

ONLINE SHOPPING: FULFILLMENT & RETURNS – US – 2024

Logistics are increasingly important in the modern consumer journey. Companies must remain agile while balancing costs and meeting consumer expectations.



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Online Shopping: Fulfillment & Returns – US – 2024

This report looks at the following areas:

- Macroeconomic factors impacting ecommerce, fulfillment and returns
- Items purchased online, and fulfillment options used
- Items returned and main reasons for doing so
- Return methods used
- Important factors when shopping online
- Attitudes toward fulfillment and returns



Logistics are increasingly important in the modern consumer journey. Companies must remain agile while balancing costs and meeting consumer expectations.

Overview

The fulfillment and returns space is undergoing significant transformation as retailers strive for logistical efficiencies to meet and exceed consumer expectations. An example of such, is the increased availability of next-day and same-day deliveries through paid membership programs, which has raised the bar for speed, providing a competitive edge.

While the evolving fulfillment and returns landscape offers substantial opportunities to drive consumer acquisition, satisfaction and loyalty, it also presents risks that require strategic agility and effective cost management. That's the case of returns, which are common and, in some cases, inevitable when consumers shop online. Brands and retailers that leverage technology, and manage costs to navigate economic fluctuations while maintaining high standards of customer service and operational efficiency will lead the way in the modern retail environment.

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Report Content



EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Market predictions
- Opportunities

MARKET DYNAMICS

- Market context

Market drivers

- The US expanded by 1.6% in Q1 2024
 - Graph 1: quarterly real GDP growth, 2020-24
- Consumer sentiment remains down, but is expected to rebound soon
 - Graph 2: consumer sentiment index, 2021-24
- Consumer prices rose by 3.3% in May, down for the second consecutive month
 - Graph 3: headline CPI and shelter CPI, 2021-24
- Explore flexible and resilient supply chains
- Tech is revolutionizing fulfillment and returns
- Eco-friendly practices can evolve fulfillment and returns processes
- The resilience of ecommerce drives the rise of alternative carriers

CONSUMER INSIGHTS

Consumer fast facts:

Online shopping frequency

- Fulfillment and returns are imperative for the modern consumer
 - Graph 4: online shopping frequency, 2024 - NET
- Be proactive about any potential friction to meet consumers expectations
 - Graph 5: online shopping frequency, by key demographics , 2024 - NET

Categories purchased online

- The fulfillment process needs to be satisfactory to shoppers of each category
 - Graph 6: categories purchased online, 2024
- DoorDash expands its partnerships

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- Personalization can enhance the fulfillment experience
 - Graph 7: categories purchased online, by gender and age, 2024 – NET
- In their own words, consumers share what items and why they prefer to shop online rather than in-store

Fulfillment options used

- The usage of next and same day delivery has increased
 - Graph 8: fulfillment options used, 2023-24
- Expedited deliveries remain at the forefront of Amazon's strategy
- However, consumers don't always need fast shipping
 - Graph 9: fulfillment options used, by online shopping frequency, 2024
- Consumers describe their experience with expedited shipping and what would encourage them to use it
- Homesick reminds consumers to shop on-time to avoid additional fees
- Speed and flexibility expectations are greater in urban areas
 - Graph 10: fulfillment options used, by area, 2024

Online purchases returned

- Returns are common when shopping online
 - Graph 11: online purchases returned, 2024
- Target offers an exceptionally consumer-friendly return policy for its owned-brand items
- Propensity to shop online leads to more frequent returns
 - Graph 12: online purchases returned, by online shopping frequency, 2024
- Wayfair makes efforts to minimize return rates

Reasons for returns

- Sometimes returns are inevitable
 - Graph 13: reasons for returns, 2024
- Accurate size and fit are critical to minimize online returns
- Returns of non-faulty products reflect problematic shopping behaviors for brands
 - Graph 14: reasons for returns, by race and Hispanic origin, 2024
 - Graph 15: reasons for returns, by age, 2024

Return methods

- Traditional return methods are most commonly used, especially among older shoppers
 - Graph 16: return methods, by age, 2024
- Staples accepts returns from retail partners

Important factors when shopping online

- Shopping goes beyond the product itself
 - Graph 17: important factors when shopping online, 2024
- Food52 informs consumers upfront about shipping costs and delivery

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- Flexibility and convenience appeal to heavy online shoppers
 - Graph 18: important factors when shopping online, by online shopping frequency, 2024 - NET - Any important

Attitudes toward fulfillment and returns

- Free shipping is a competitive advantage, especially with older consumers
 - Graph 19: attitudes toward fulfillment and returns - free shipping, by age, 2024 - NET - Any agree
- Consumers describe how shipping impacts their shopping decisions
- Consumers want more control over the delivery process
 - Graph 20: attitudes toward fulfillment and returns - areas of opportunity, by area, 2024 - NET - Any agree
- Kizik keeps shoppers informed about their online orders
- Empathy plays a critical role in the return process
 - Graph 21: attitudes toward returns, by age, 2024 - NET - Any agree
- Ways in which consumers believe the return process can improve
- Uber debuts a "return a package" feature
- Consumers are environmentally aware and expect action
 - Graph 22: attitudes toward fulfillment and returns - environmental awareness, by gender and age, 2024 - NET - Any agree
- Fulfillment and returns are critical to keep consumers coming back

INNOVATION AND MARKETING TRENDS

- Amazon continues to innovate throughout the fulfillment process
- Target debuts same-day delivery in paid membership
- Walmart introduces an early morning delivery service

Opportunities

- Key opportunities

APPENDIX

- Market definition
- Consumer research methodology
- Consumer qualitative research methodology
- Generations
- Abbreviations and terms
- In their own words

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