

# The State of Fulfillment: Challenges and Opportunities Today's Brands Face



The past few years have ushered in a tidal wave of interest in ecommerce, and in the aftermath, retailers are considering how they can continue to foster loyalty from customers—while boosting profitability. Many have rushed to implement systems that would preserve sales and satisfaction—only to realize they can no longer protect the bottom line if they offer carte blanche to consumers whose expectations keep rising.



Yet how do they balance the risk versus the reward? How can brands bring practical parameters back to the customer shopping experience without damaging affinity?

Retail Dive's studioID conducted two research studies on behalf of Radial, an ecommerce fulfillment and omnichannel solution. The first study gathered insights from ecommerce leaders about how their brand is reacting to changing market conditions as they aim to stay competitive and optimize their profit margins. The second surveyed avid ecommerce shoppers to probe their priorities and opinions, shining a light on their intentions to offer insight to retailers striving to accommodate their preferences.

## We surveyed:

### 1,013 consumers

age 18+ in the United States who are regular ecommerce shoppers who also enjoy shopping in the channel that's most convenient at any given time

### 150 U.S. retailers

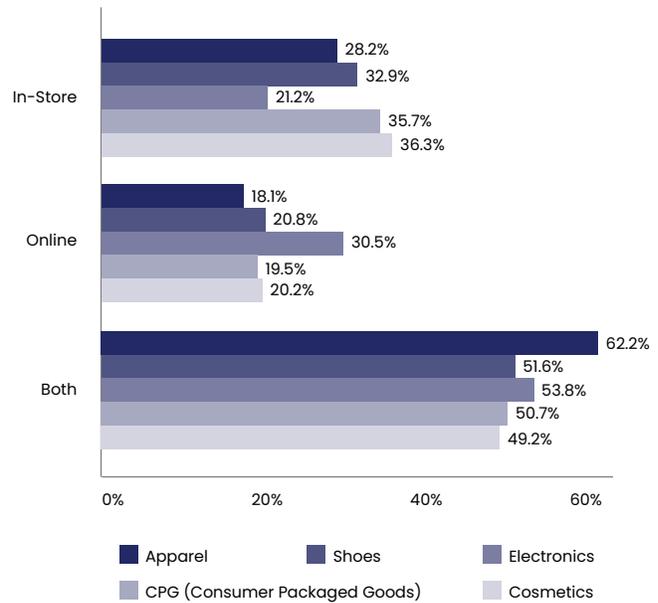
director level or above, at companies with \$10 million to \$1 billion in annual revenue

The complementary surveys were designed to gain a behind-the-scenes glimpse into today's retail ecosystem and compare it to what Radial is hearing from its customers, explains Matt Barr, vice president of marketing at Radial. "Our goal is always to add value to the fulfillment process our clients depend on, and this research validates many of the realities our customers have been experiencing in their ongoing quest to maintain profitability along with an exceptional customer experience."

Wondering how your brand is measuring up? Read on to find out more about perceptions and realities in three key areas.

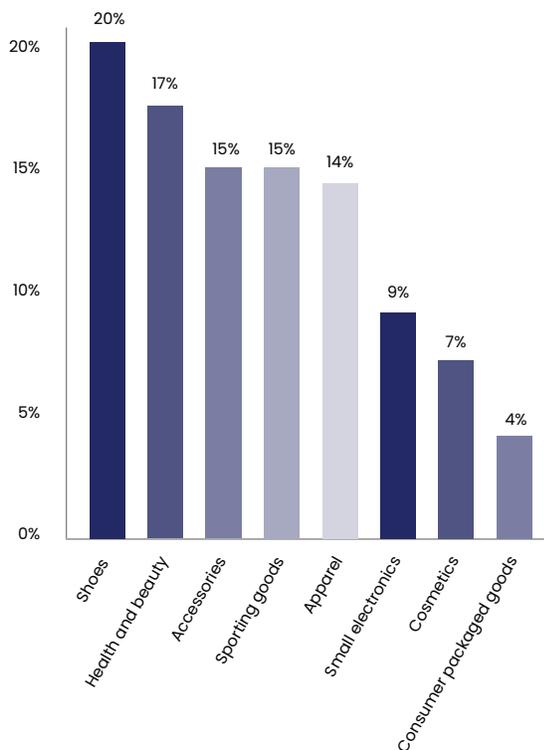
## Consumers

Please indicate how likely you are to shop for the following categories in each of the following ways:



## Retailers

What is the main product line sold by your company?



# 01. Shipping

*It will come as no surprise that consumers demand flexibility when shopping. But can retailers provide the experience they covet without (literally) giving away the store?*

## Customers expect options—and retailers deliver.

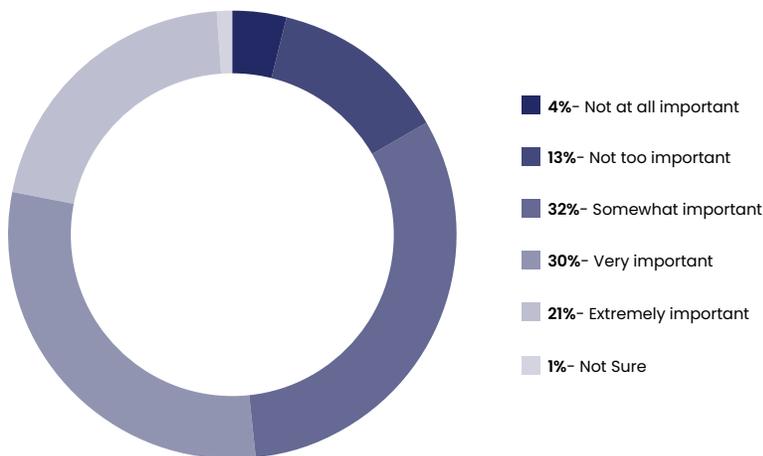
“Anywhere/anytime” is the mantra of today’s shopper. Sometimes they want to leisurely scroll a favorite brand’s website, assessing multiple dress options for a future event, and other times they find the perfect date night outfit in minutes and expect to pick it up that afternoon on their way home from work.

When asked, “How important in your decision to buy from a specific store is it to have multiple options for getting products (i.e., delivery, in-store pickup and return, drop-off locations),” more than half said it was “extremely” or “very” important, with an additional 32% ranking it as “somewhat” important.

That’s reflected in the survey findings: Consumers prioritize the presence of multiple options in obtaining products and also expect the full spectrum of shipping options.

### Consumers

How important in your decision to buy from a specific store is it to have multiple options for getting products (i.e., delivery, in-store pickup and return, drop-off locations)?





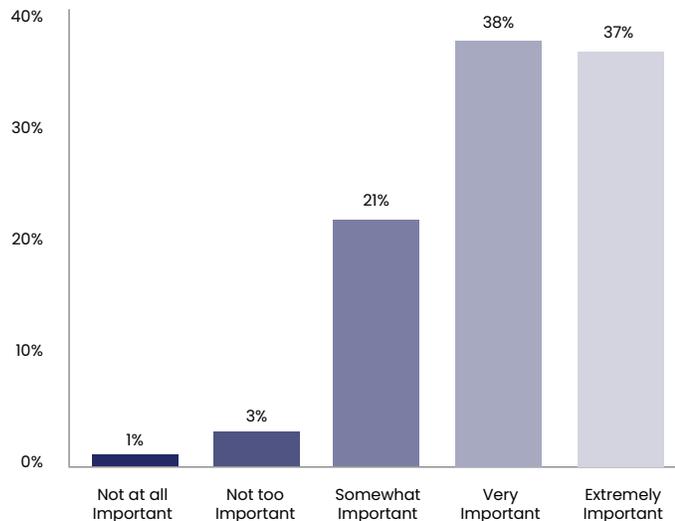
Likewise, 75% said the brand's shipping options (such as cost, timing, etc.) were either "extremely" or "very" important in determining where they would shop.

Retailers are eager to meet those needs with true omnichannel offerings that cover the range of options.

"The consumer shipping preferences chart really speaks to the fact that it's very important to give our consumers options," says Robin Helfer, chief financial and operations officer for Ashley Stewart, a plus-sized women's apparel company and omnichannel retailer. "We provide a high level of value for the money, and it's our responsibility to deliver against our brand promise, providing excellent service and fashionable, high-quality products when and where she wants them."

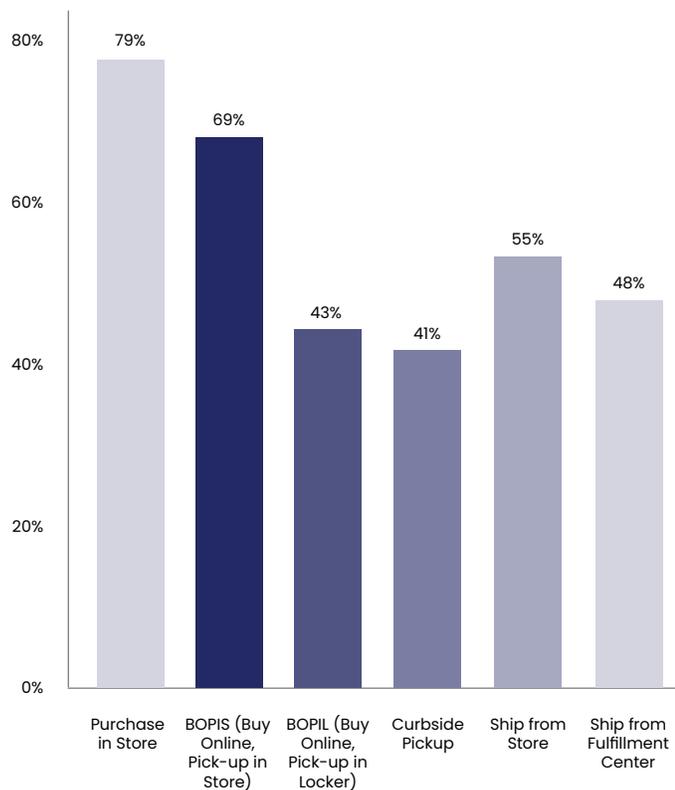
### Consumers

How important are a brand's shipping options (such as cost, timing, etc.) in determining whether you will shop with them?



### Retailers

What fulfillment options does your company offer?



## Consumers prioritize price over pace.

Free shipping? Yes, please! As most retailers might expect, this is the most popular option for any customer, yet offering free shipping with no parameters has proven unsustainable for retailers.

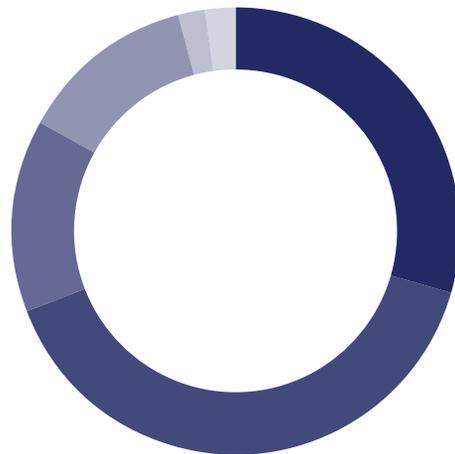
So, how deep is their love for free shipping really, and what are consumers willing to give up if it's not offered? Turns out that they'll choose patience over parting with dollars. The survey found that even in

today's on-demand era, cost-conscious consumers are content to wait rather than pay up. As one consumer said in the survey, "The less money I have, the more open I am to cheaper shipping options with longer shipping times."

In fact, a whopping 70% chose a longer shipping time in exchange for a lower cost when presented with the following shipping options:

### Retailers

For typical online purchases, which shipping option are you most likely to choose -- assuming free shipping is not available?

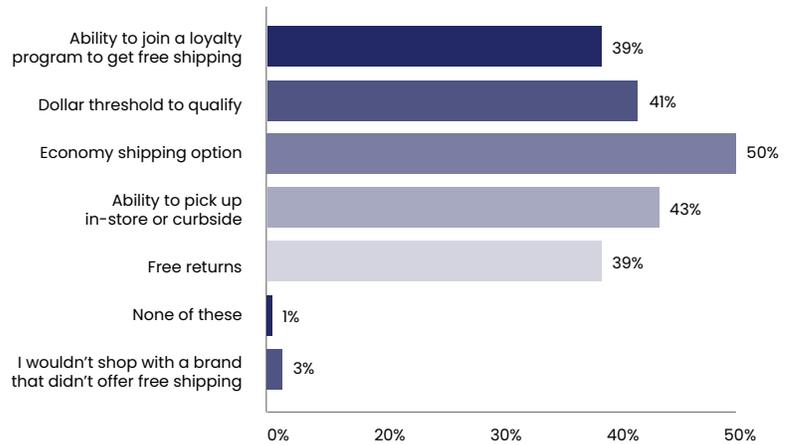


- 30%- Economy (lowest cost, longest delivery time 6+ days)
- 40%- Standard shipping (mid-range cost with average 3-5 day delivery)
- 14%- Expedited shipping (fastest but most expensive ie 1-2 days)
- 13%- Ability to pick up items in-store or at curbside
- 2%- Not sure
- 2%- None of these; I would not buy the product



## Consumers

If a retailer didn't offer free shipping for all purchases, what options would you expect them to offer?



However, in exchange for giving up the promise of fast, free shipping, they expect brands to offer some other options that might mitigate costs. When asked, "If a retailer didn't offer free shipping for all purchases, what options you would expect them to offer?" the answers were fairly evenly divided among other choices they perceive as adding value.

Helfer says Ashley Stewart has adopted many of these options with great success. "There's a time and a place for free shipping at certain dollar thresholds, but it's not all that we focus on. We aim to adjust costs in a way that are imperceptible to our consumer. We can be profitable while still wowing her with other solutions," she explains.

Another way to add value is by offering reliable shipping times coupled with visibility about when she's going to receive her order, says Helfer, adding that

the company has been successful in reducing delivery times by working with Radial.

That's an area where Radial excels, Barr says. "We have a robust transportation management capability that allows us to diversify the transportation landscape, taking advantage of different rates, options and speeds."

The company also makes it a priority to provide transparency around delivery through frequent communication. "Often consumers are OK not getting something in two days as long as they know where it is and when to expect it," he says. "We have to know what's going on with each order to give credibility to our clients, like Ashley Stewart, who have made commitments to customers about what's in stock or when it will ship. It's up to Radial to fulfill those promises."

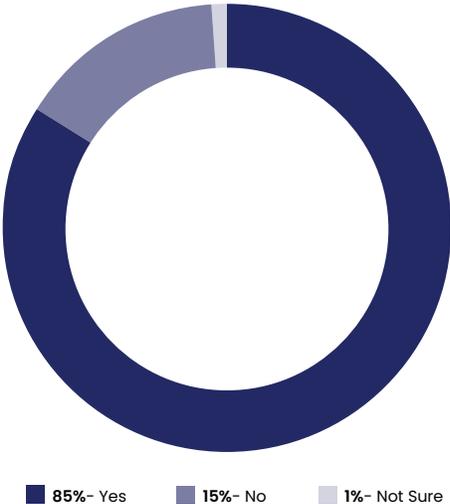
# Retailers must balance profitability with the ideal of endless shipping options.

Despite this inclination toward free shipping, brands know that the status quo can't continue; in fact, budgetary realities have spurred 85% to adjust their shipping options over the last 12 months to tame the free shipping mayhem.

Of course, that can initially be intimidating to brands, which are understandably hesitant to give consumers any reason not to buy. Fortunately, they reported that consumers adjusted, too, opting for longer shipping windows rather than taking their business elsewhere, as the survey shows.

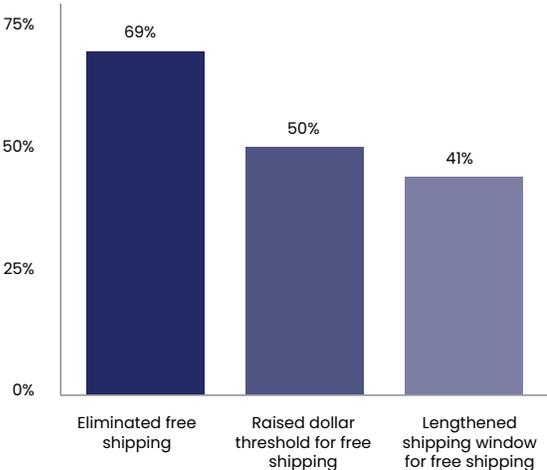
### Retailers

Over the past 12 months, has your company adjusted its shipping strategies to boost profitability?



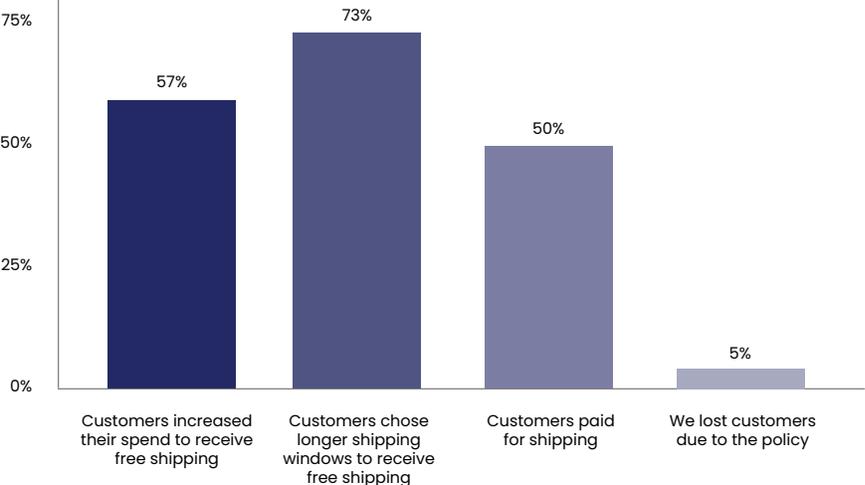
### Retailers

What changes has your company made to its shipping strategies to boost profitability?



### Retailers

How would you best describe customer reaction to these changes in shipping strategies?



That's no surprise to Barr. "It's really hard to build brand loyalty just through free shipping. While that might be an enticement during the introductory stages, at that point it's just transactional, so the onus is on the brand to build the relationship and extend it to be a more consistent source of loyalty that goes beyond that inducement. It's about providing points of value, which are about more than the word 'free,'" he says.

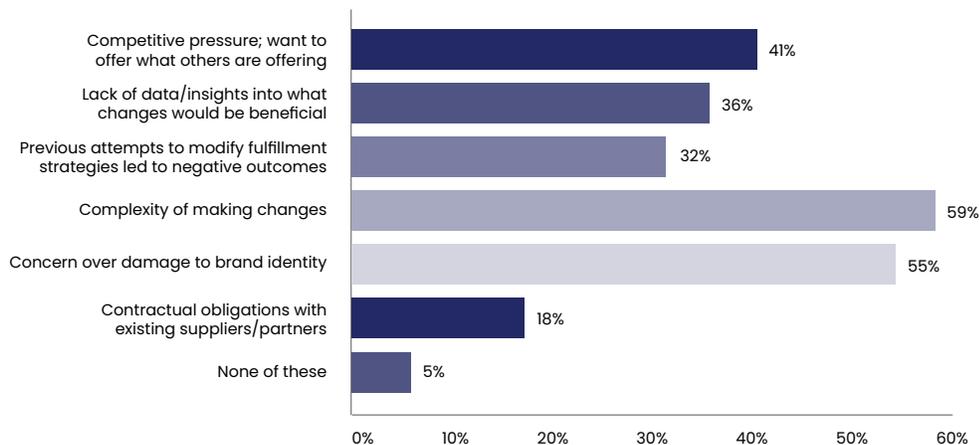
The small percentage of respondents who haven't yet adjusted their shipping strategies cited barriers such as the complexity of making changes, concern about damage to brand identity and competitive pressures—all areas a third-party logistics company (3PL) can help manage.

“  
**It's really hard to build brand loyalty just through free shipping.**

**Matt Barr**  
Vice President of Marketing,  
Radial

## Retailers

What are the top reasons your company has not made changes to its shipping strategies to boost profitability?



# 02. Returns

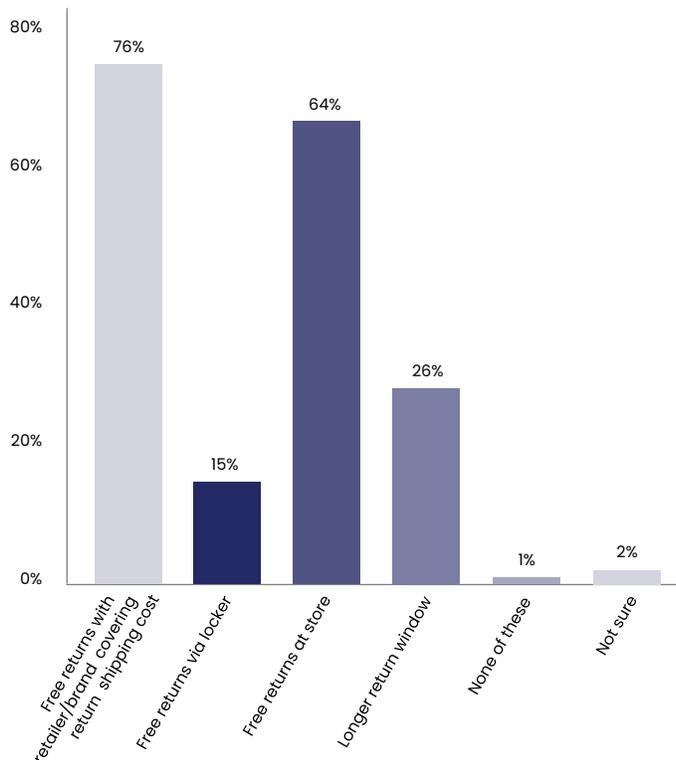
Again, consumers were predictable, confirming that policies surrounding returns are important, yet the survey also identified ways brands can once again successfully solve the puzzle of choice and profitability. Are you optimizing to spur loyalty while guarding your costs?

## Customers want a choice in how they make returns.

“Free” remains the preference for returns, as well, with three-quarters of respondents saying that free returns with the brand covering their shipping cost is their top choice for returns. However, nearly as many—64%—said they’d be satisfied with free returns at the store.

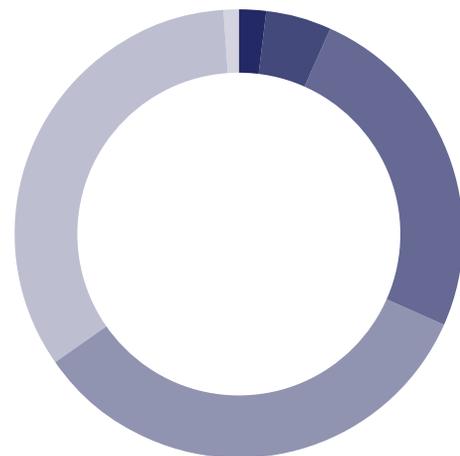
### Consumers

What return options do you want brands to offer?



### Consumers

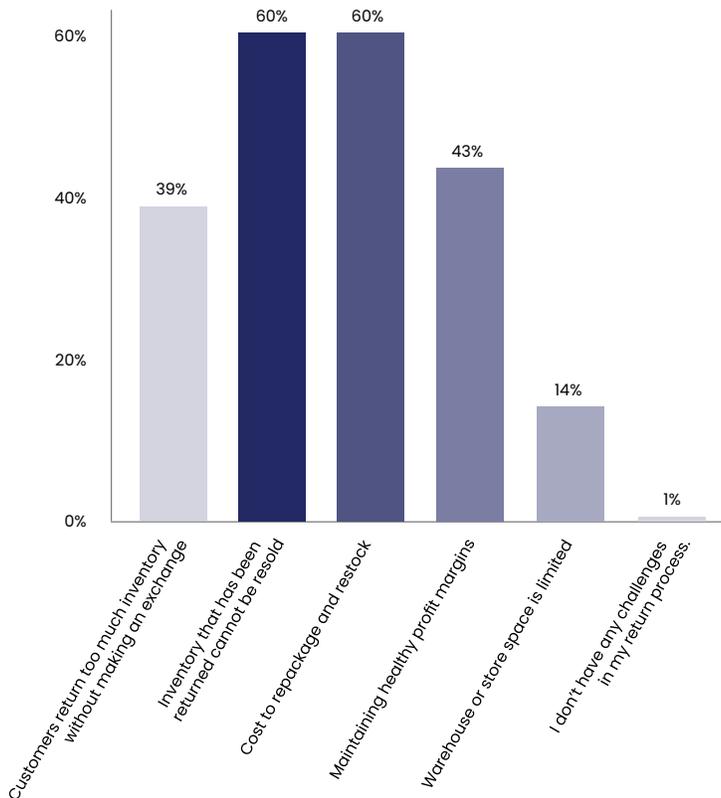
How important is a brand's return policy in determining whether you will shop with them?



- 2% - Not at all important
- 5% - Not too important
- 25% - Somewhat important
- 34% - Very important
- 34% - Extremely important
- 1% - Not sure

## Retailers

What are the biggest challenges surrounding your company's returns process?

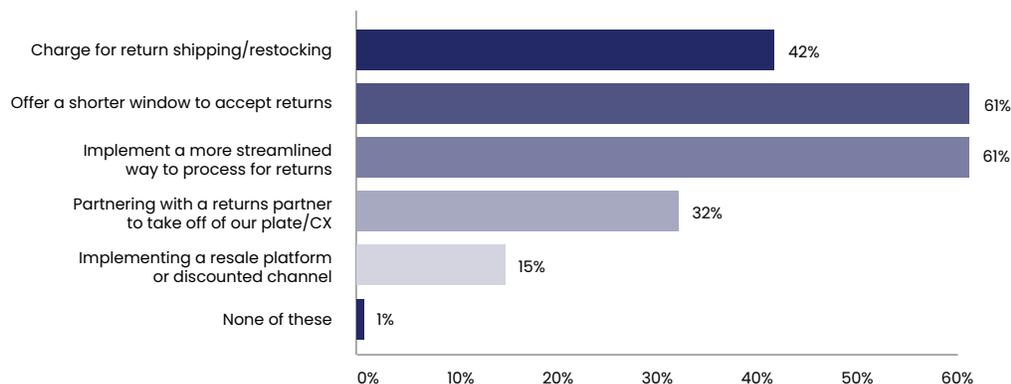


That can be a boon for retailers. The deluge of returns weighs on them if inventory that has been returned cannot be resold or it is costly to repackage and restock those items.

That's spurring the desire for specific changes to their return policy. Three out of five retailers said that the changes they would most like to make are offering shorter windows to accept returns and implementing more streamlined ways to process returns.

## Retailers

What are the top reasons your company has not made changes to its shipping strategies to boost profitability?



“Shrinking the return window is important because the sooner you get the merchandise back, the sooner you can recoup that revenue by reselling it,” Barr says. “A shortened window in exchange for free shipping is a healthier choice a brand can make, while still providing convenience to the consumer. It’s a good example of acknowledging that consumers would love to have a lot of things the industry has provided, but there are opportunities like this to pull a couple of levers that show you want to offer flexibility, but also have responsibilities as a business.”

Ashley Stewart is one of the brands making it easier for consumers to make returns. “If she does send back her product, we don’t charge restocking fees, and she can ship it using her own carrier or our label, where the cost is less than if she did it on her own,” says Helfer, who adds the retailer is experimenting with other solutions, including offering a QR code to simplify returns.



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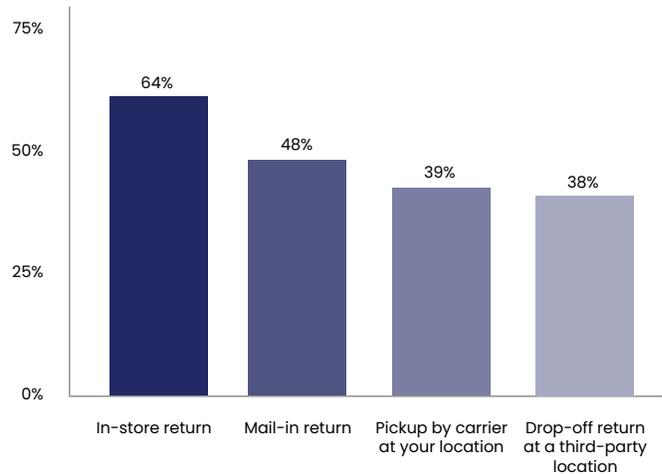
## Consumer behavior can help ease the sting of returns.

When retailers avoid the “all-free-all-the-time” option, they may actually be spurring a consumer behavior that’s in their best interest, given that consumers say they would prefer to make their return in-store rather than mail it back.



### Consumers

When returning something, which options are most appealing to you?



While they might be choosing that option for financial reasons, an in-store return can still help solve major return pain points. Not only does it support a positive customer experience, it can also ensure merchandise is back on the floor for sale more quickly, helping mitigate the issue of having to manage inventory that’s past its prime.

In-store returns also can boost sales and customer service when associates take advantage of the return touchpoint to showcase new offerings. A return can become an exchange—and generate an additional opportunity to engage with customers.

Inviting the customer in can definitely translate into increased sales: As one consumer said, “When shopping online I only buy what I need; but shopping in store I pick up things I don’t really need.”

# 03. Sustainability

Consumers claim to value sustainability. *As McKinsey reports*, nearly 80% of U.S. consumers say a sustainable life is important to them. But does that translate to changing their behavior, and what should retailers prioritize as they aim to meet environmental and profit goals?

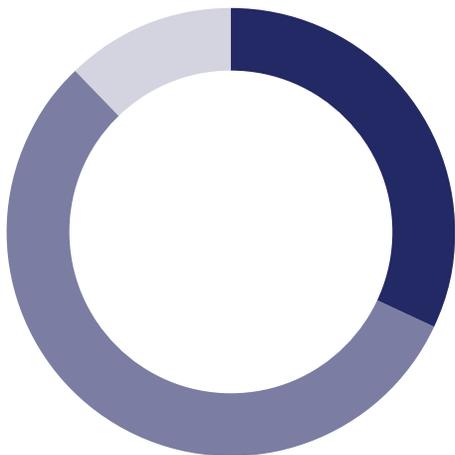
## For consumers, fast wins over eco-friendly.

While consumers are quick to claim that eco-friendly choices are top of mind, economics may win out at the moment of decision. The survey found that more than half of respondents stated they would choose fast delivery over an environmentally friendly shipping option.

In fact, only 15% were “very” likely to pay a slightly higher shipping fee to cover more sustainable shipping practices.

### Consumers

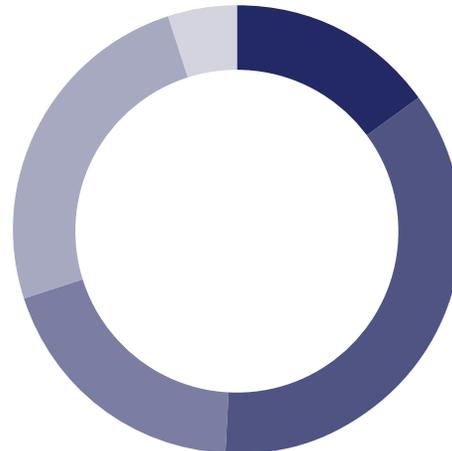
Do you prioritize an environmentally friendly shipping option over fast delivery?



- 32% - I prioritize environmentally friendly shipping options
- 56% - I prioritize fast delivery
- 12% - Not sure

### Consumers

How likely are you to pay a slightly higher shipping fee if you know it contributes to environmentally friendly shipping practices?



- 15% - Very likely
- 36% - Somewhat likely
- 19% - Somewhat unlikely
- 25% - Very unlikely
- 5% - Not sure



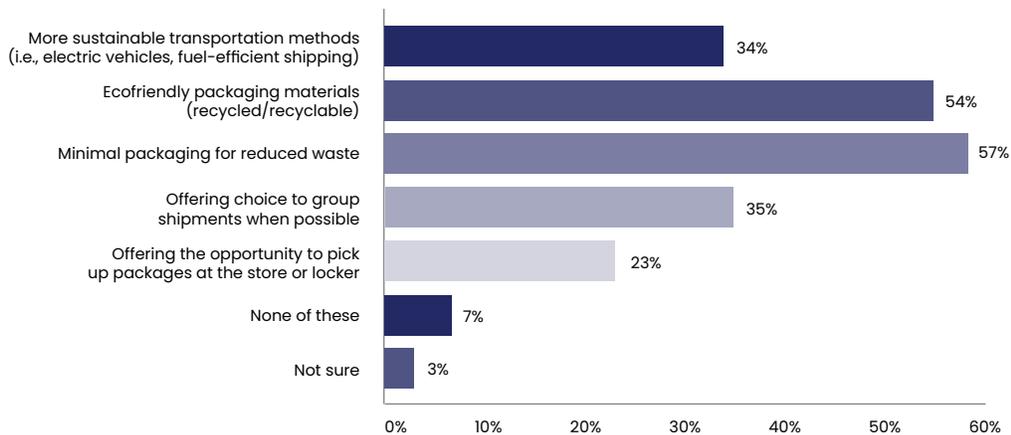
## Earth-friendly packaging is a double win.

As retailers aim to do their part to address ESG goals, they should heed consumers' feedback that eco-friendly packaging is the most important change a retailer can make. Fifty-seven percent of respondents wish for minimal packaging, and 54% say they would prefer eco-friendly packaging materials.

Said one respondent, "I appreciate when companies are environmentally conscious, and I lean toward those products. I also notice when there is excessive packaging. I would like to be more environmentally friendly in my shopping choices but currently can't afford that."

### Consumers

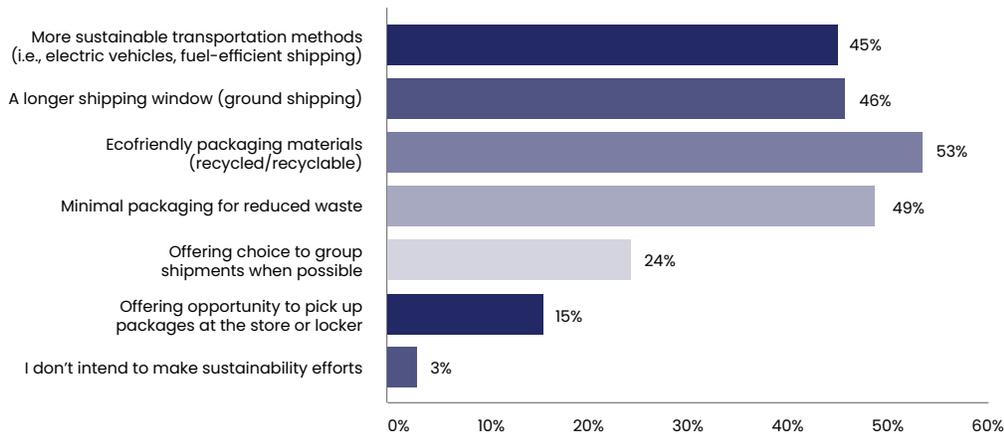
What sustainability efforts do you wish brands would offer?



This focus on packaging complements retailers' intended efforts in this area: When asked what sustainability efforts their company is prioritizing in its fulfillment practices for 2024, respondents put packaging-related initiatives in the top two spots, followed closely by transportation-related plans.

### Retailers

What sustainability efforts is your company prioritizing in its fulfillment practices for 2024?



“When you think about the importance of balancing consumer and brand loyalty with margins, it’s critical that brands align with the values of their consumers, who are looking for purpose-driven companies, specifically within the Gen Z and millennial generations,” Barr says. “There are numerous ways within the fulfillment ecosystem that a brand can go beyond just a generic brown box and label and offer more personalization to really create an experience once that package physically arrives.”

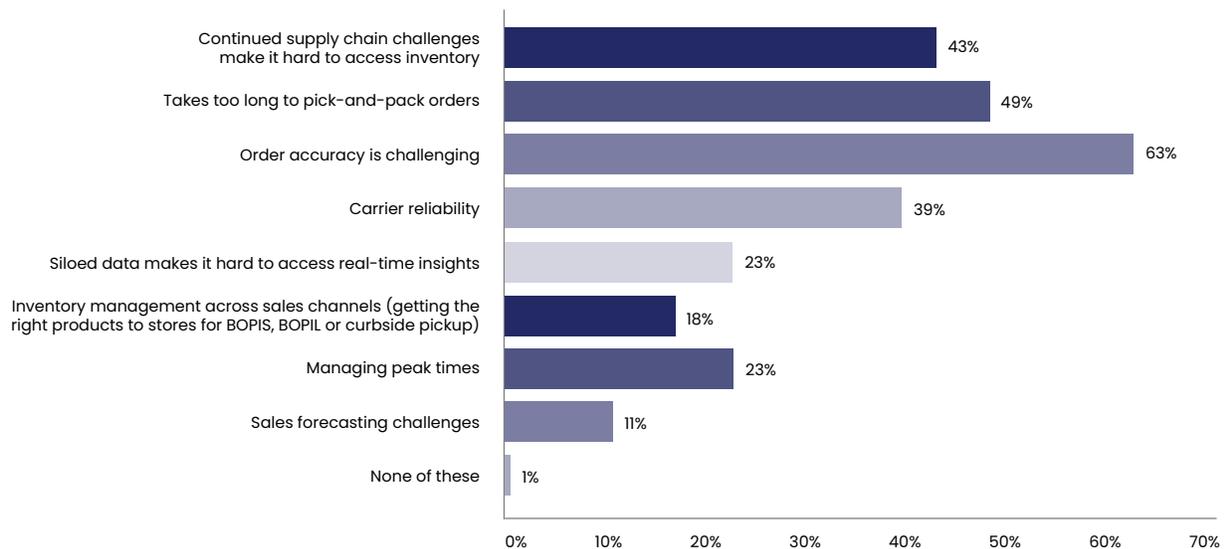
# Do You Need a Partner to Help Your Brand Deliver on What Consumers Expect?

A positive fulfillment process must be a priority as the final leg of the customer journey—the moment when the customer is able to finally interact with the brand. A 3PL can be a key asset in addressing

issues where retailers continue to struggle, with the survey identifying the top three pain points: order accuracy, quick response times and carrier reliability.

## Retailers

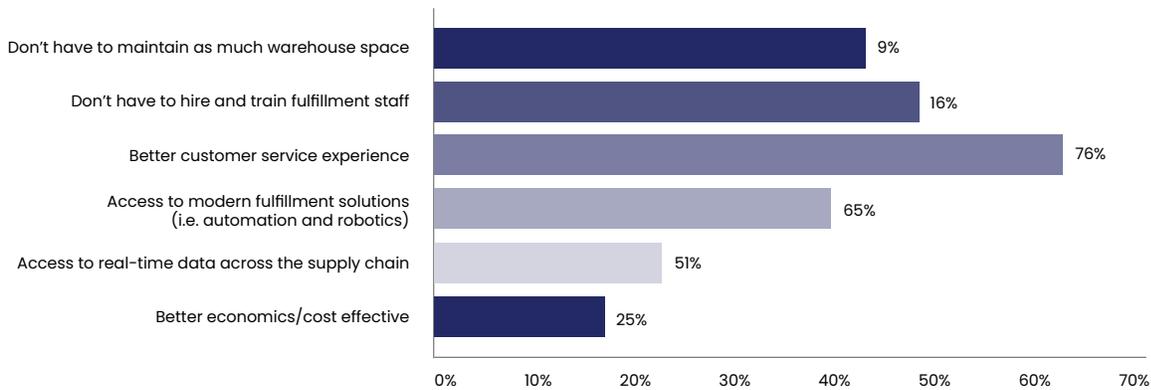
What are your company's key challenges in its fulfillment process?





## Retailers

What are the main benefits of outsourcing?



Of those who had already outsourced their fulfillment, the top benefits were a better customer service experience, access to modern fulfillment solutions and access to real-time data across the supply chain.

As Barr notes, a 3PL can help streamline all these issues while sourcing best practices from its stable of similar clients. "It's a 3PL's responsibility to identify additional opportunities for value for the brands we work with," Barr says. "Our clients benefit when we take lessons learned from our work with other brands to help solve their challenges."

"Having a reliable partner as our third-party logistics provider is critical to enable our selling team to do what they do best, which is fulfill the needs of our customer base," Helfer says. "We look to Radial as the subject matter expert in fulfillment and distribution, which frees up my organization to do what we do best—focus on the customer and our brand."

Working with the right 3PL partner can significantly impact your brand's image. Do you want to know more about how you can successfully balance the twin goals of consumer satisfaction and profitability while delivering best-in-class customer experience? [Contact Radial today.](#)



# Radial

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Radial is the industry's largest 3PL provider that offers integrated payment, fraud detection, and omnichannel solutions to mid-market and enterprise brands. Leveraging over 30 years of industry expertise, Radial rejects the one-size-fits-all approach, instead tailoring its services and solutions to align strategically with each brand's unique needs.

Our team supports brands in tackling common eCommerce challenges, from maintaining delivery consistency to ensuring secure transactions. With a commitment to fulfilling promises from click to delivery, Radial empowers brands to navigate the dynamic digital landscape with the confidence and capability to deliver a seamless, secure, and superior eCommerce experience.

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