



Shippo's 2020 State of Shipping Report



Foreword

If we were a fly on the wall in 2020, the [VP debates](#) wouldn't be our first choice. Instead, we'd want an inside look at how other small businesses are running their operations surrounded by unprecedented uncertainty.

The COVID-19 pandemic has impacted delivery times, sales, and supply chains. Businesses are gearing up for what's expected to be a longer holiday selling season with more than one third of consumers saying they'll do more holiday shopping online than in previous years.

While we can't magically turn into a fly, we can survey our customers—small- and medium-sized e-commerce U.S. businesses—to get an inside look at their operations. And that's exactly what we did.

Here are highlights from our survey, plus how small businesses stack up against consumer expectations for shipping and fulfillment.



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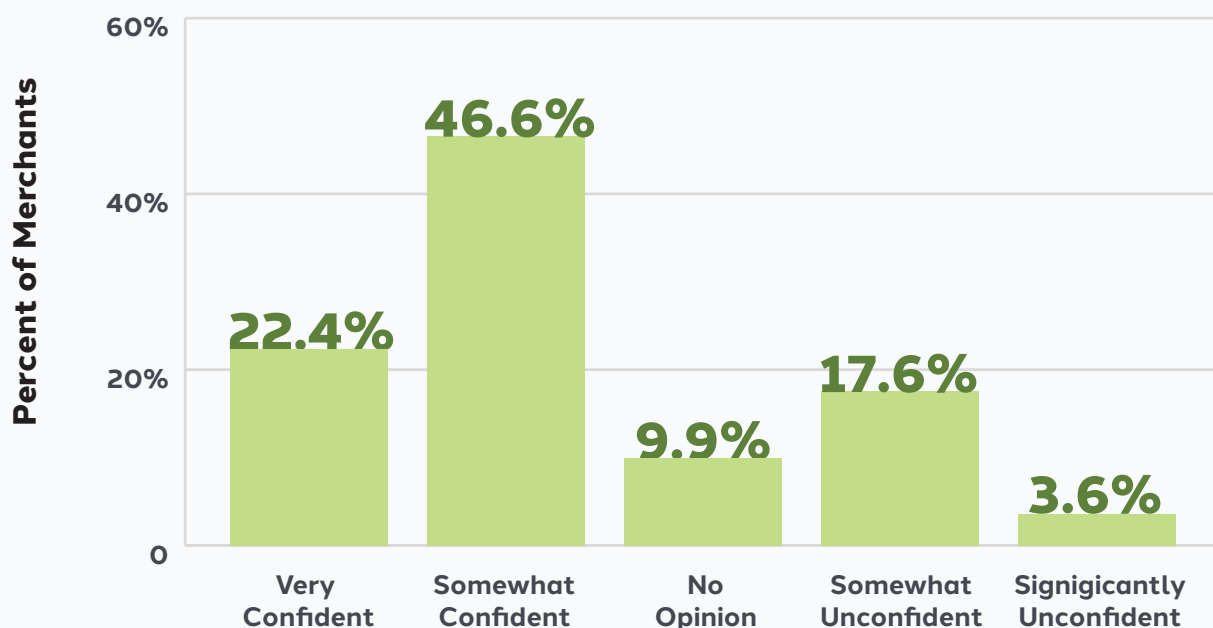


Survey Says: Happy Holidays

Merchants Have Increased Confidence in Shipping Carriers Going into the Holiday Season

This past year, some businesses experienced shipping delays as carriers flexed to keep up with the sudden spikes in demand. But now, as we look to the holiday season, businesses are feeling much more confident in the carriers' reliability. In fact, only 21.2 percent of businesses are somewhat or significantly not confident that the carriers will keep up during the holidays.

Merchants respond: how confident are you that the carriers that you use for shipping will keep up with demand amid the holiday season?



Merchants That Are Confident in Their Own Operations Have More Confidence in Carrier Reliability

Interestingly, there's a correlation between confidence in the carriers and confidence in your own business' shipping operations. If you're **very confident** in your shipping operations, you're more likely to be **very confident** in your carriers. All other groups are most likely to be **somewhat confident** in the carriers.

	I'm very confident in the carriers	I'm somewhat confident in the carriers	I have no opinion	I'm somewhat not confident in the carriers	I'm significantly not confident in the carriers
I'm very confident in my shipping operations	43.84%	40.41%	6.16%	7.53%	2.05%
I'm somewhat confident in my shipping operations	15.14%	54.57%	8.52%	18.93%	2.84%
I have no opinion of my shipping operations	19.49%	42.37%	15.25%	18.64%	4.24%
I'm somewhat not confident in my shipping operations	14.52%	38.71%	11.29%	33.87%	1.61%
I'm not confident in my shipping operations	8.33%	33.33%	20.83%	16.67%	20.83%

HOW DO I READ THIS CHART?

Here's a helpful tip: Adding up all percentages in a row totals 100% of folks that selected the given operations confidence level. As an example, 43.84% of folks that selected "very confident in my shipping operations" said they are "very confident in the carriers".

Consumers Stay Consistent With Holiday Shopping

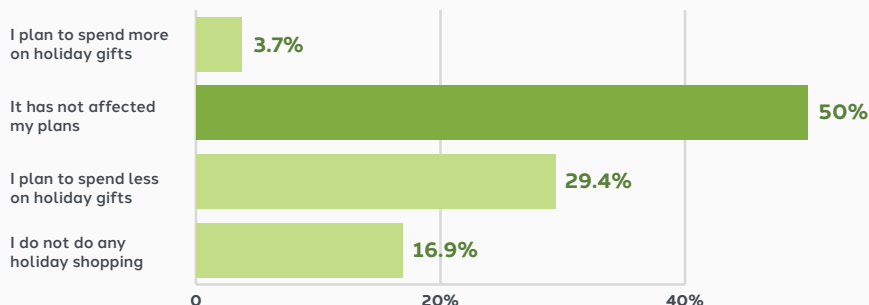
With traditional shipping habits shifting this past year, we surveyed consumers to help predict this year's holiday selling season.

Good news: for half of the consumers surveyed, the COVID-19 pandemic has not affected holiday spending plans.

Are shoppers planning to deck the halls of their local brick and mortars or will they be browsing online?

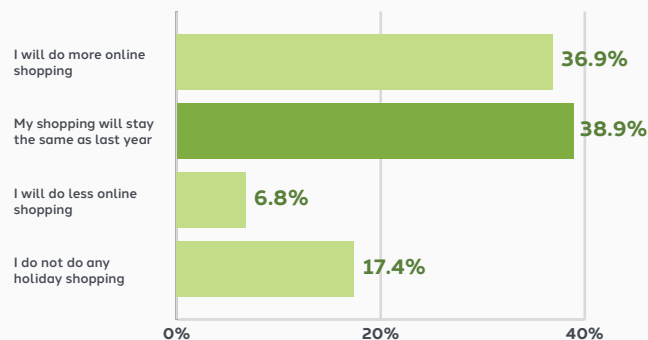
More than one third of consumers are planning to keep their online/offline shopping mix the same as previous years. Another one third of consumers are going to do more online shopping compared to years prior.

Has the COVID-19 pandemic affected your holiday spending budget?



Percent of Consumers

Compared to previous years, where are you planning to do your holiday shopping?

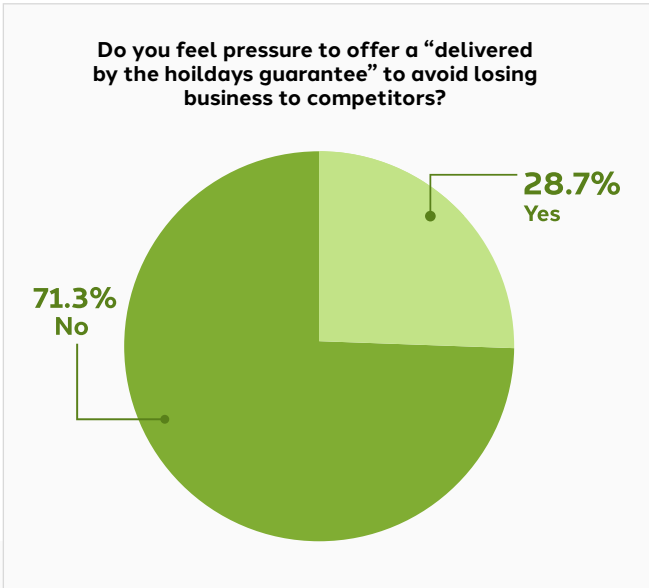


Percent of Consumers

Delivered by the Holidays? The Pressure’s Off.

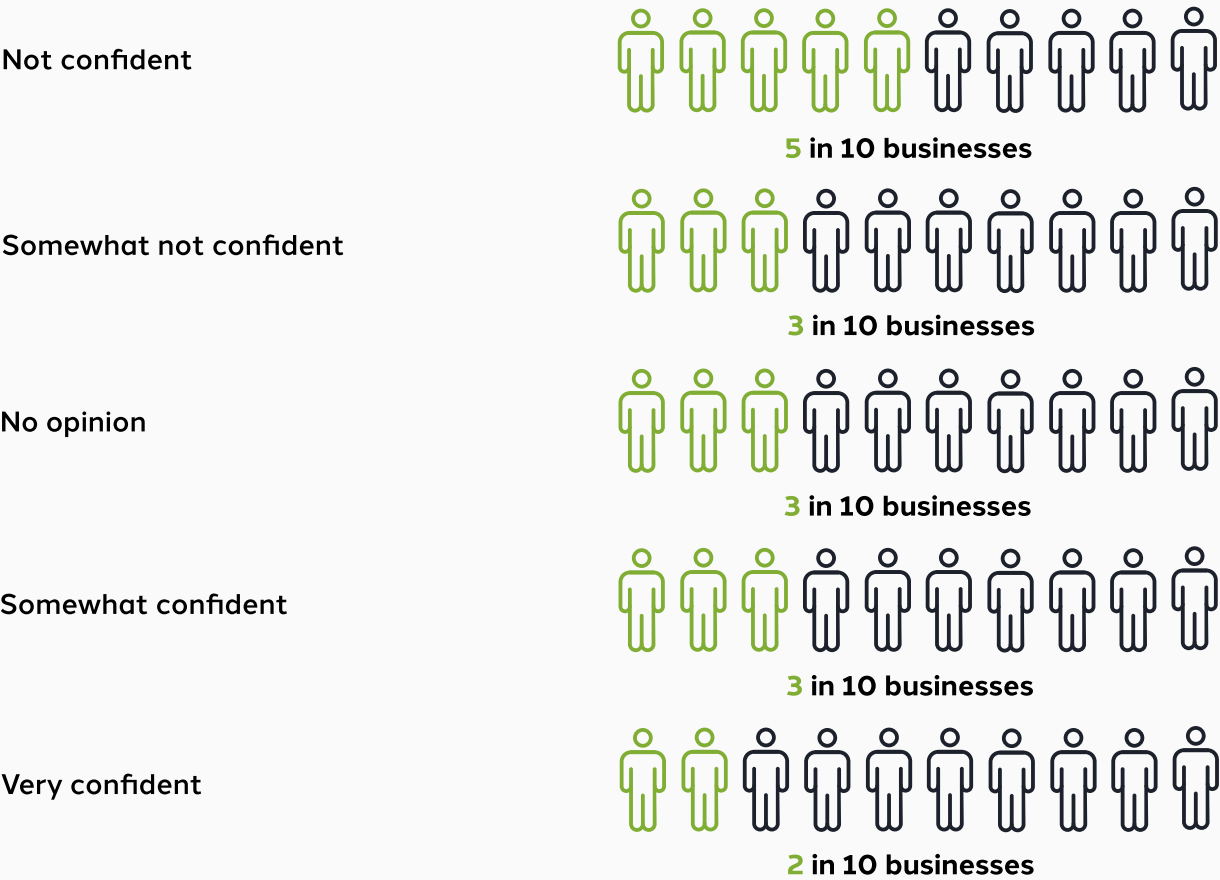
Overall, only 3 in 10 businesses feel pressure to offer a “delivered by the holidays” guarantee to avoid losing business to competitors.

Business owners that are **not confident** in their current operations feel much more pressure to offer a “delivered by the holidays” guarantee.



Confidence in their operations

Businesses feeling the pressure

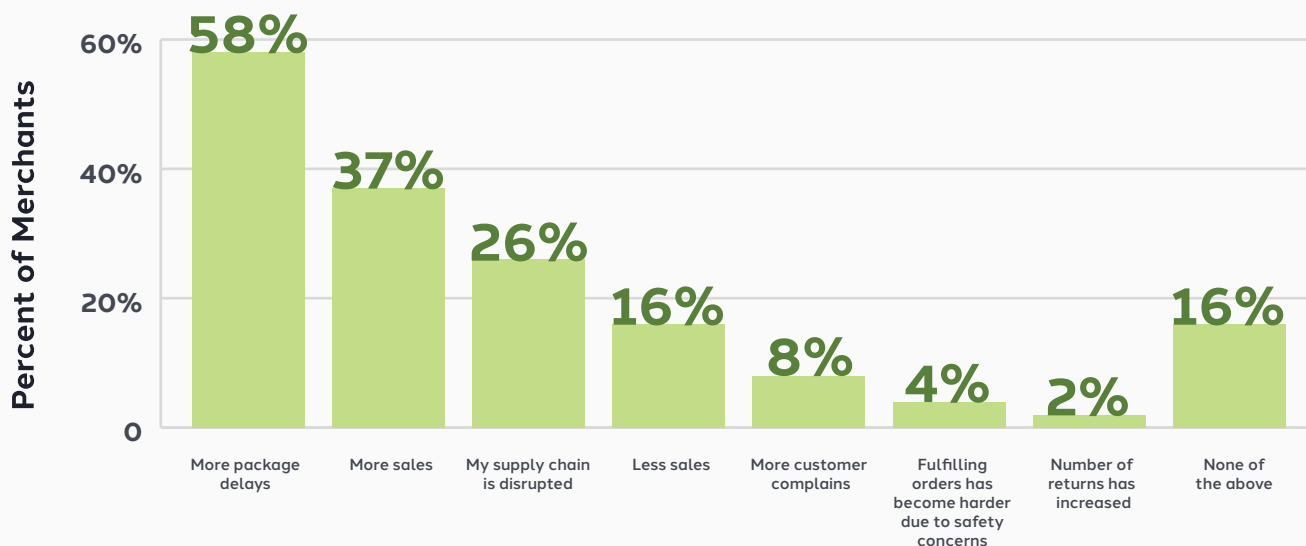


The Impact of COVID-19 on Shipping

Package Delays Amid a Pandemic

E-commerce businesses are feeling the effects of the COVID-19 pandemic. Package delays plague 58 percent of business owners. While 37 percent of online businesses are experiencing more sales, 16 percent see less sales—pointing to the complicated nature of 2020.

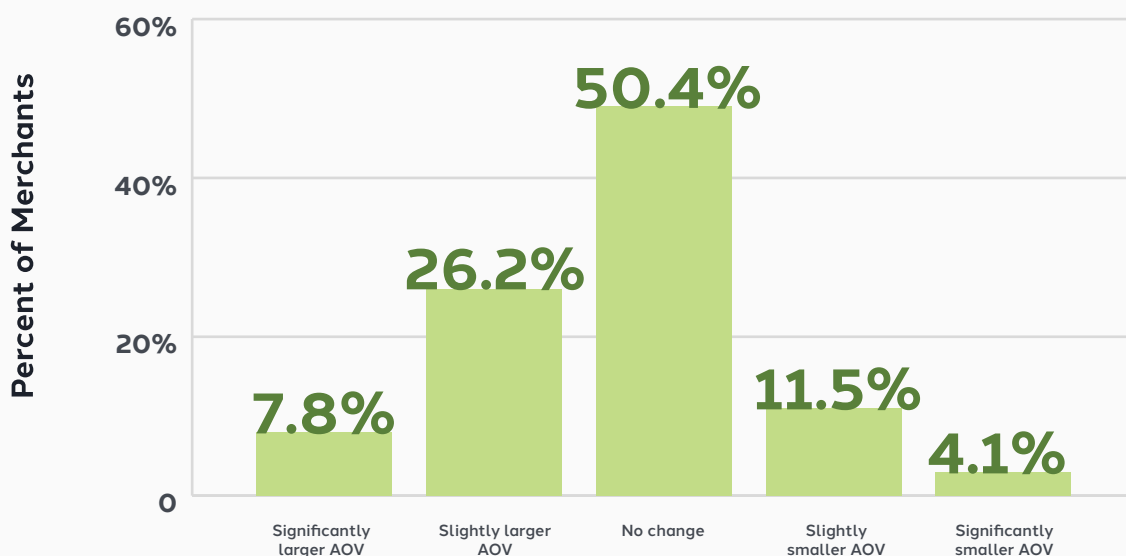
How has the COVID-19 pandemic affected your shipping operations? (Select all that apply.)



Half of Businesses Saw No Change to Average Order Value (AOV)

How did the surge in online orders from the COVID-19 pandemic impact e-commerce businesses' average order value (AOV)? Almost half of the businesses surveyed experienced no change. A little more than one third saw a slightly or significantly larger AOV.

Has the COVID-19 pandemic affected your average order value? (AOV)



MARKET FACTS

Businesses that are **very confident** in their shipping operations were almost three times as likely to see significantly larger AOV during the COVID-19 pandemic.

15.75%

Percentage of businesses that are very confident in their shipping operations that saw a significant increase in AOV during COVID-19.

V.S.

5.90%

Percentage of all other businesses that saw a significant increase in AOV during COVID-19.

We asked merchants: what three words come to mind when you think of shipping in 2020? The responses are illuminating. Note: The size of a word in the visualization is proportional to the number of times the word appears in the input text. You may also see popular words appear more than once.



58% of Consumers Increased Their Online Shopping Habits Since COVID-19

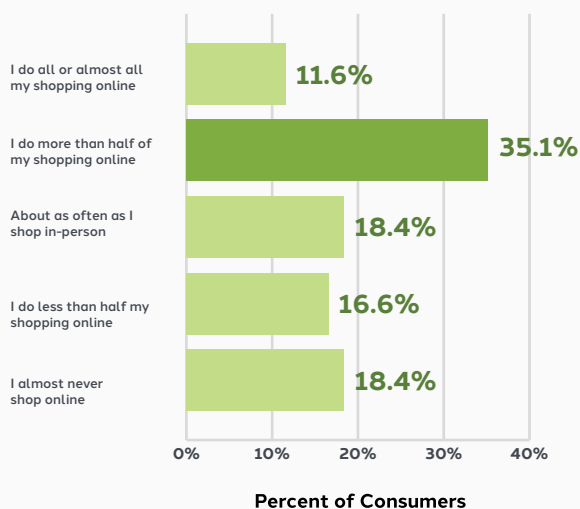
As a baseline, 35.1 percent of consumers said they do more than half of their shopping online.

To that, we ask: has the COVID-19 pandemic changed your online shopping habits?

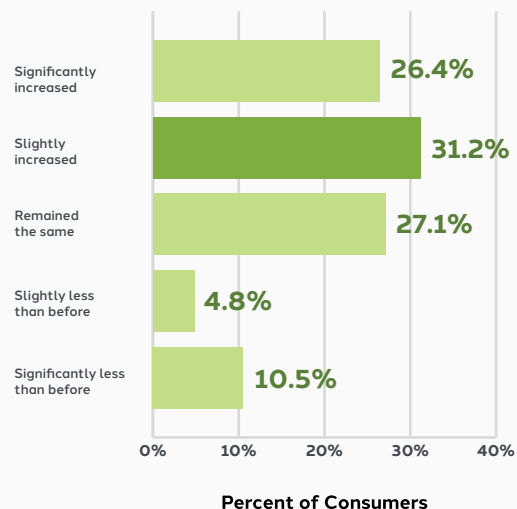
The short answer: Yes!

A total of 57.6 percent of shoppers said their online shopping has either slightly or significantly increased. Another 27.1 percent of consumers said their online shopping habits remained the same.

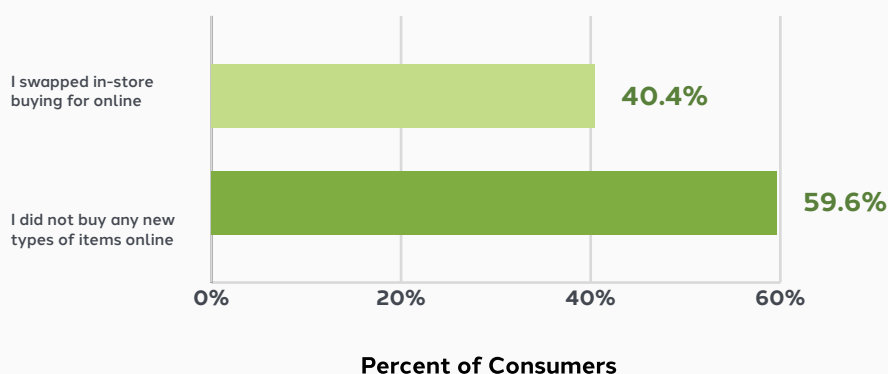
How often do you shop online?



Since the start of the COVID-19 pandemic, my online shopping habits have:



Aside from the frequency and volume of online shopping, has COVID-19 changed the types of goods you purchase online?

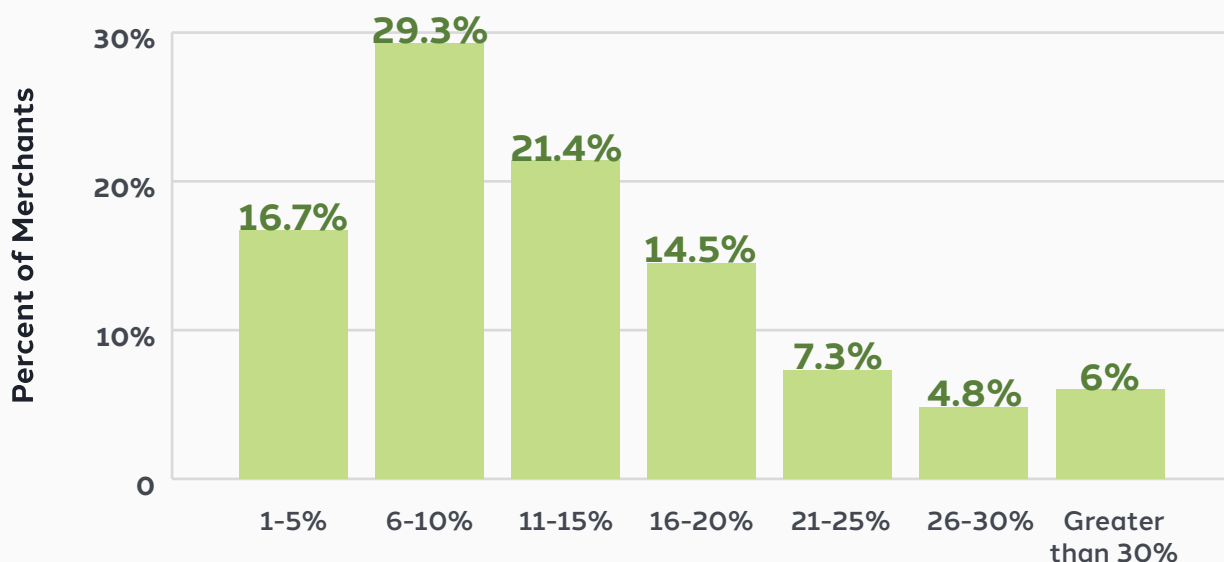


How Much are Businesses Spending on Shipping?

Shipping Makes Up 15 Percent or Less of Average Order Value for Most Businesses

Shipping is a small percentage of AOV for two in three businesses: 67.4 percent of businesses cite shipping costs to be 15 percent or less of their average order value.

As a percentage of the total order value, roughly how much does your business spend on shipping?



Businesses With Higher Percentage Spend on Shipping Are More Likely to Not Be Confident in Their Shipping Operations Than Those With a Lower Percentage Spend on Shipping

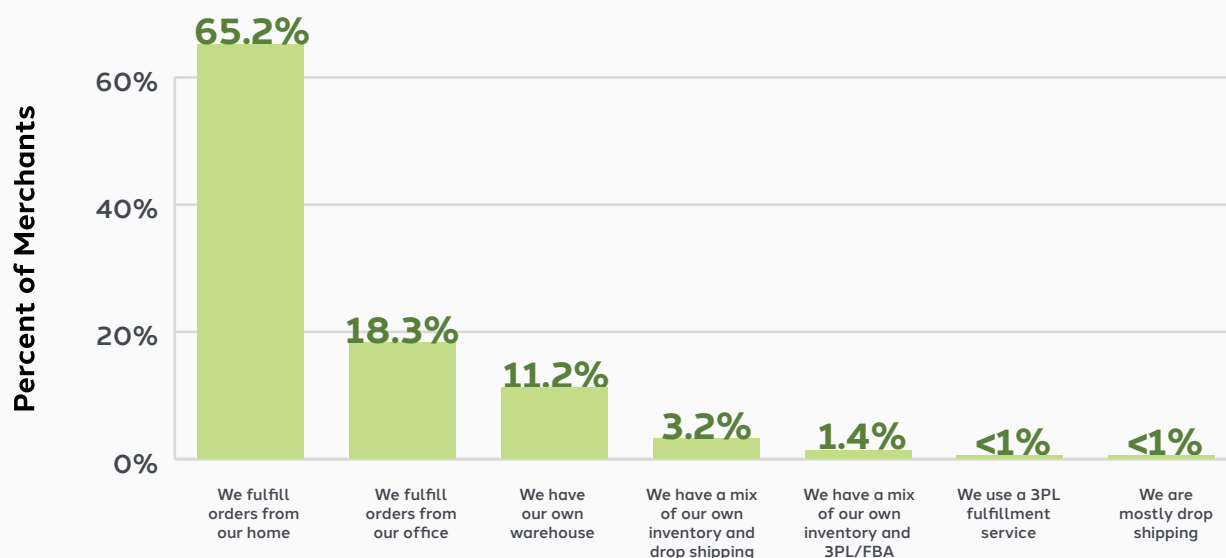


Merchant Fulfillment Trends

Most Businesses Fulfill Orders in Their Home or Office

A whopping 83 percent of businesses surveyed fulfill orders in their home or office—65 percent at home and 18 percent at the office. Businesses with their own warehouse make up the third largest group, 11 percent of those surveyed.

What most closely describes your fulfillment operation?



A Diverse Fulfillment Strategy Breeds More Confidence

Businesses with a mix of own inventory and drop shipping had the largest percentage of very confident shippers. Businesses that use other fulfillment types had more somewhat confident shippers than any other confidence level.

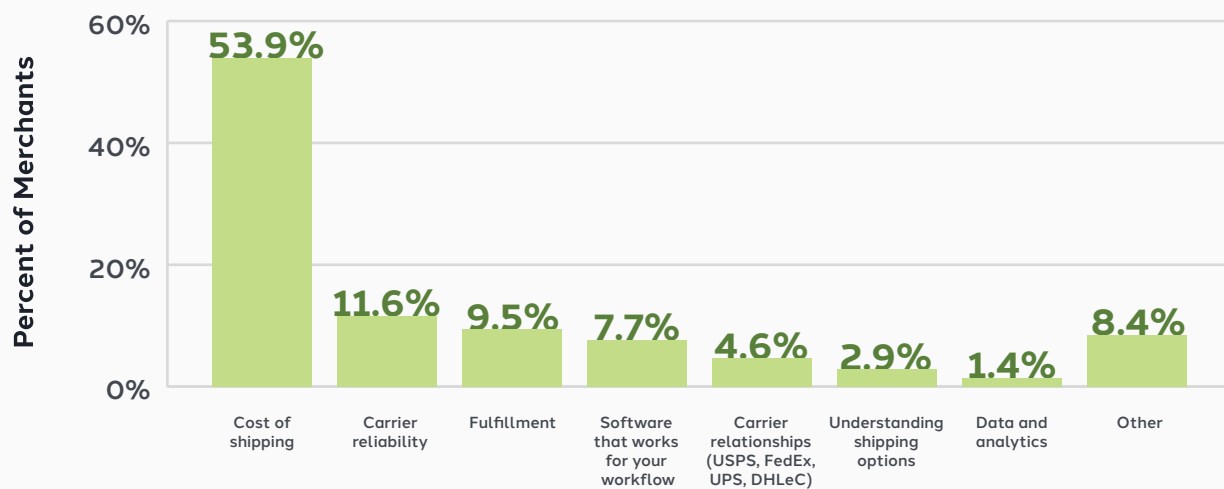
Fulfillment Process*	Highest Confidence Level
We fulfill orders from our home	47.50% are somewhat confident in their shipping options
We fulfill orders from our office	49.59% are somewhat confident in their shipping options
We have our own warehouse	50.00% are somewhat confident in their shipping options
We have a mix of our own inventory and drop shipping	42.86% are very confident in their shipping options

*All processes that make up 1% or less of the overall survey were not included due to the low representative sample.

Cost of Shipping Continues to Be a Challenge

For the fourth year in a row, the cost of shipping is the biggest challenge for small businesses. This year, more than half of all business owners selected cost as the most challenging aspect of fulfillment.

What is the biggest challenge for your business?

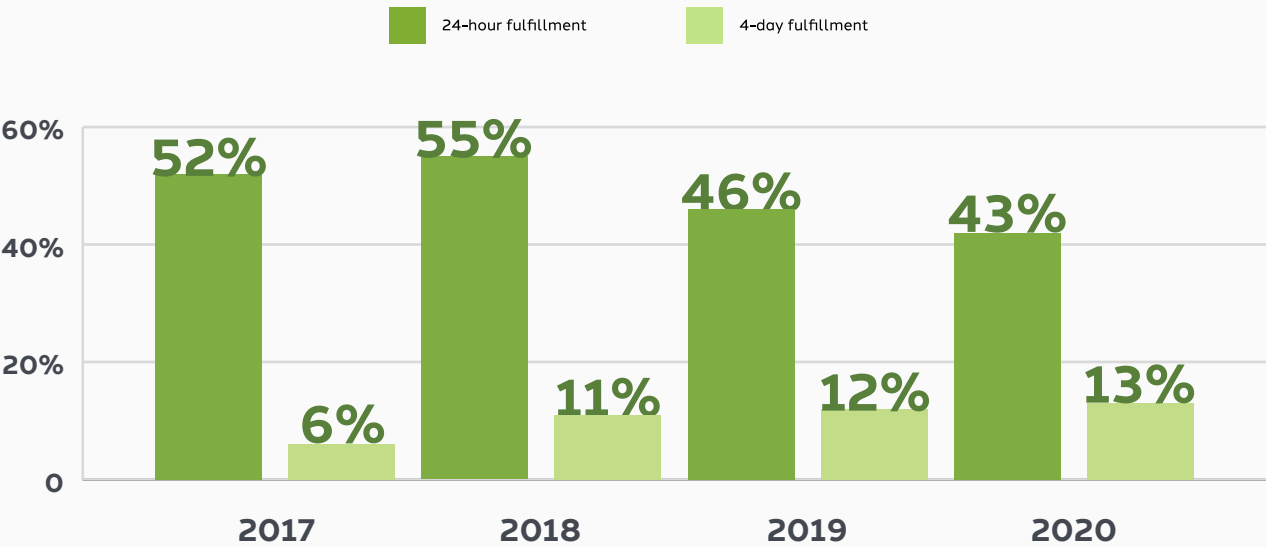


Fulfillment Times Are Slowing Down

Notably, 43 percent of businesses fulfill orders within 24 hours of when the customer clicks buy. However, that number has been trending downwards over the past four years, seeing a 17 percent decline since 2017.

On the other hand, 4-day fulfillment windows are gaining popularity. 13 percent of businesses selected this option—up 116 percent since 2017 when only 6 percent of businesses took four days to fulfill orders.

YOY comparison: 24-hour fulfillment vs. 4-day fulfillment



How quickly do you fulfill orders and let customers know that their shipment is on the way?	2017	2018	2019	2020
Within 24 hours of when the customer clicks buy	52%	55.2%	45.8%	43%
Within 2 days of when the customer clicks buy	28%	26.1%	29.0%	30%
Within 4 days of when the customer clicks buy	6%	11.4%	11.9%	13%
The customer does not receive a notification	N/A	0%	1%	1%
Other	14%	6.0%	12.3%	12%

Carrier and Delivery Options

Consumers Prefer 2-3 Day Delivery Options

More online shoppers prefer 2-3 day delivery service than any other shipping speed, and businesses agree. Also noteworthy is the 34 percent of businesses that do not give their customers options for shipping speed.

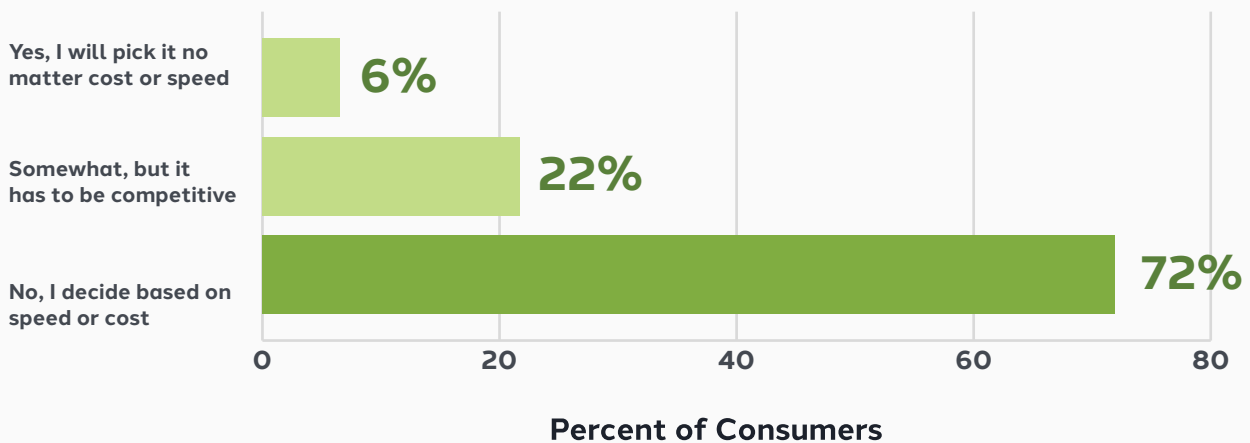
	Merchants Respond For buyers in the U.S., what is the most commonly-purchased shipping service level?	Consumers Respond What is your preferred shipping speed when you buy item(s) online?
2-3 Day Service	40.7%	46.2%
4-7 Day Service	23.7%	38.7%
Same or next-day delivery	1.6%	15.1%
We won't give them the option	34%	N/A

Speed and Cost Are More Important Than Carrier

A whopping 72 percent of consumers do not have a carrier preference; instead, they choose a shipping option based on speed or cost. Businesses seem to have aligned with this preference, since only 13.7 percent offer carrier options and 31.7 percent offer speed and cost options.

For the 53 percent of businesses that don't offer any options, keep these preferences (or lack thereof) in mind as you choose on your customer's behalf.

Consumers respond: do you have a personal preference for which carrier(s) deliver your orders?



Merchants respond: do you allow customers to select the specific carrier that will be delivering their package?

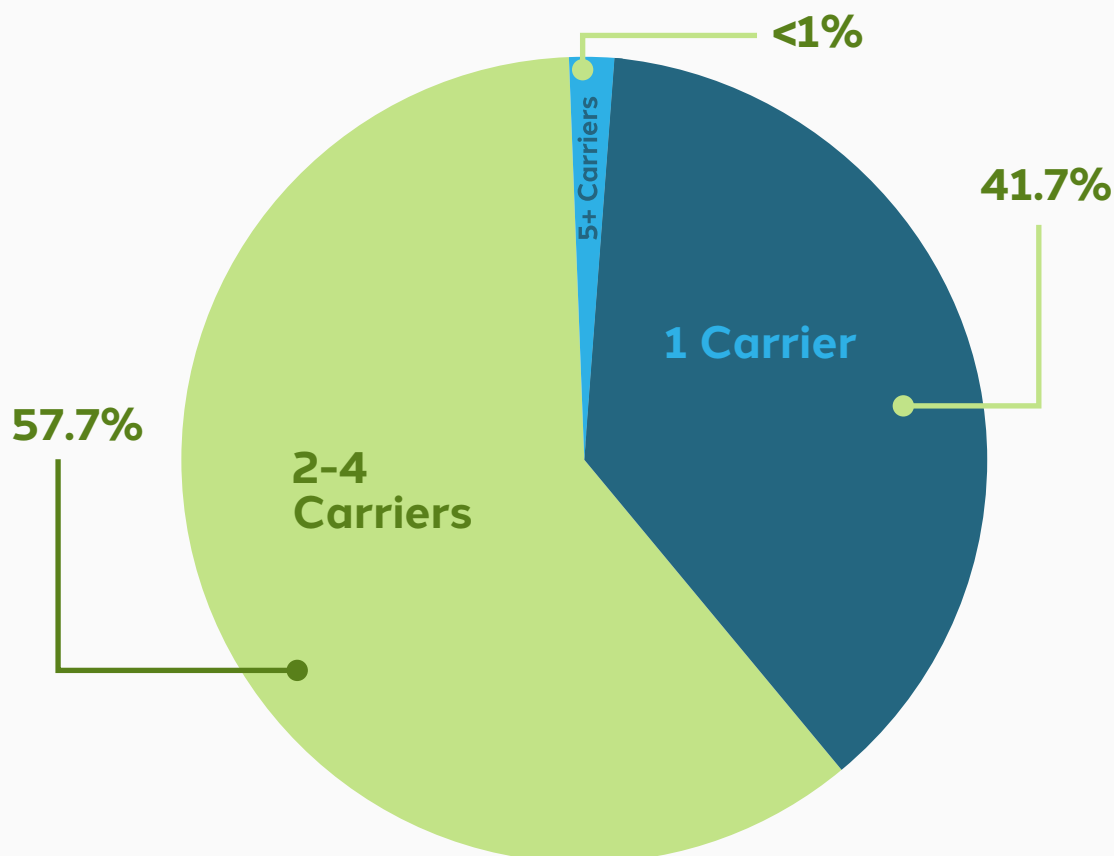
No, we don't offer any choices at checkout	54.6%
No, we only allow the customer to choose the shipping speed/cost	31.7%
Yes, we provide customers with several carrier options	13.7%

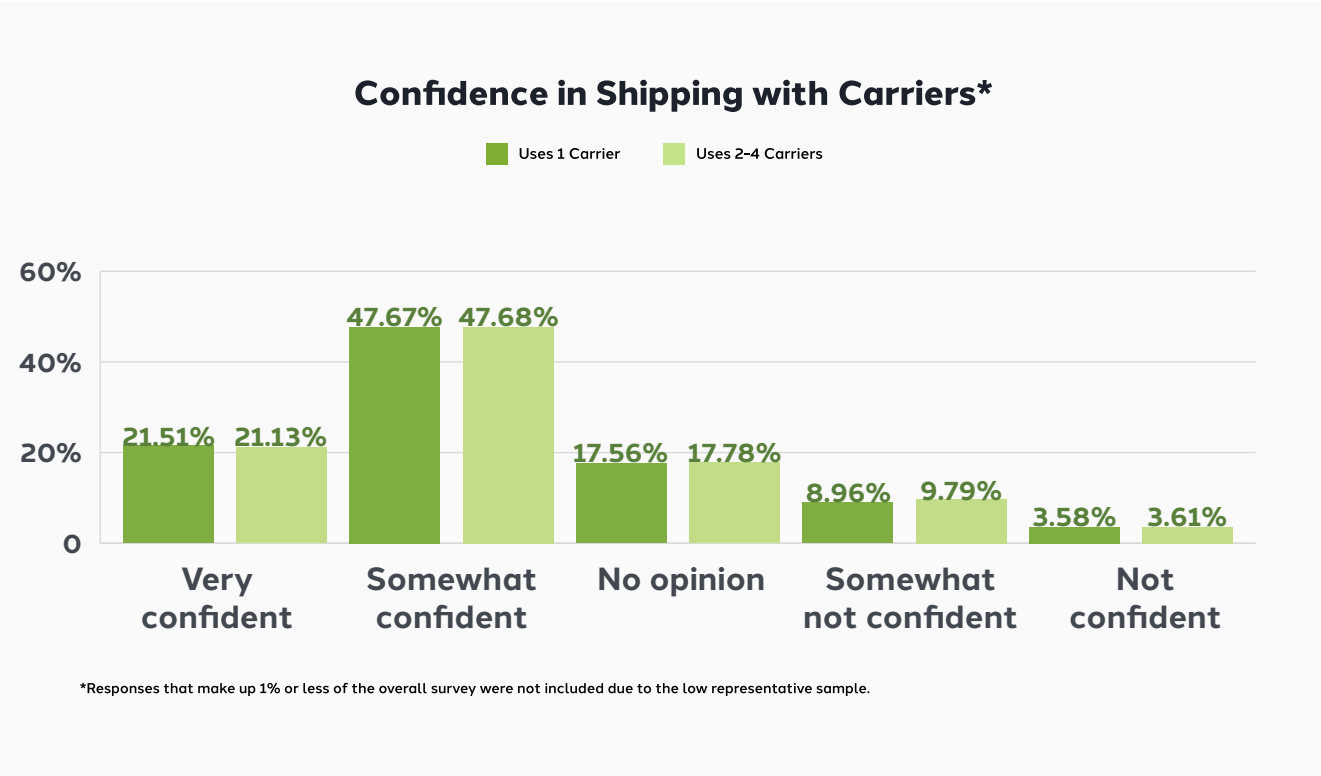
Leveraging More Carriers Does Not Impact Your Confidence Level

More businesses have a multi-carrier approach: 57.7 percent say they use 2-4 carriers while 41.7 percent say they use just one.

Most surprisingly: using more carriers does not impact your confidence in your shipping operation. Across the board, the confidence level was almost the exact same whether you used one or more carriers.

How many carriers do you work with?

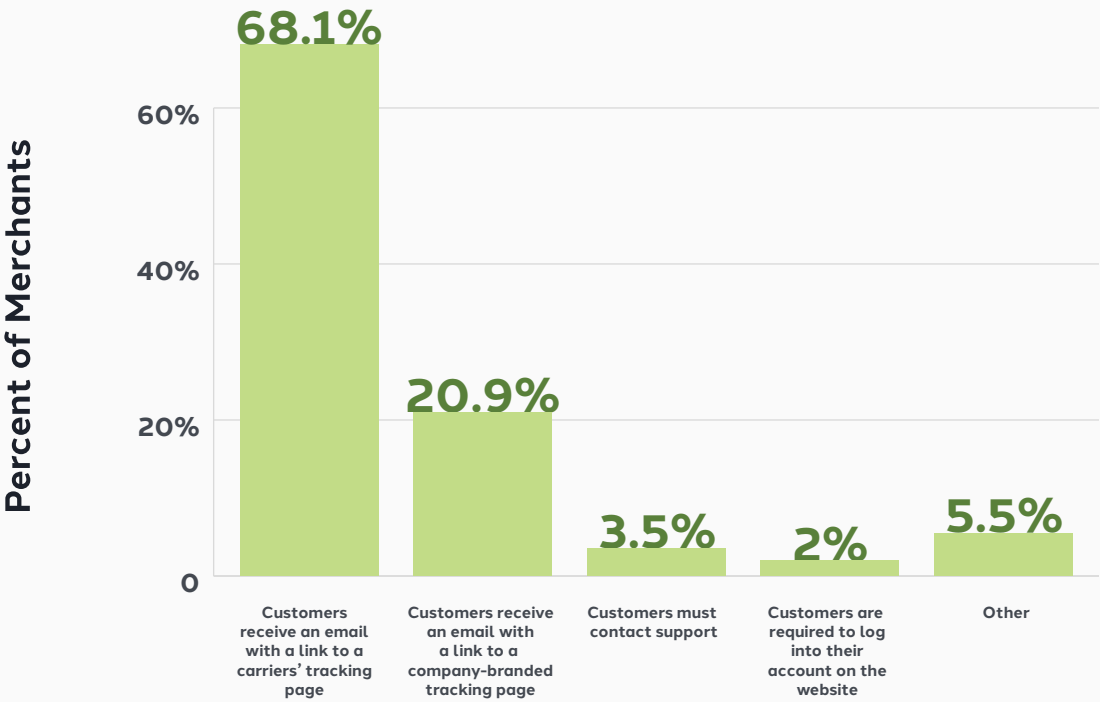




Most Businesses Share Carrier Tracking Pages

More than two thirds of e-commerce businesses share the carriers' tracking page with customers. And, 20.9 percent share a company-branded tracking page, jumping on the chance to get in front of engaged customers with offers, new products, and a consistent brand.

How do you provide customers with tracking information?





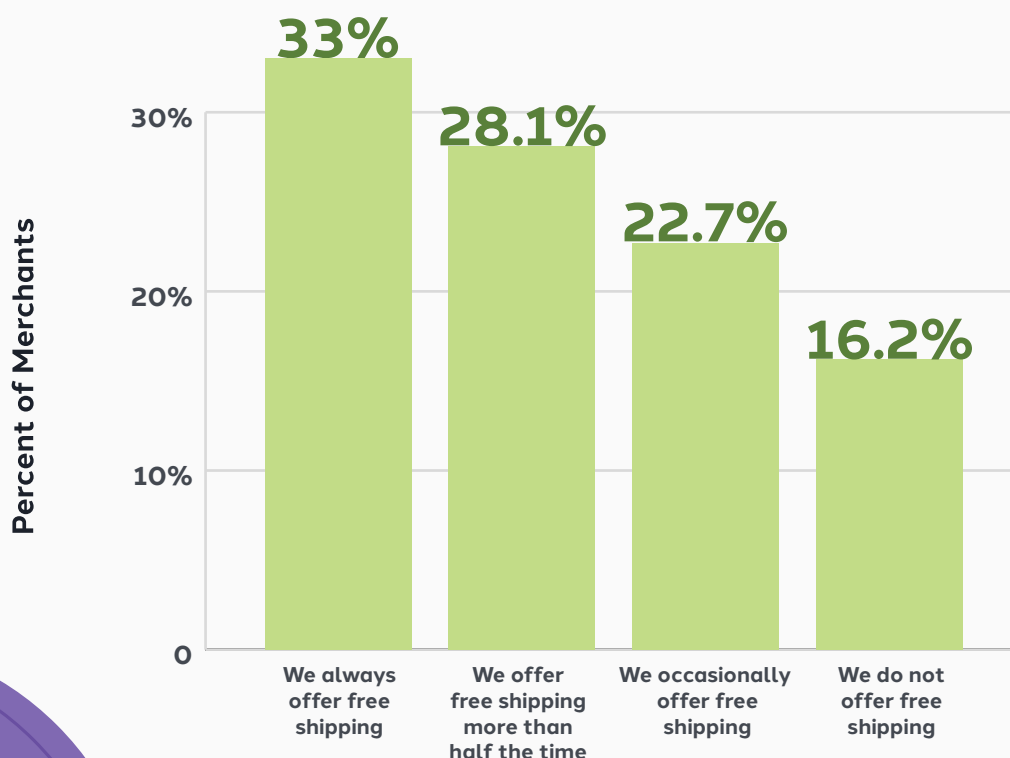
The Checkout Experience

Shoppers Prefer Free Shipping, But Don't Require It

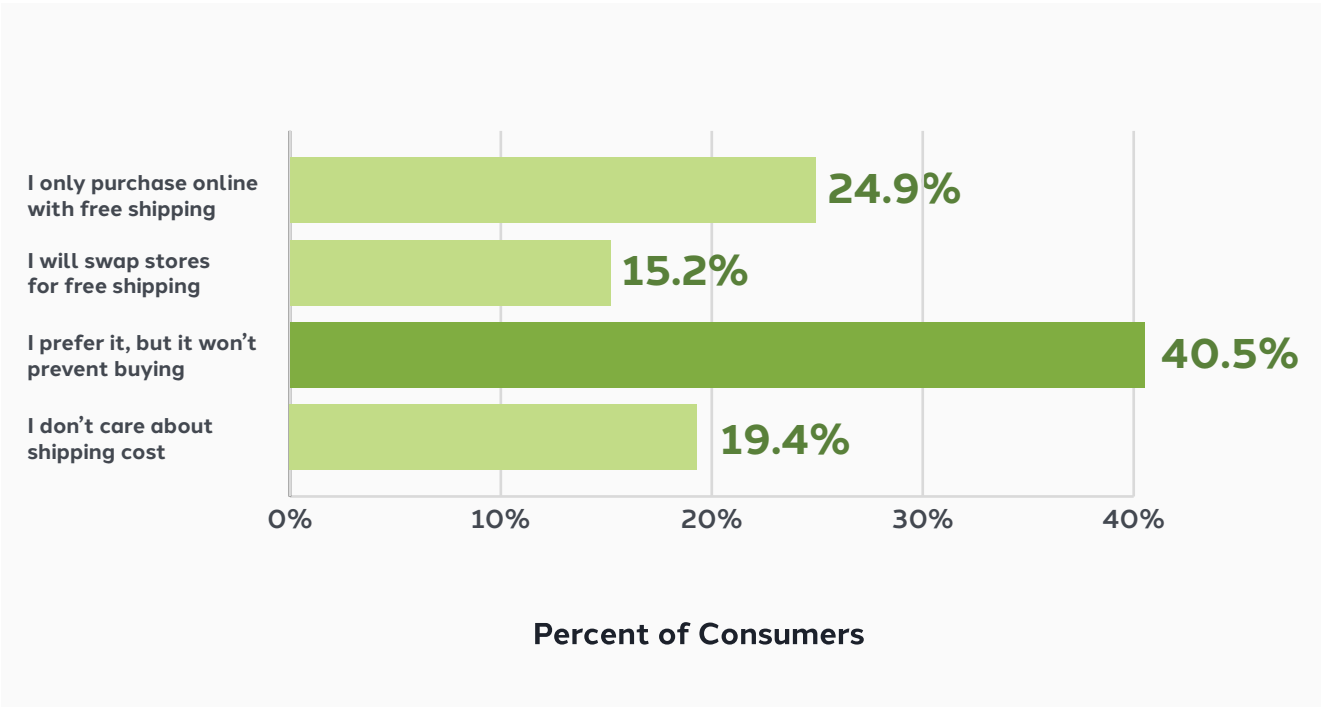
Free shipping has become the gold standard in e-commerce (thanks, Amazon). But, does it actually impact purchases? Free shipping is offered at least some of the time (if not more) for 83.8 percent of e-commerce businesses, and for good reason: only 19.4 percent of consumers don't care about shipping cost.

But, there's a lot of grey area when it comes to free shipping that can play in businesses' favor. For example, 40.5 percent of shoppers say they prefer free shipping, but it won't prevent buying.

Merchants respond: do you offer free shipping?



Consumers respond: how does free shipping most often affect your online purchasing decisions?

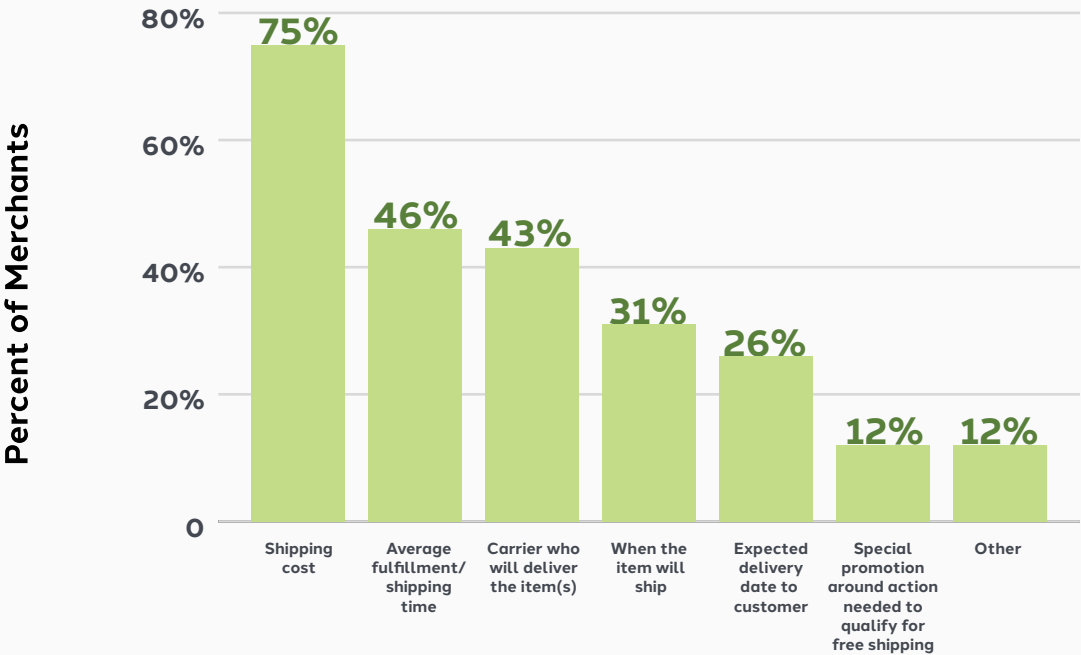


Consumers Seek Delivery Date More Often Than Shipping Cost

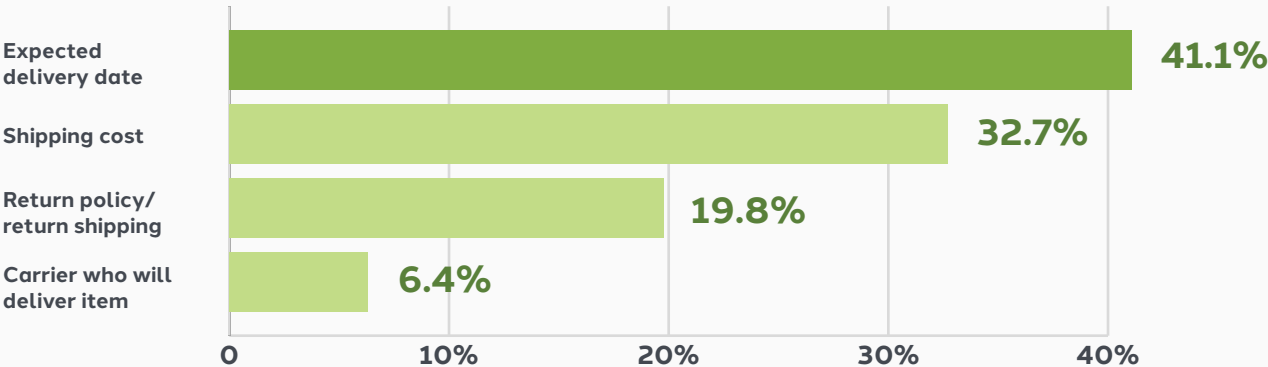
In a surprising turn, 41.1 percent of consumers said the most important thing they look for on the product page is expected delivery date. This surpassed shipping cost, which was selected by 32.7 shoppers.

From the businesses' perspective, only 26 percent of SMBs provide the expected delivery date at checkout. More popular is 3 in 4 businesses including shipping cost.

**Merchants respond: what information is provided on the product page and/or checkout page?
Check all that apply.**



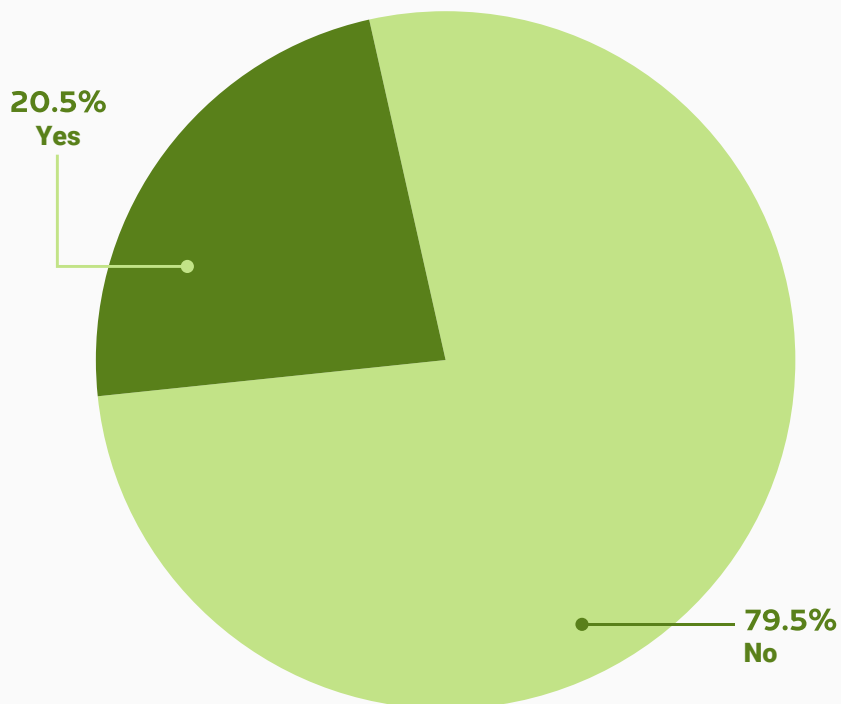
Consumers respond: what information is the most important on the product page?



Most Merchants are Not Running Shipping-related Tests

A mere 20.5 percent of businesses have run a shipping-related test in the last year (for example, testing a free shipping minimum cart size, testing more options at checkout, etc.).

Have you run any shipping-related tests in the last year?



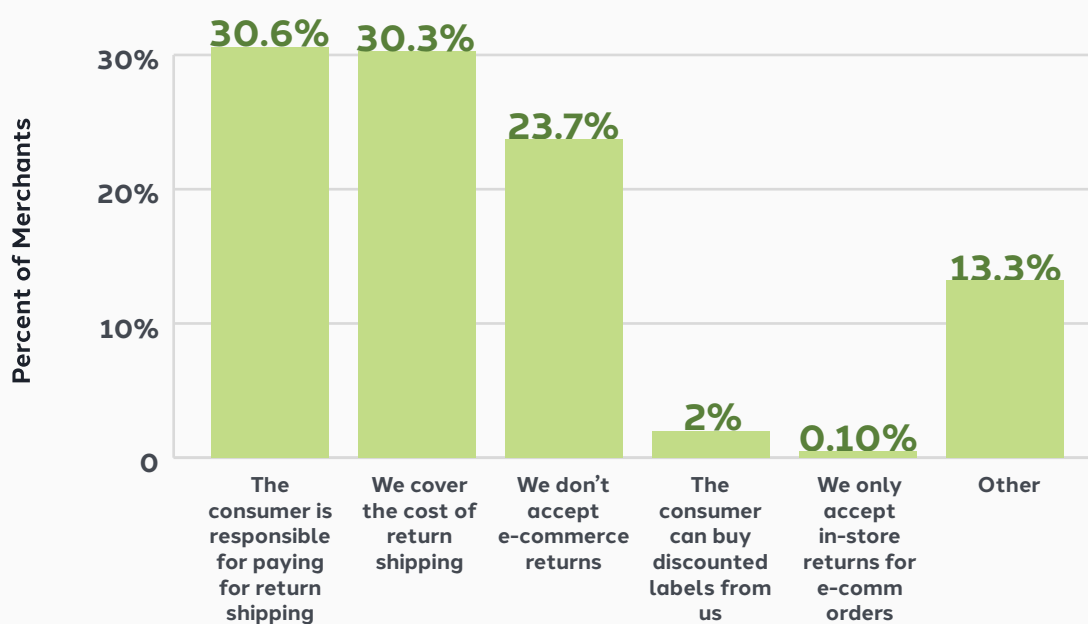


Returns as a Growth Driver

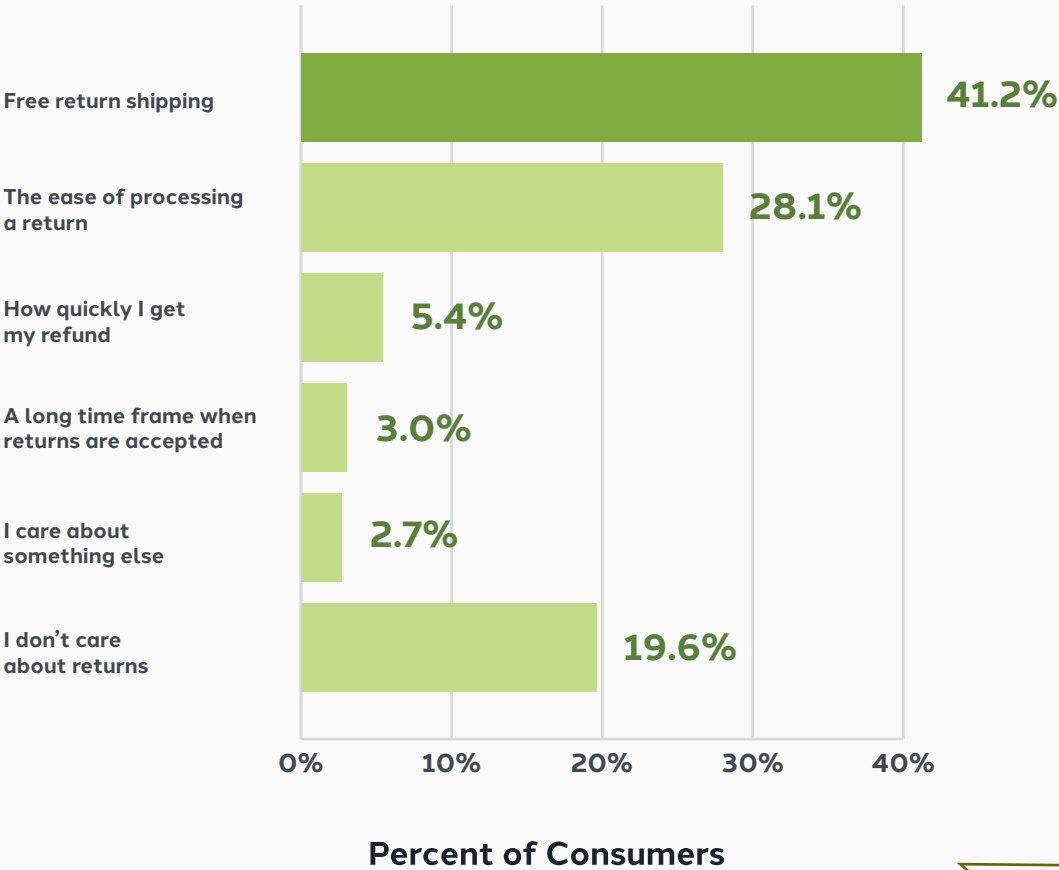
Free Return Shipping Valued by Consumers

Free return shipping is the most important aspect of returning an online purchase for 41.2 percent of consumers. Less than one third of businesses are meeting that need, while another one third makes the customer pay for return shipping.

Merchants respond: who pays for return shipping?



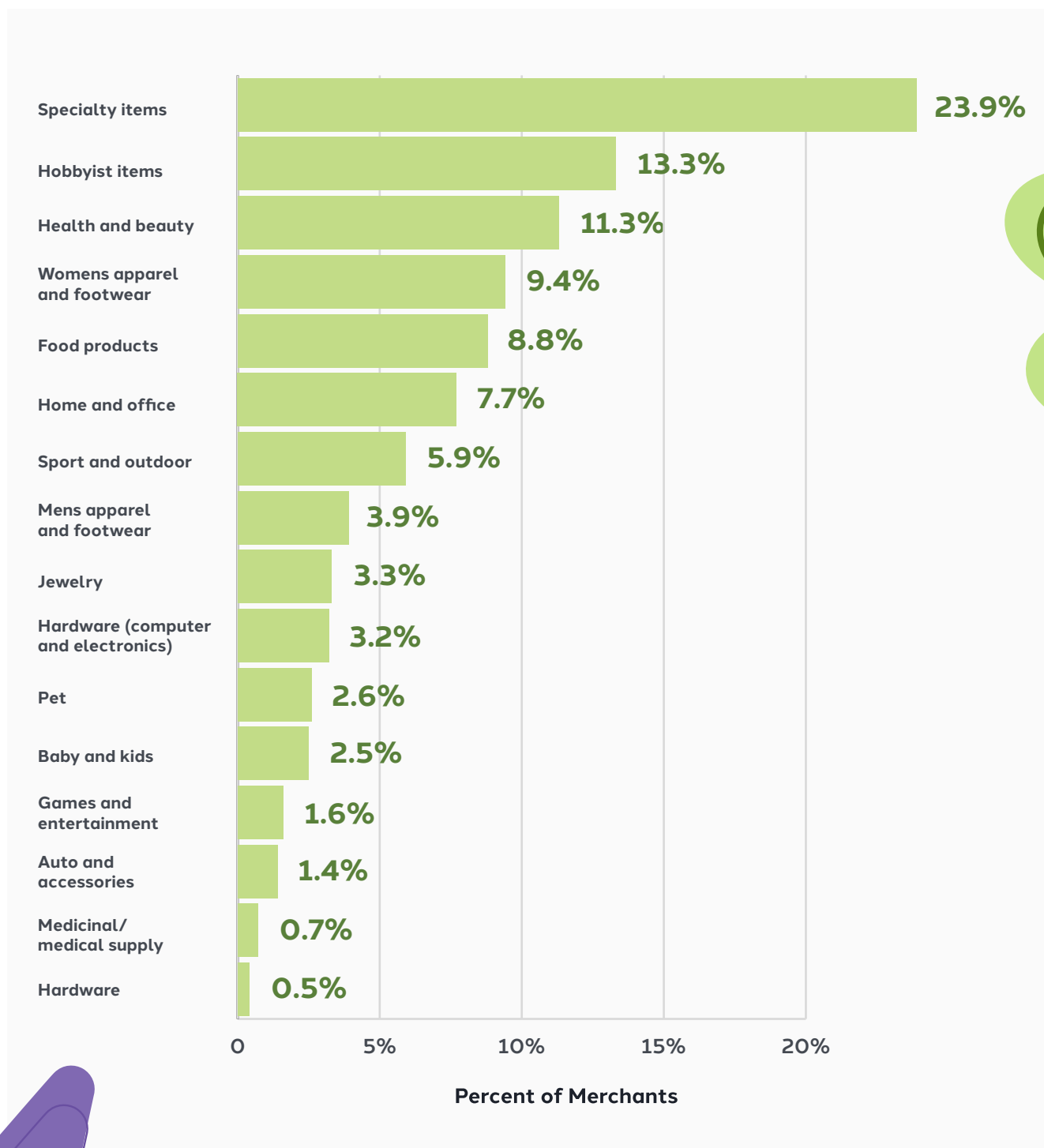
Consumers respond: which of the following is most important when it comes to returning an item you bought online?



About the Survey

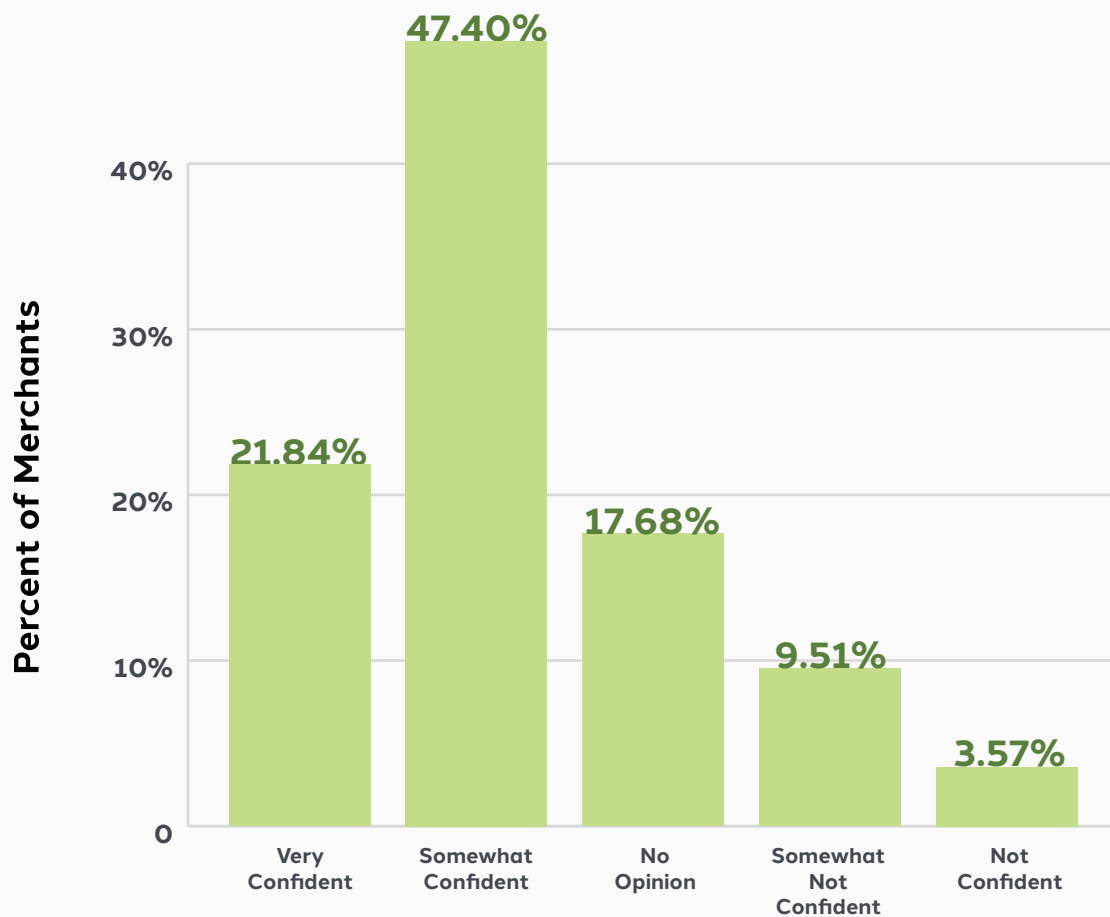
Merchant data is based on responses from 704 e-commerce merchants that use Shippo's platform. Consumer data is based on responses from 500 e-commerce shoppers and was gathered by a third-party survey platform. Both sets of data were collected in October 2020.

Merchants respond: which best describes your online retail store?





Merchants respond: how confident are you in your current shipping operations and strategy (how your business stacks up compared to competitors, the efficiency of your process, customer satisfaction with shipping, whether or not you feel confident that you are minimizing costs as best as possible)?







About Shippo

Everything You Need for E-commerce Shipping in One Easy-to-use Platform

Shippo is the leading shipping platform for modern e-commerce. With Shippo, growing businesses get everything they need to manage shipping for every sales channel, including rate comparison, label generation, tracking, returns, insurance and much more, all in a single platform. Plus, with Shippo you get instant access to the absolute best rates from top carriers like USPS, UPS, and DHL, regardless of your volume.

Using Shippo is completely free and requires no coding, integration work, or technical expertise. You've got nothing to lose and plenty of time and money to save. Learn more at www.goshippo.com or get in touch with us directly for a free shipping consultation or demo at sales@goshippo.com.





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