

RETAIL

Luxury shoppers more inclined to pay for fast shipping

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Net-A-Porter ad campaign

By SARAH JONES

Consumers buying luxury goods online are more apt to pay extra to ensure a package's on-time arrival than those purchasing other products.

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While 84 percent of luxury shoppers said they would shell out more for on-time delivery, only 67 percent of all consumers said the same. As a survey by Dotcom Distribution finds, luxury clientele has higher expectations of the ecommerce delivery service, making fast shipping, packaging and communication key to winning repeat business.

"In terms of shipping, our study found consumers want their order fast and they want their order status to be as transparent as possible," said Maria Haggerty, CEO of Dotcom Distribution.

"In recent years, there has been a big push for fast and free shipping, and we've seen just how much other big retailers' free shipping policies have taken off," she said. "However, this study shows that if a retailer must choose between fast and free, fast should take priority to keep customers happy.

"While free shipping would be ideal for shoppers, it's not usually a deal breaker and many are completely willing to spend money to receive their order as quickly as possible. This includes if they need it in time for a holiday deadline or simply because they can't wait any longer."

Dotcom Distribution's **Ecommerce Packaging Study** for 2016 surveyed more than 500 online customers from the United States. Twenty-nine percent of respondents have purchased luxury goods online in the past year.

Loyalty program

Across all consumers polled, 87 percent say the length of time between order and delivery has an impact on whether they would order again from the same online store.

Thirty percent of luxury shoppers rank fast delivery as "very important," higher than the average 19 percent for all consumers.

Shoppers are also willing to raise their shipping price to receive a package early. Forty-four percent said they would

add \$6-9 to their order, while 22 percent are willing to add \$10 or more to receive an order faster.

Expedited delivery is not only appealing to those with a looming deadline, such as needing an item for a specific event such as a birthday.

Forty-seven percent of all consumers would shell out extra for same-day delivery simply to have immediate ownership of their merchandise. This population grows when talking about luxury goods, with 68 percent interested in paying more for quick delivery just because.



Promotional image for Net-A-Porter's same-day shipping

About two-thirds of those surveyed say they have ordered from a new brand this year. When asked what would make them more inclined to shop again with the same retailer, faster delivery was the top reason for being a return customer, mentioned by 44 percent, followed by other factors such as quality of the products and an efficient return policy.

While 93 percent of respondents say that retailers' transparency about delivery status is good or excellent, those who fail to effectively communicate with shoppers about their order status can lose their business. Consumers are split almost in half, with 47 percent saying they have chosen not to shop again with a brand following poor transparency about their package throughout the fulfillment and delivery process.



Image courtesy of Manolo Blahnik

For luxury shoppers, the number who have decided to never order again based on transparency is even higher, at 60 percent.

Consumers most crave more information as packages are in transit.

"We saw the increasing desire on behalf of shoppers for constant order status updates...This trend has likely arisen with the popularity of mcommerce," Ms. Haggerty said. "A consumer can easily check the status of their order from their phone, and this plays a big role in upping the anticipation of delivery as the consumer can watch it get closer and closer.

"Because of this expectation, it's important to that retailers offer a tracking system that can provide customers with as much insight into the fulfillment of their order as possible, or partner with a third party logistics partner who can provide this for them."

A recent A.T. Kearney report found that while retailers take on the costs of rapid shipping times that have sped from two-day to overnight or even same-day, 75 percent of consumers expect shipping to take two days. Consumers were also more likely to say that getting their product within the timeframe promised by a retailer was more important than fast delivery ([see story](#)).

Aside from timeliness of delivery, a package's presentation can also have an impact on consumers' perception of a brand. Forty percent of all consumers and 61 percent of luxury shoppers say they would be more likely to order again from a retailer if the merchandise arrived in gift-like or premium packaging.

High-end packaging affects the brand perception 58 percent of luxury consumers, compared to only 40 percent of all shoppers.

"Packaging is a powerful part of the branded ecommerce experience, and new and established retailers alike have the opportunity to define how they want their brand to be perceived in this regard," Ms. Haggerty said. "When an order is beautifully packaged, the unboxing experience is more exciting and makes even the most basic order feel like a gift-receiving experience.

"That excitement is a feeling customers will remember and something they'll certainly seek out again from the same brand," she said. "This also presents the possibility of customers sharing their aesthetically pleasing unboxing experiences via social media, exposing the brand's image and name to potentially thousands of followers and making that investment in upscale packaging a worthy one."

The importance of packaging is even greater for luxury goods.

"When ordering from a luxury brand, customers have certain expectations," Ms. Haggerty said. "If it's an expensive luxury item, it's likely the customer will track it closer and want it delivered faster than any other order because they spent a good deal of money on it.

"If the packaging can match the quality of the product itself, that only helps the customer to build a better perception of the brand."

Speeding up

Within the past year, retailers including Barneys New York and Farfetch have rolled out same-day shipping in select markets to better compete for online shoppers.

However, free and expedited shipping is just part of the omnichannel ecosystem. Retailers need to look at free shipping as an investment, weighing the short-term expense against what can be recouped in the long run, according to a report by L2.

With players such as Amazon offering expedited, free shipping options, other retailers have been pushed to adopt similar services, but keeping up can be costly, as brands need to absorb the price of delivery. However, compared to a solely ecommerce business such as Amazon, retailers with a bricks-and-mortar presence are at an advantage when it comes to earning back the price of shipping through upselling and in-store conversions at the point of return ([see story](#)).

"A real-time order tracking system is a great way to educate and inform customers and establish trust with a brand," Ms. Haggerty said.

"Working with a partner or bringing on consultants that know this ecommerce space well is a great first step for new ecommerce retailers," she said. "A partner that understands the ecommerce industry and has access to technology

systems and processes can make fulfillment operations more efficient in order to produce a better and faster shipping experience for the customer.

"This includes the use of API integrations, online reporting systems, warehouse management systems and transportation management systems. Together, these components work to provide a retailer with insight into the fulfillment progress, making it easier to keep customers in the loop as they eagerly await the arrival of their purchase.

"The earlier a retailer can get these processes right, the higher the chance they have at capturing a new customer's trust and ensuring repeat purchases."

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