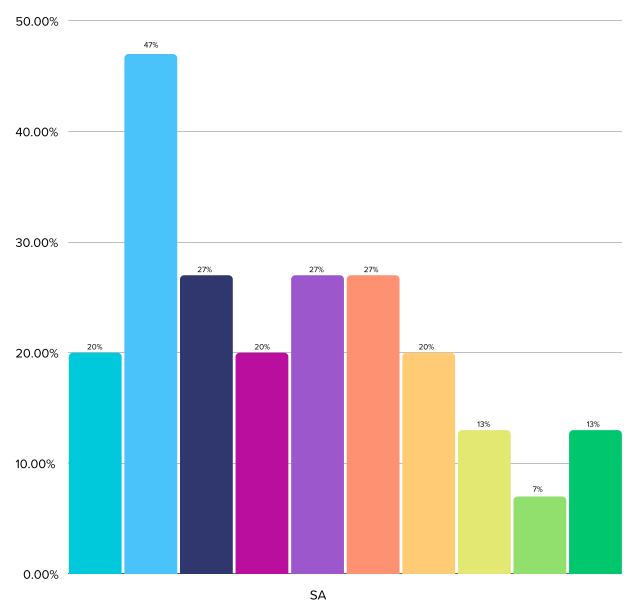
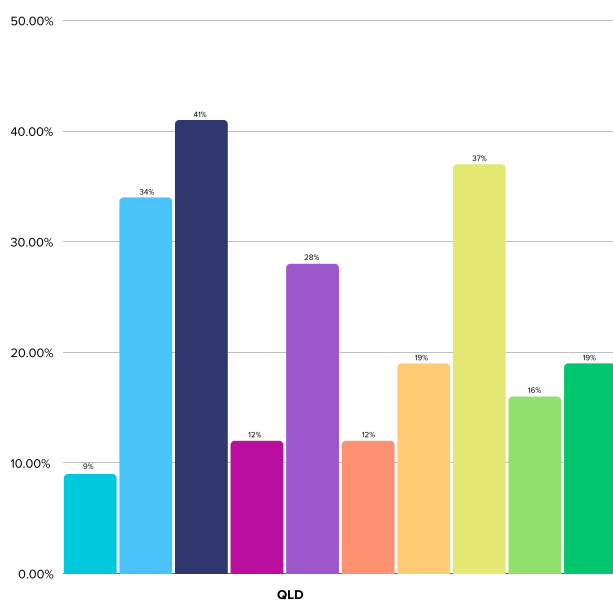
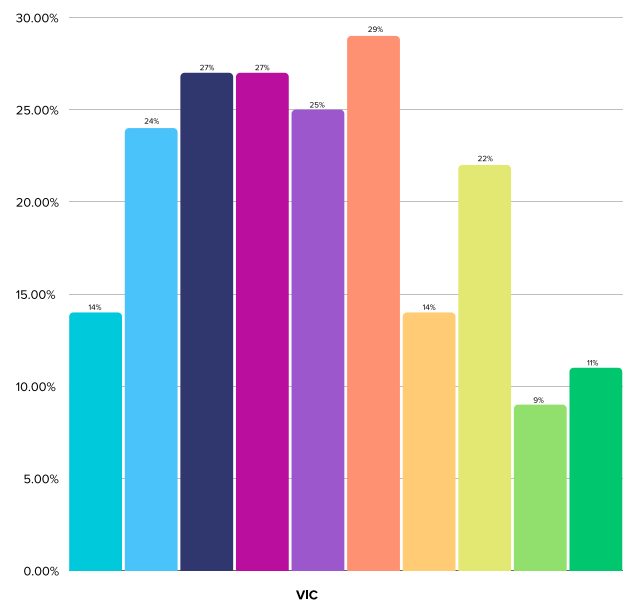
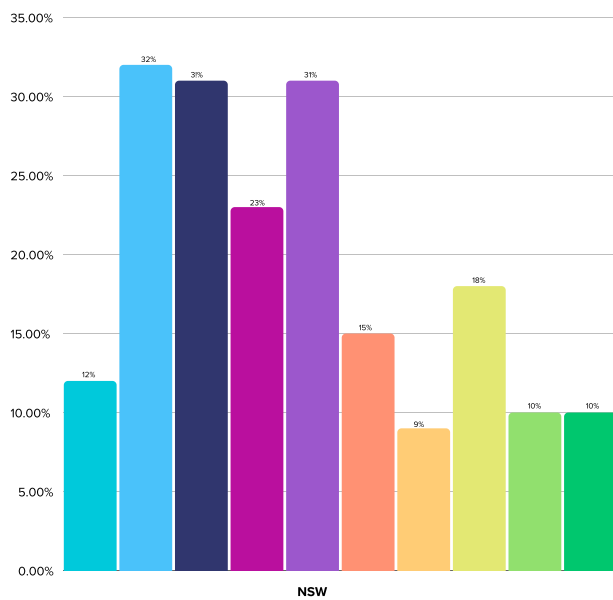
However, across the five major states, next-day shipping was the most popular offering by SA retailers (at 47%), while same-day shipping was offered most by Queensland businesses (at 41%). Victorian retailers led the states in after-hours shipping (at 27%).

Flat-rate shipping was offered most by retailers in NSW (31%), while bulk-rate shipping was offered most by Victorian retailers (at 29%).

The highest proportion of retailers offering better customer communication around shipping – which helps manage customer expectation and builds trust - are in South Australia (20%) and Queensland (19%).

On free shipping, Queensland retailers stand out, with 38 per cent having offered free shipping, at least in some areas, this year – a significantly higher rate than in other states.

While offering additional delivery choices, such as parcel pick-up points, is relatively uncommon, was offered by a significantly higher proportion of Queensland retailers (16%) than in other states, with NSW retailers at 10 per cent and Victorian retailers at 9 per cent as comparisons.



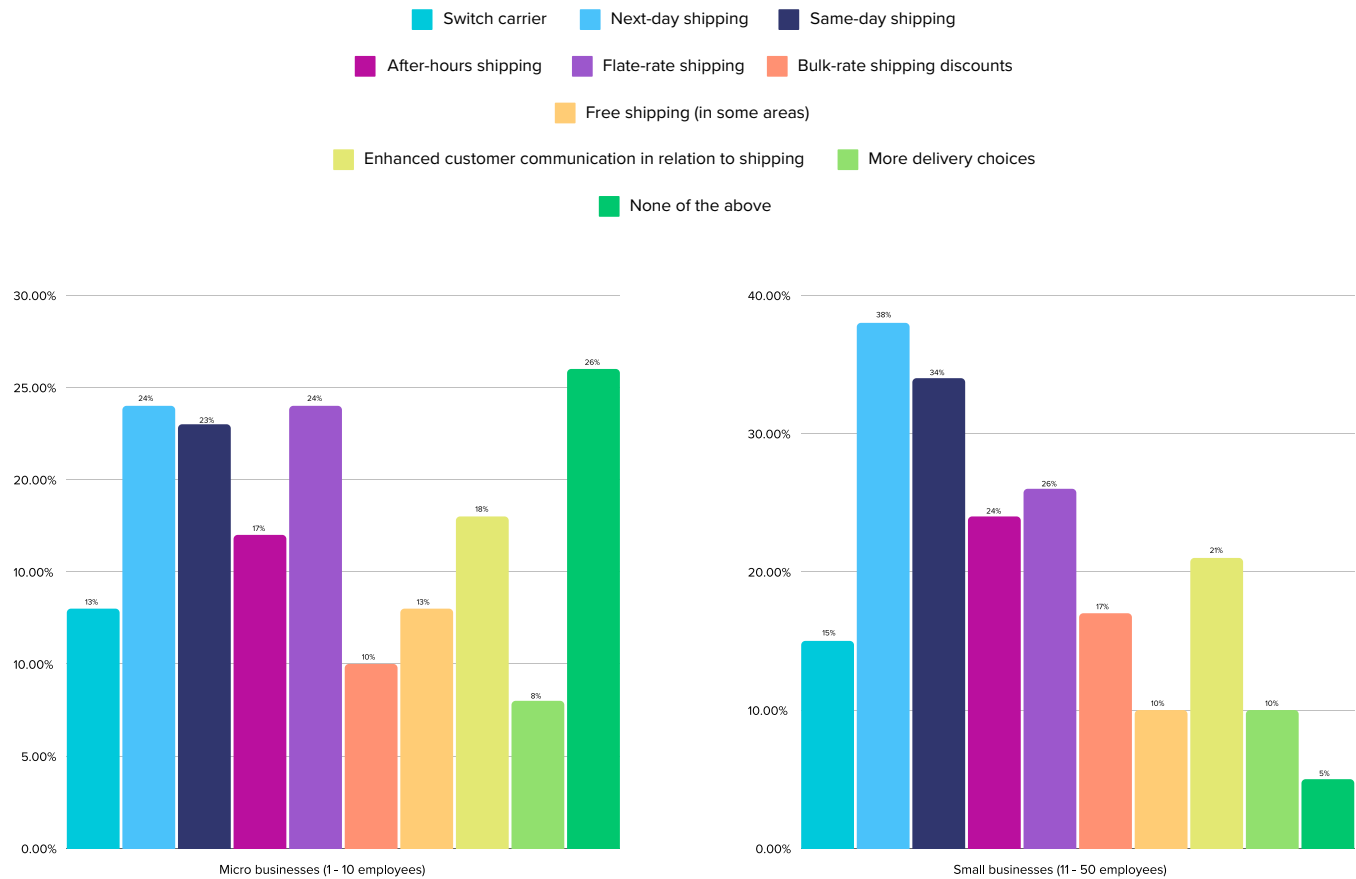
Results across business sizes

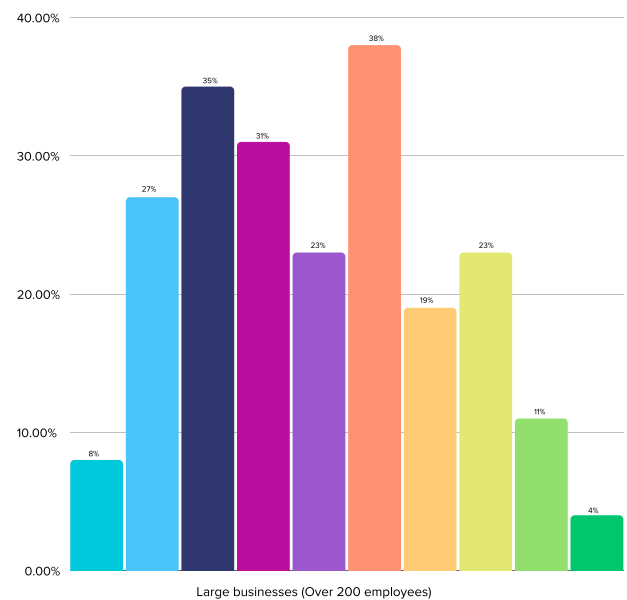
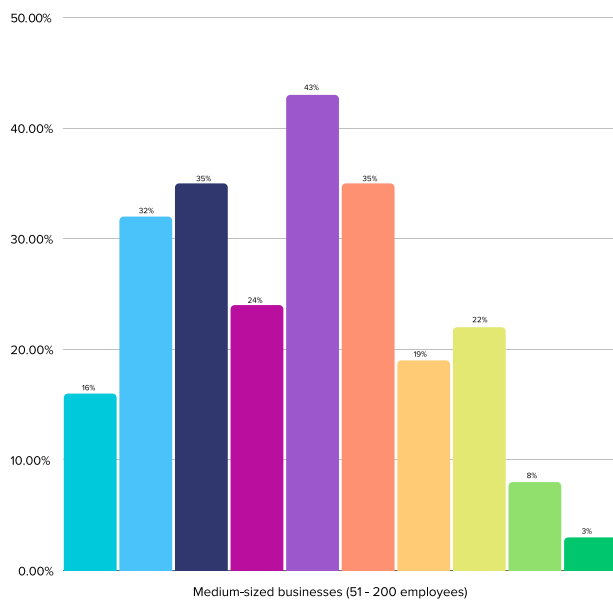
Small businesses (11-50 employees) and medium-size businesses (51-200 employees) were most likely to have made changes to their shipping in 2024.

Next-day shipping was one of the most widely adopted improvements, particularly among small retailers (38%) and medium-sized retailers (32%). These retailers (each at 35%) also led the way on making changes to offer same-day shipping.

Flat-rate shipping was particularly popular among medium-sized retailers (43%), while bulk-rate shipping discounts were primarily adopted by large retailers (39%), followed by medium-sized retailers (at 35%).

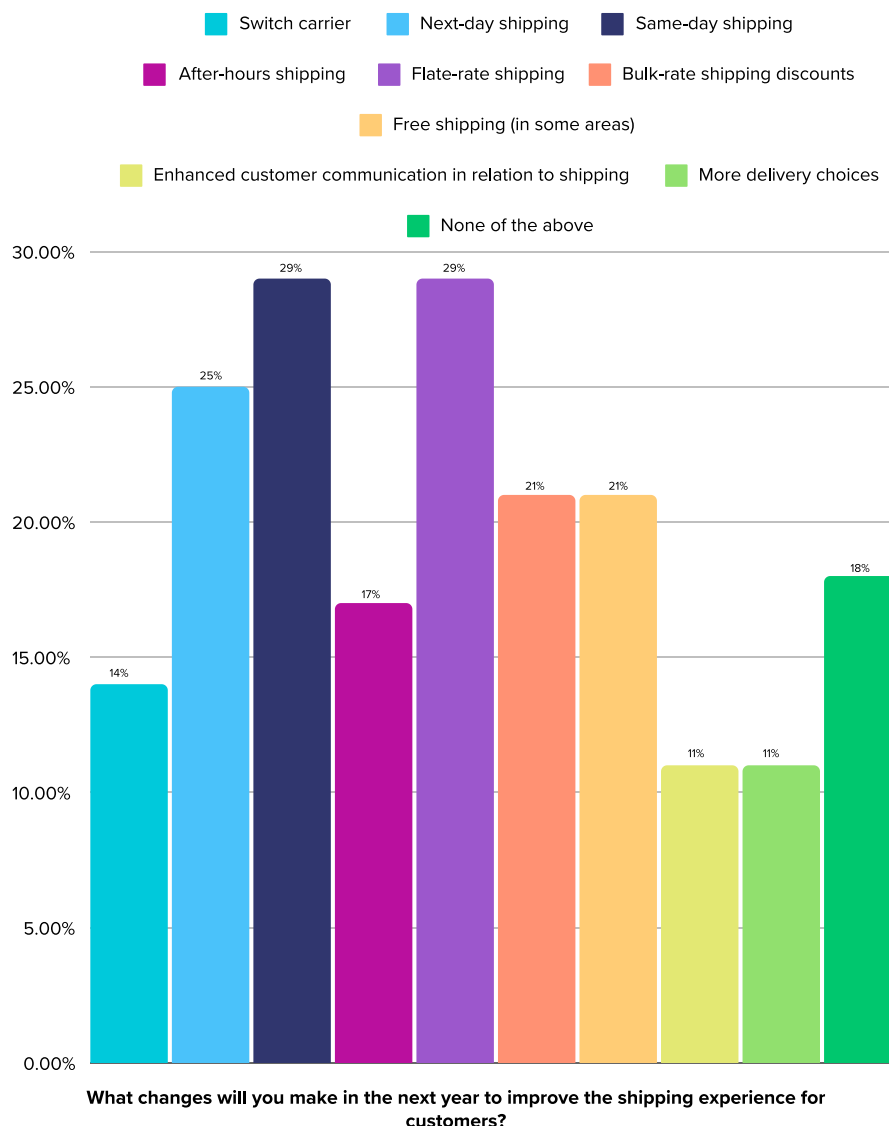
Free shipping saw considerable adoption across all sizes, with 23 per cent of large retailers leading, indicating that large businesses have the resources and budgets to offer this shipping option. After-hours shipping was also mainly adopted by large retailers (at 31%), and large retailers were also more likely to switch carriers for a better service (at 19%).





## What changes will you make in the next year to improve the shipping experience for customers?

The significant changes in shipping will continue into next year, with 82 per cent of retailers planning to alter their shipping strategies. Same-day and flat-rate shipping will be a priority at an equal 29 per cent, followed by next-day shipping (25%). Bulk shipping discounts and free shipping options will be implemented by an equal 21 per cent of retailers.



Results across the five major states

Next year, it’s Queensland that will lead all major states when it comes to retailers expanding shipping options for their customers, with 87 per cent making such plans.

NSW and Queensland retailers will focus more on speed when it comes to shipping, with a greater number moving to offer same-day and next-day deliveries, while Victoria and South Australia will prioritise flat-rate shipping. West Australian retailers, however, seem to be the least proactive in making changes.

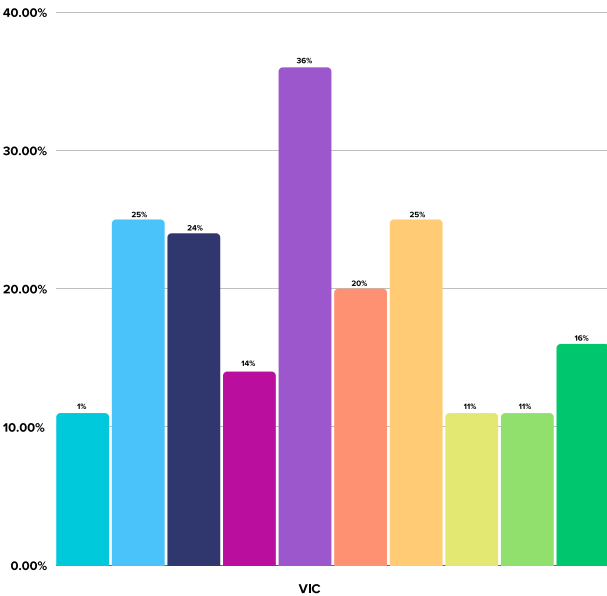
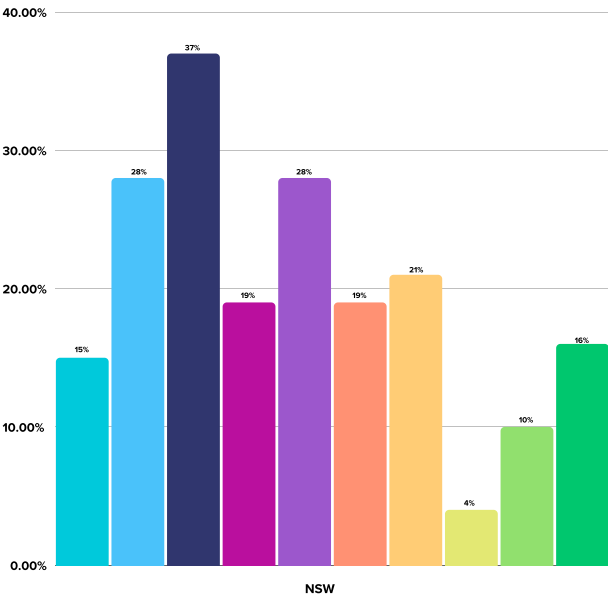
Retailers in NSW are most likely to introduce or expand same-day shipping options, at 37 per cent. South Australian retailers are leading the charge in next-day shipping, with 33 per cent planning to offer this option, closely followed by NSW at 28 per cent, indicating that retailers in these states see next-day delivery as a competitive advantage.

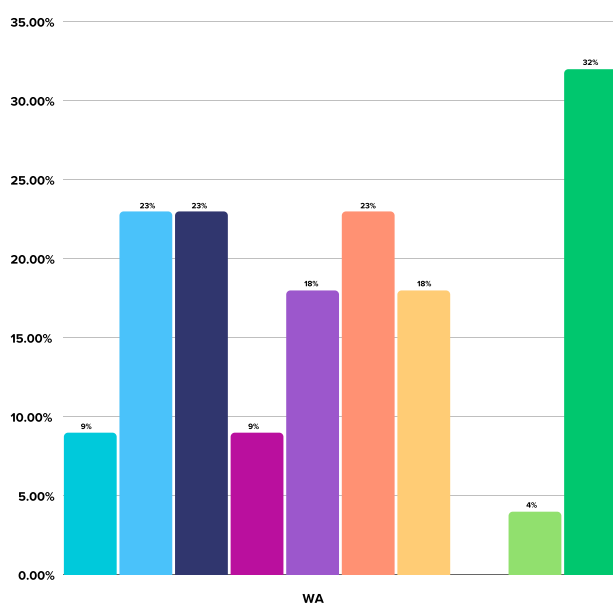
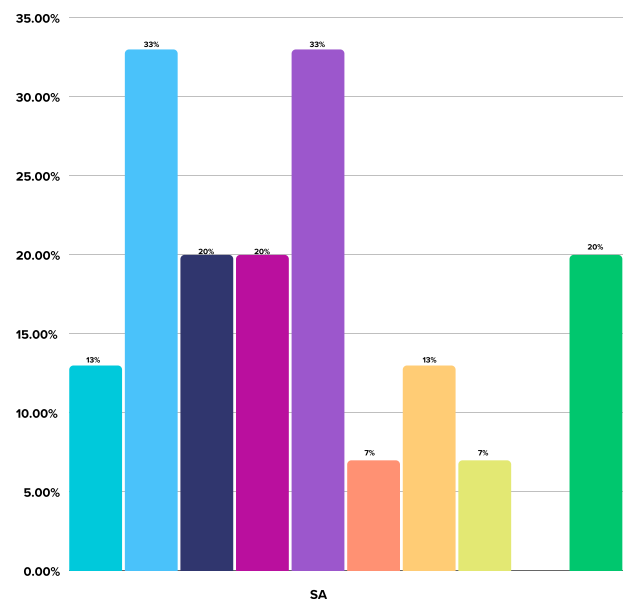
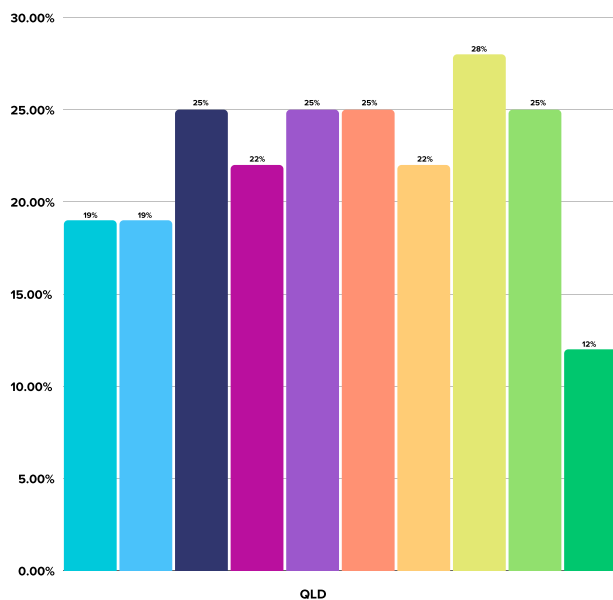
As cost-of-living issues continue to bite at shopper wallets, flat-rate shipping is a popular planned change, especially in Victoria (at 36%) and South Australia (33%). Queensland leads in plans to implement bulk-rate shipping discounts, with 25 per cent of retailers in the state planning to offer this discount, followed by West Australian retailers, at 23 per cent.

A relatively high proportion of retailers in Queensland (22%), NSW (21%) and Victoria (26%) are committed to offering free shipping, at least in some areas – an offering that will help reduce barriers at online checkouts.

Queensland retailers will place more emphasis on enhancing customer communication related to shipping than retailers in any other state, with 28 per cent planning this improvement. By comparison, Victorian retailers follow, at just 11 per cent.

Alternative delivery choices, such as parcel pick-up points, are somewhat underrepresented across states, with Queensland showing the highest interest (at 25 per cent). Again, Victorian retailers follow, at just 11 per cent.





## By business size

Small and medium-sized retailers are most likely to revamp their shipping strategies next year or change carriers altogether.

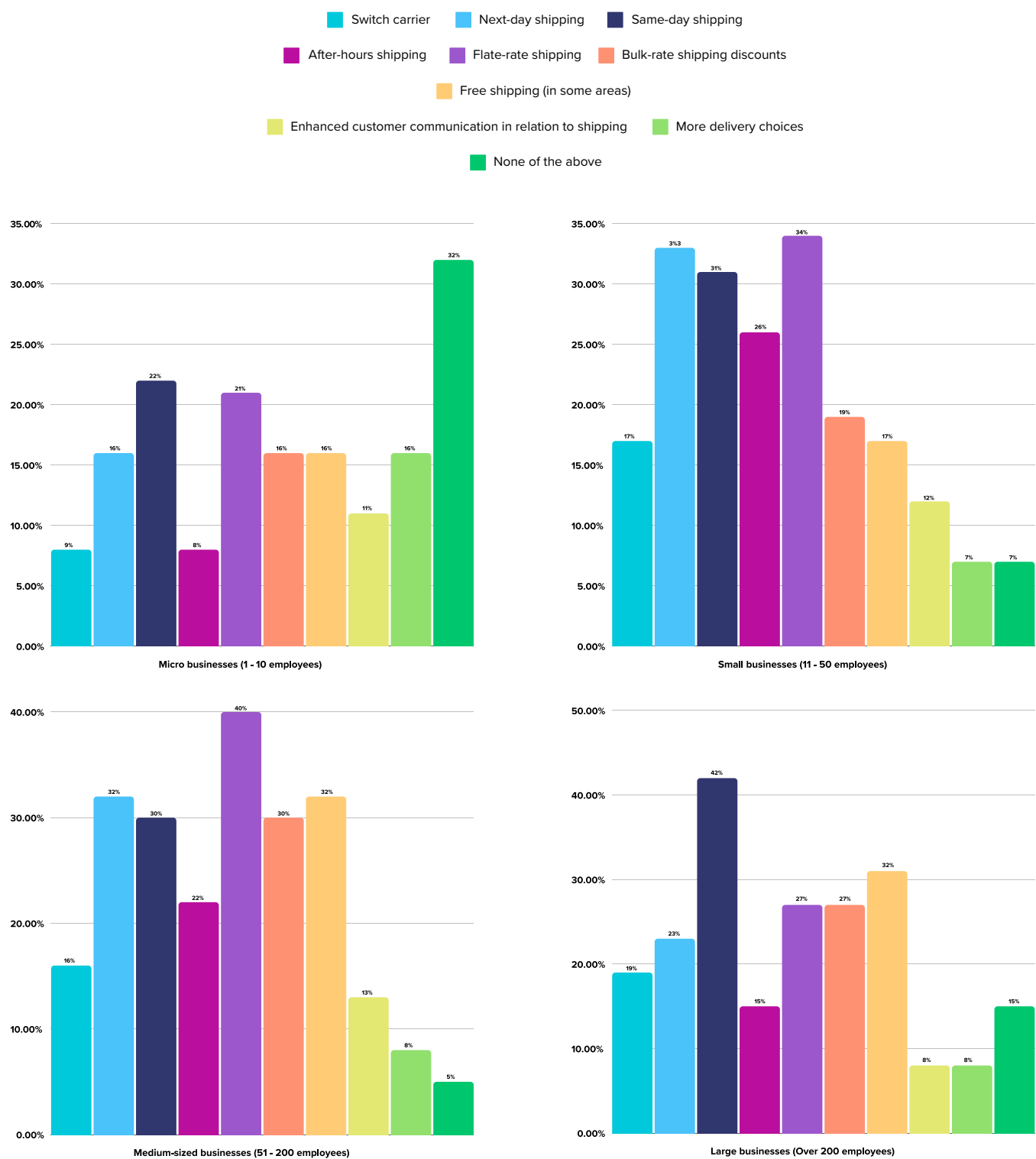
Next-day shipping is a key planned improvement, with 33 per cent of small retailers and 32 per cent of medium-sized retailers aiming to offer or expand this service. Flat-rate shipping will remain a popular tactic, especially among medium-sized retailers (41%) and small retailers (35%) who will make this change.

Same-day shipping is expected to see significant growth among large retailers (42%), demonstrating that large retailers have the resources to offer it. Bulk-rate shipping discounts will be offered next year mostly by medium-sized businesses (30%) and large retailers (27%).

Free shipping is set to expand, especially among medium-sized (32%) and large retailers (31%), who will likely use it as a competitive advantage to reduce cart abandonment and attract more customers. A relatively high proportion of small retailers (26%) will offer after-hours shipping as they aim to reduce missed deliveries, especially for shoppers with busy schedules or limited availability to receive parcels.



A slightly higher proportion of large retailers (19%) will switch carriers to improve service levels, suggesting that smaller retailers are more loyal to the courier companies they choose.



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