

# 2021

## State of Shipping Report



shippo

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# Foreword

While 2020 consisted of drastic upheavals triggered by the global COVID-19 pandemic, 2021 taught us how to get comfortable in the face of uncertainty and change. The e-commerce industry felt reverberations in the form of shifting consumer habits, inventory shortages, and logistical challenges that will likely spill over into next year and beyond.

With these changes and challenges in mind, Shippo launched a survey to gauge how merchants and consumers alike are responding to e-commerce shipping and fulfillment trends today. Our 2021 State of Shipping Report reveals the biggest takeaways from the survey, including holiday shopping trends, fulfillment norms, and how merchants are working to meet consumer expectations in a post-pandemic world.

- It's anticipated that e-commerce spending will top [\\$1 trillion in 2022.](#)
- [54% of consumers](#) now prefer browsing for new products online rather than in-store.
- Global delivery volume during this year's [peak holiday season could rise 10.7%](#) from 2020.
- Over [80% of people bought a different brand](#) than their go-to in the summer of 2021, with out-of-stock products (51%) as a motivating factor.
- Industry experts believe high ocean shipping costs and congestion [could continue into 2023.](#)



## Holiday Shipping: Retailers Feel the Crunch, but Remain Optimistic

We asked merchants what keeps them up at night when it comes to readying their businesses for the 2021 holiday season, and the word most commonly used throughout the responses was “shipping.” Answers varied from delivery times and delays to cost and carriers, showcasing how shipping-related challenges are top-of-mind for retailers this year.



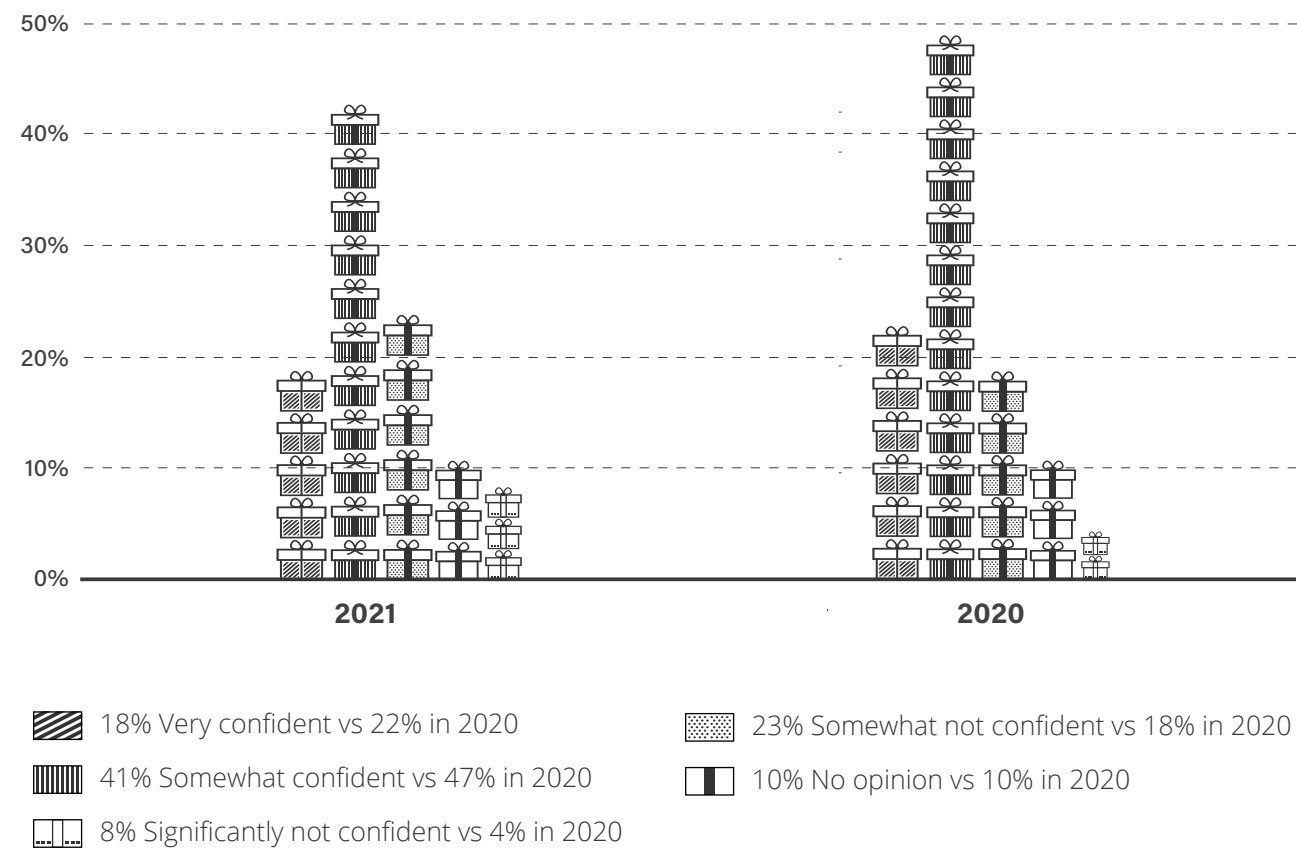
### 23% of merchants

mentioned “Shipping” as a response to the question “What keeps you up at night when it comes to readying your business for the 2021 holiday season?”

Compared to last year, retailers are feeling slightly less confident overall in carriers’ ability to keep up with booming demand during the 2021 holiday season. While the results do show that most merchants remain optimistic, the modest year-over-year decline in confidence overall paints a picture of how the logistical challenges of last year’s holiday and throughout 2021 have impacted e-commerce businesses and their shipping operations.



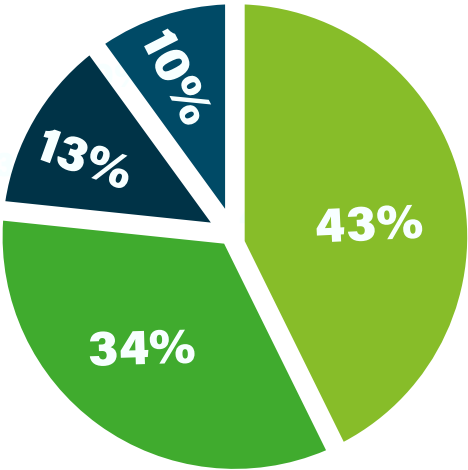
Merchants Respond: How confident are you that the carriers you use for shipping will keep up with demand amid the holiday season?



Adding even more pressure to this year’s holiday shipping crunch, **over one-third of holiday shoppers say they’ll move to purchasing more gifts online**, even as COVID-related restrictions have subsided and more physical stores remain open this year.

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

- Won’t change their shopping habits
- Will do more online shopping
- Don’t shop for the holidays
- Will do less online shopping



## The Ongoing Effects of an Evolving Pandemic

The COVID-19 pandemic continues to impact e-commerce on both sides of the coin — over half of consumers we surveyed are shopping online more, while retailers contend with logistical challenges such as package delays that arose from increased demand combined with other factors such as labor shortages. One notable shift between 2020 and 2021, however, was the percentage of merchants who say the pandemic has resulted in a disrupted supply chain, up a full 26% from last year's survey.

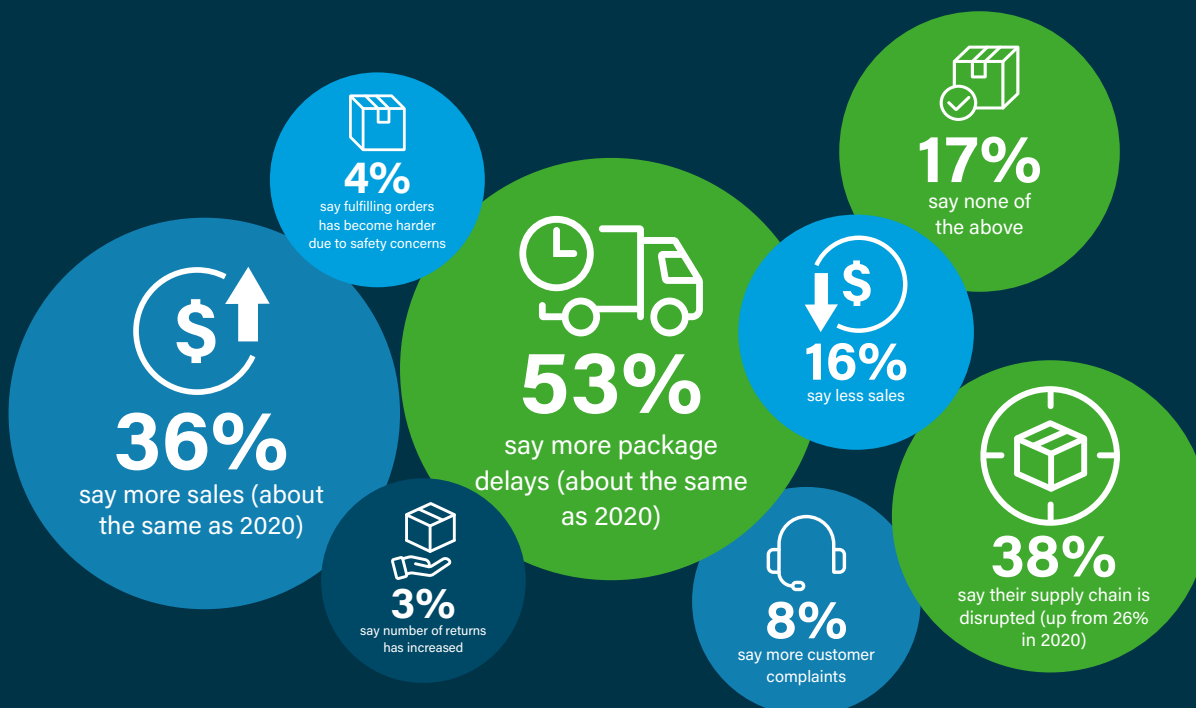
**+ 50%**

of consumers surveyed  
are shopping online more

**26%**

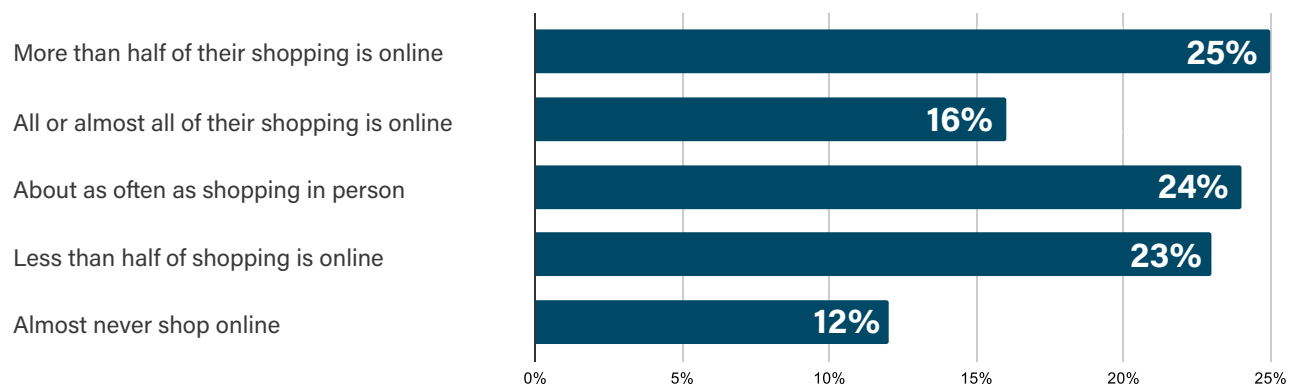
of merchants say the pandemic has  
resulted in a disrupted supply chain

### Merchants Respond: How has the evolving COVID-19 pandemic impacted your shipping operations?

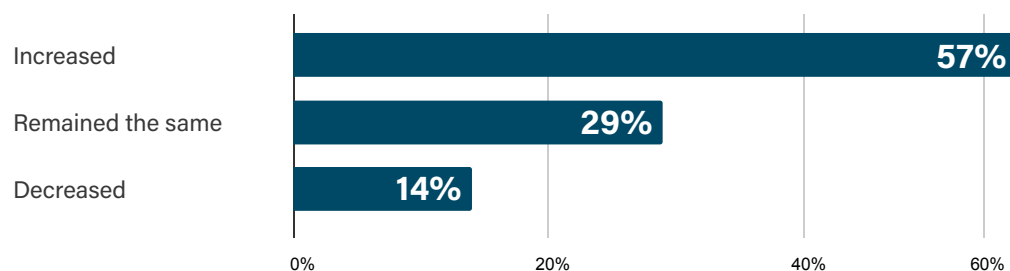


**“ 41% of consumers shop online more than in person ”**

Consumers Respond: How often do you shop online?



Consumers Respond: Over the course of the COVID-19 pandemic, my online shopping habits have:



## The Business Impact of Shipping

We asked merchants which words come to mind when they think about shipping in 2021, and the answers reflected similar themes to what we saw throughout the rest of the survey results: when it comes to shipping, cost and delays are top of mind for e-commerce retailers.

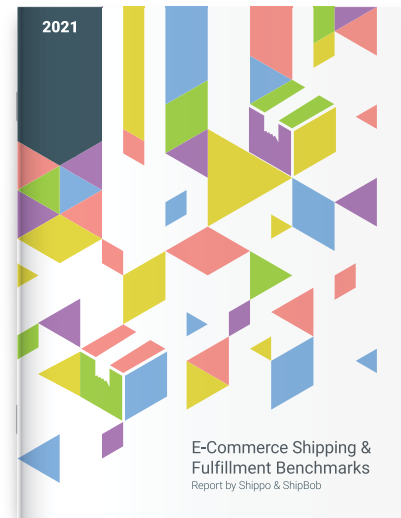
**Merchants Respond: What words come to mind when you think of shipping in 2021?**

**14%**

of merchants replied  
with the word "Cost"

**11%**

of merchants replied  
with the word "Delay"



**DOWNLOAD**

Over half of our respondents identified the cost of shipping as the biggest challenge for their business, and carrier reliability came in as the second biggest challenge for e-commerce retailers (13%). Over half also responded that their business' shipping spend falls between 6-15% of the total order value. This aligns with our [E-Commerce Shipping & Fulfillment Benchmarks Report](#) published earlier this year, which found that on average, merchants across categories spend 12% on shipping.

**+ 50%**

identified the cost of shipping  
as the biggest challenge for  
their business

**13%**

identified carrier reliability  
as the biggest challenge  
for their business

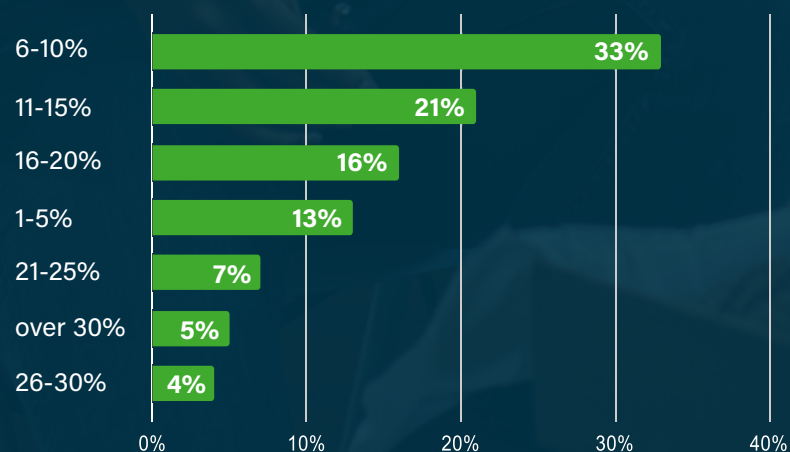
**12%**

on average spent  
by merchants on  
shipping





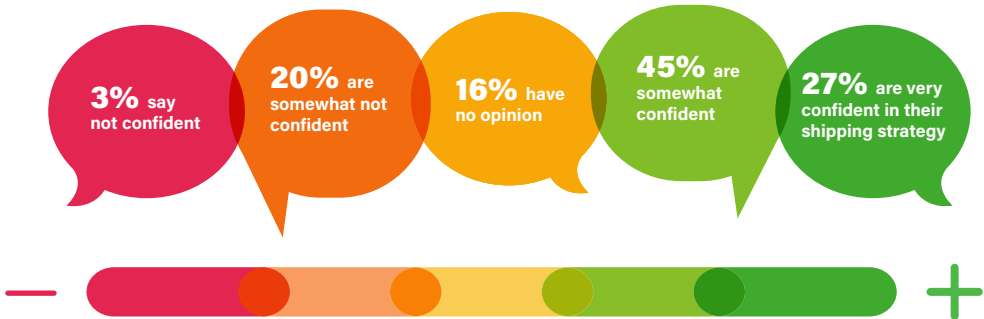
**Merchants Respond:** As a percentage of the total order value, roughly how much does your business spend on shipping?





Despite these pressing challenges, businesses are feeling mostly good about their shipping operations: 44.7% report being somewhat confident in their operations, and 26.9% say they are very confident. As more and better technologies and integrations emerge to simplify and streamline the end-to-end fulfillment process, we can only expect that confidence will grow in parallel with adoption.

Merchants Respond: How confident are you in your current shipping operations and strategy?





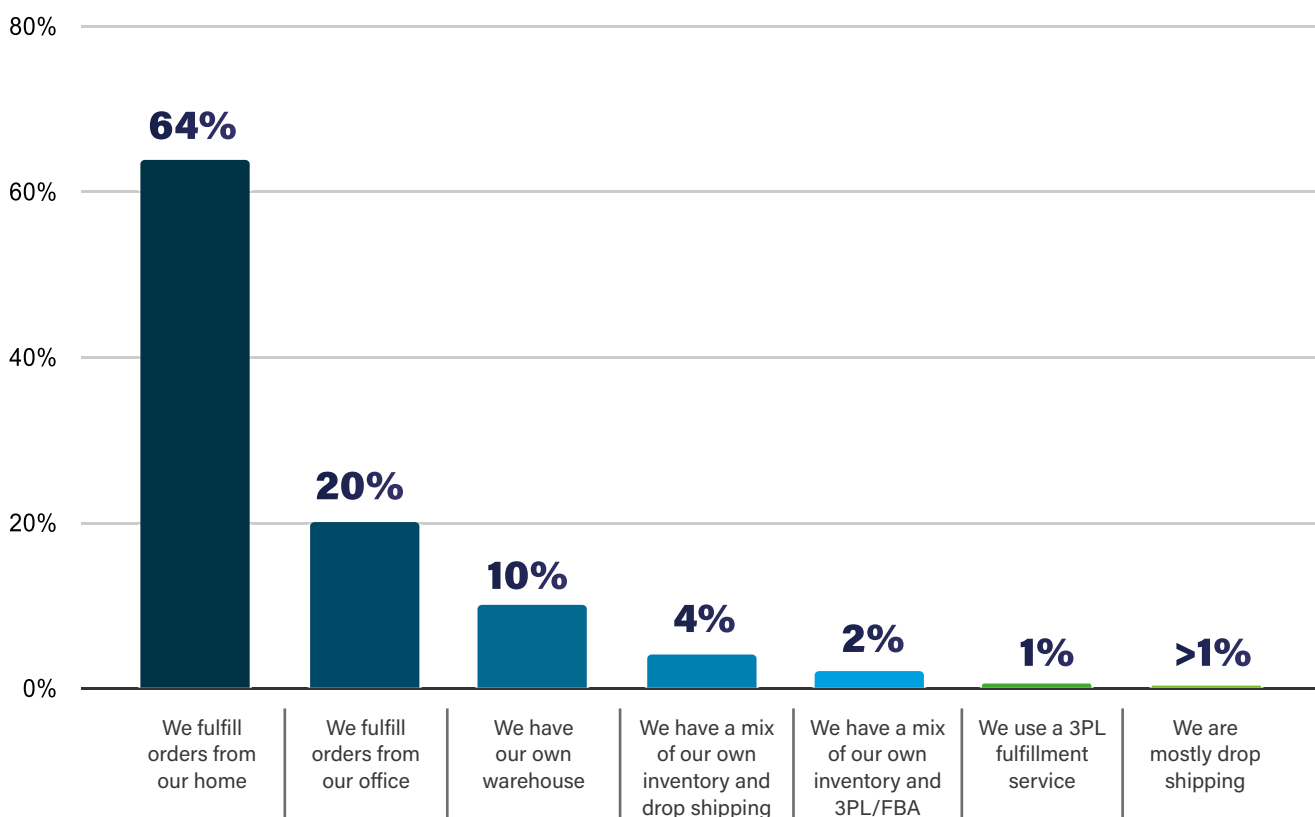


## E-Commerce Fulfillment Trends

Digging into the nitty gritty of operations, we found some interesting trends that speak to how retailer decisions impact today's customer experience, and leave room for continuous improvement as supply chain and carrier disruptions present challenges beyond the holidays.

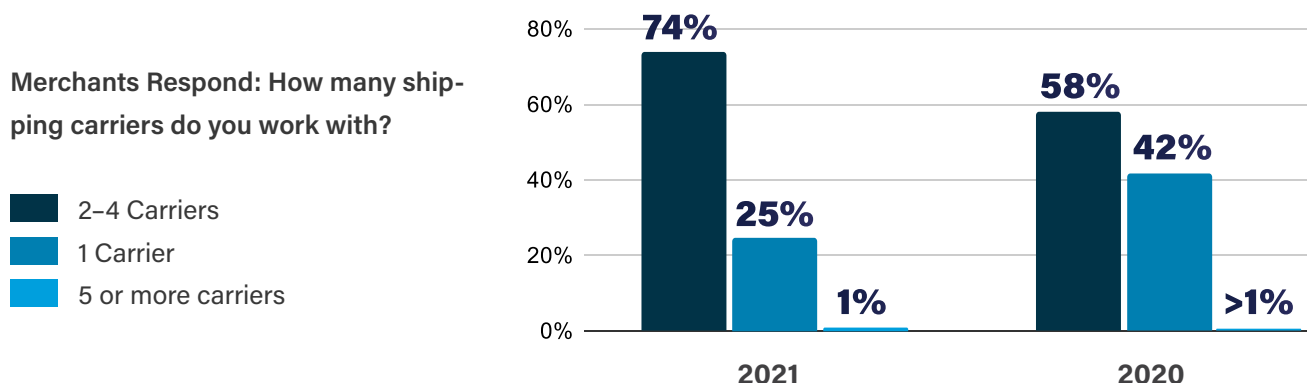
Our survey shows there's plenty of room for retailers to grow: Over three-quarters of merchants surveyed fulfill e-commerce orders from a home or office, while just 10% fulfill from their own warehouse space, and 5.7% rely on a mix of their own inventory plus drop shipping or a third-party fulfillment service. As retailers expand their businesses beyond homegrown operations and continue diversifying fulfillment, it's crucial to understand where the scalable opportunities lie in their workflows.

### Merchants Respond: What most closely describes your fulfillment operation?



Likely a result of delays and other disruptions that occurred over the 2020 holiday season and spilled into 2021, retailers this year have expanded to more carrier relationships and diversified their go-to mix.

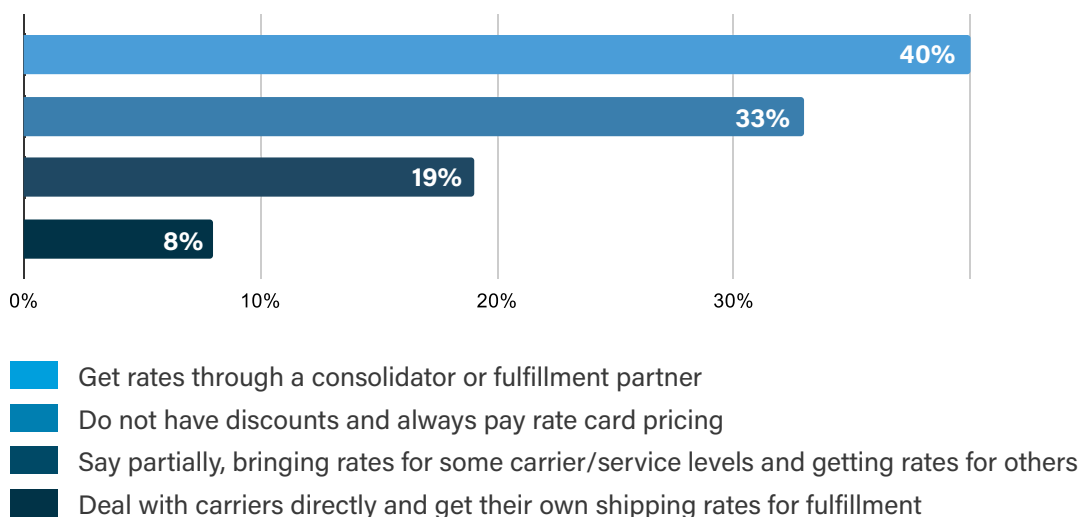
#### Merchants Respond: How many shipping carriers do you work with?



We believe this upwards trend will only continue through 2022. Having a carrier contingency plan in place has become critical in the face of ever-rising demand and fulfillment resources stretched thin.

While a whopping one-third of e-commerce merchants pay full rate card pricing every time they ship an order, 60% get rates through a consolidator or fulfillment partner at least some of the time, and just 7.8% negotiate rates directly with carriers.

#### Merchants Respond: Do you have your own negotiated shipping contracts with carriers?

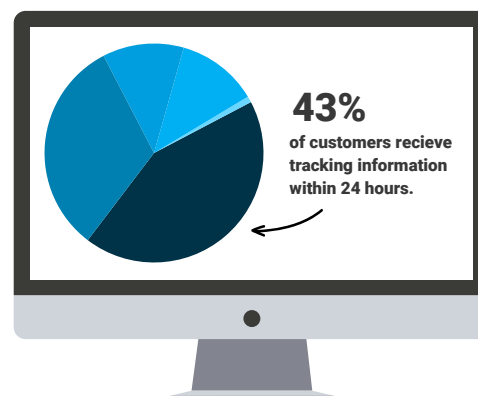
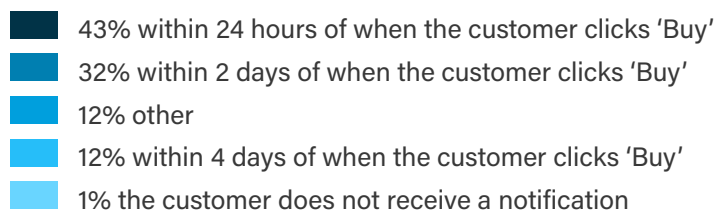


For the 57.5% of merchants who said that shipping cost was the biggest challenge to their business in 2021, accessing discounted rates either through direct negotiations or a partner offers an opportunity to save money on label purchases.

When a customer makes a purchase, how soon afterwards are merchants fulfilling those orders and communicating delivery expectations? It turns out merchants are pretty on top of their e-commerce fulfillment game when it comes to timelines, with over 7 out of 10 handling fulfillment within 2 days at most.

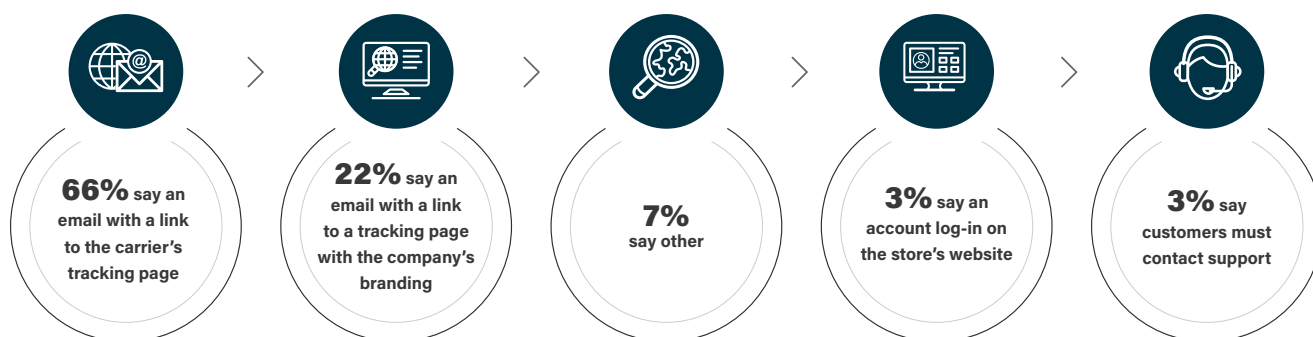


### Merchants Respond: How quickly do you fulfill orders and let customers know that their shipment is on the way?



There is, however, room for improvement in how merchants are communicating delivery expectations — only 22% currently send customers to a branded order tracking page, while 65.6% send their customer directly to the carrier's tracking page. A customized tracking page offers merchants an additional opportunity to stay top of mind by extending their unique brand experience throughout the entire e-commerce journey instead of directing customers away to a third party.

### Merchants Respond: How do you provide customers with tracking information?



It's also important to note that quicker order fulfillment could serve as a differentiator for your brand, especially when considering that only 31% of merchants surveyed offer the option for weekend delivery. When compared to retail giants — such as Amazon — that offer fast and free shipping across the board, this undoubtedly puts smaller e-commerce businesses at a disadvantage. Small operational tweaks such as speeding up fulfillment can really impact your customer's experience and enable you to better meet lofty expectations.

### Merchants Respond: Do you offer a shipping service level with weekend delivery?



Offering Choice at Checkout

# Lower Cost SHIPPING



Merchants Respond: Do more customers opt for faster, lower cost, or free shipping options?

**49%**  
Say Lower  
Cost Shipping

**40%**  
Say Free  
Shipping

**11%**  
Say Faster  
Shipping

Both surveys show that a low cost of shipping matters more to consumers than getting items delivered quickly.



Consumers Respond: When given the choice, do you prefer free or faster shipping?

**83%**  
Say Free  
Shipping

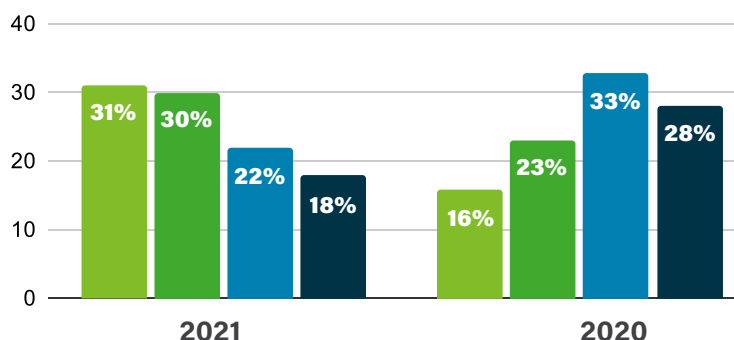
**17%**  
Say Faster  
Shipping

# FREE SHIPPING

Interestingly, however, when asked whether or not they offer free shipping, 31% of merchants do not offer free shipping, while just 21.5% always offer free shipping. Overall, the responses have almost flip-flopped from what we saw in 2020:

## Merchants Respond: Do you offer free shipping?

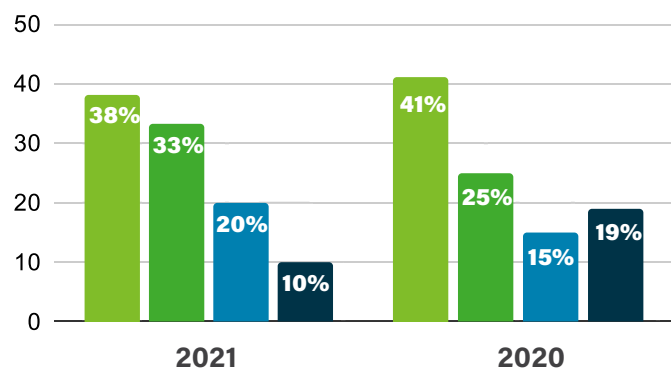
- Do not offer free shipping
- Occasionally offer free shipping
- Always offer free shipping
- Offer free shipping most of the time



Consumer responses, on the other hand, tell us that when it comes to reality vs expectations, retailers may not be hitting the mark, and may want to rethink when, how, and even if they should offer free shipping at checkout.

## Consumers Respond: How does free shipping most often impact online purchasing decisions?

- Prefer it, but it won't prevent buying
- Only purchase online w/ free shipping
- Swap stores for free shipping
- Don't care about shipping cost



Shipping cost matters to both retailers and consumers, so finding the right balance between what's best for your business' bottom line and what's best for your customers' wallets is crucial, and offering free shipping at least some of the time can not only help improve cart conversions, but also drive more customer loyalty.

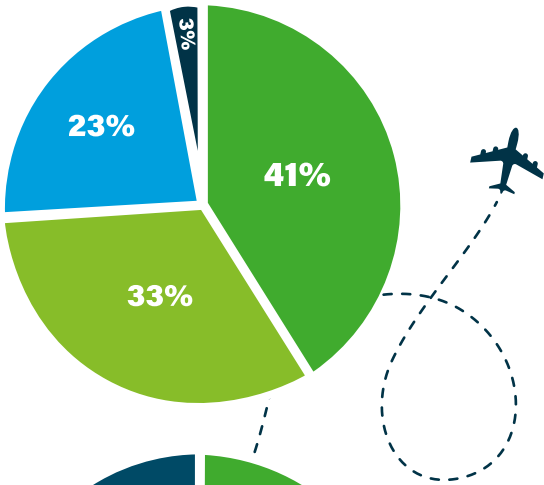




When free shipping isn't an option, however, speed does factor into the equation. Our survey results show that a 2- to 3-day shipping service lands consistently as the sweet spot between cost and speed for consumers. With one-third of retailers opting not to offer any options at checkout, it is worth noting that — as with free shipping — merchant offerings around speed aren't always in line with consumer wants and expectations.

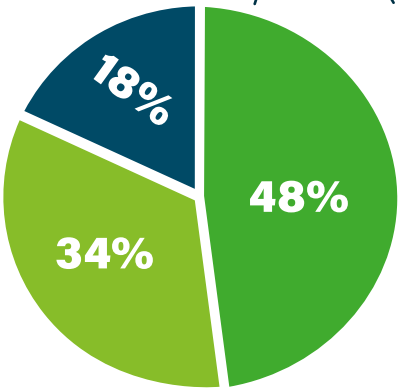
**Merchants Respond: For buyers in the U.S., what is the most commonly-purchased shipping service level?**

- 2 to 3-day service
- Don't offer options
- 4 to 7-day service
- Same or next-day delivery

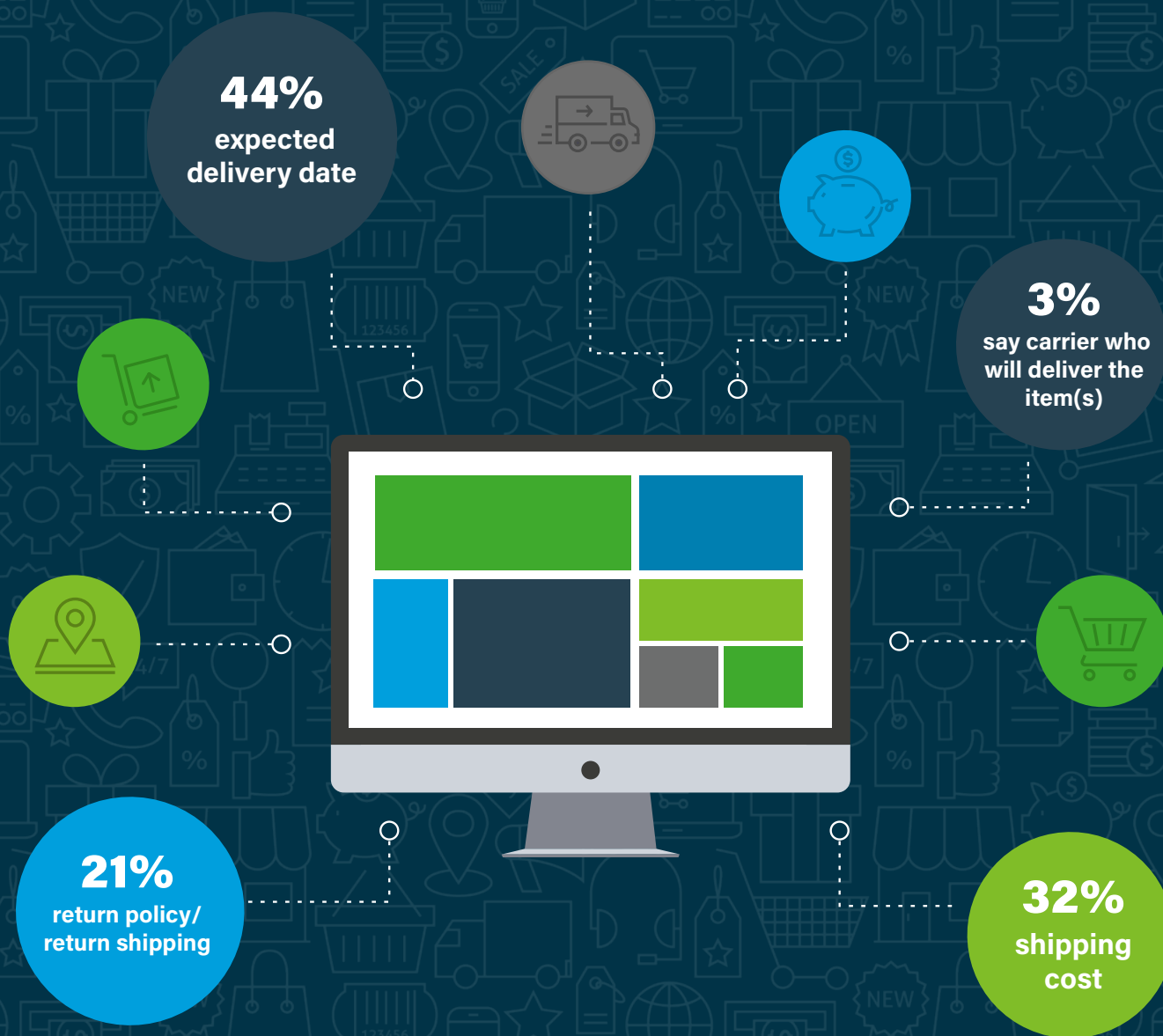


**Consumers Respond: What is your preferred shipping speed when you buy item(s) online?**

- 2 to 3-day service
- 4 to 7-day service
- Same or next-day delivery



## Consumers Respond: What information is most important to see on the product page?



No matter which shipping services you do have on offer, upfront and clear communication about your e-commerce fulfillment experience can help inspire more confident purchases: over one-third of customers want to see the expected delivery date on product pages, 32% want to see shipping costs, and 21% want to see return policy and shipping information.

## Returns

E-commerce returns will inevitably follow e-commerce purchases — in 2020 alone, [consumers returned \\$428 billion](#) worth of products. A continuation of pandemic-inspired shopping habits, including the rise of trends such as bracket buying (i.e., buying multiples of the same item in different sizes, colors, etc. with the intention of returning at least some of them) mean e-commerce returns aren't going anywhere. As with shipping, it's important to strike a balance between what's best for your business and what your customers want from the world of e-commerce today, so you can cut costs and optimize spend while also surpassing expectations and encouraging more sales.

While a subpar returns experience can negatively impact a customer's perception of your brand, providing a consumer-friendly return policy can help set your e-commerce business apart from the competition, inspiring more online purchases and earning you more fans. [Data shows](#) that 67% of shoppers check a merchant's return policy before making a purchase, and 92% will buy from the brand again if it's easy to make a return.

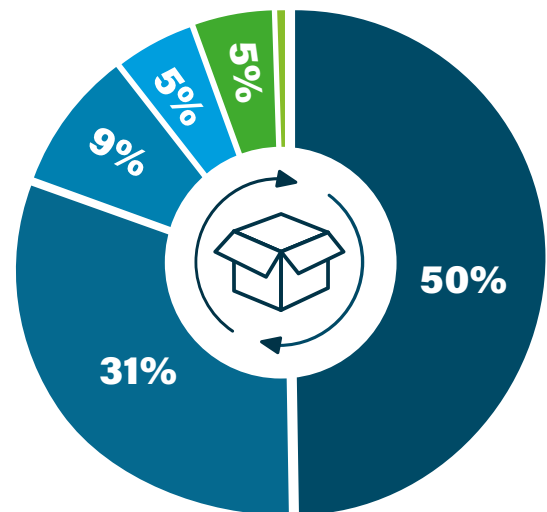
What do consumers want when it comes to returns? **Half (50%) of the consumers we surveyed said free returns are most important to them, while 31% prefer an easy returns experience.**



Consumers Respond: What's most important to you when it comes to returning an item you bought online?

**50%** | **free return shipping**

- The ease of processing a return
- They don't care about returns
- Long time frame when returns are accepted
- Quickly they get a refund
- Other



HOW ARE TODAY'S MERCHANTS MANAGING E-COMMERCE RETURNS IN COMPARISON TO THOSE CONSUMER NEEDS?

**Merchants Respond: How do you handle return shipping?**

**51%**

say the customer contacts the team to request a return label

**26%**

say they don't accept e-commerce returns

**18%**

say other

**4%**

say they include a return label in the box

**2%**

say the customer must return the item in-store

Merchants Respond: Who pays for return shipping?

**32%**

Merchants cover the cost of shipping

**31%**

Consumer is responsible for paying for return shipping

**21%**

Merchants don't accept e-commerce returns.

**14%**

Other

**3%**

Consumer can buy a discounted return label from them

**>1%**

Merchants only accept In-store returns for e-commerce orders.





Over one-quarter of merchants said they don't even offer the option to return an item purchased online, a policy that could alienate customers before they ever make a purchase. Over half say a customer needs to contact the team to request a return label and send an item back, while only 3.5% include a return label in every box. Despite representing such a small percentage of respondents, this option can provide customers a more positive end-to-end online shopping experience overall. Merchants who go this route are only charged if the return label is actually scanned, so it's a great way to simplify the process for customers while also mitigating risk.

As far as covering the cost of return shipping, merchants seem to be fairly split on who should pay — 31.5% cover the cost themselves, while 30.9% require the customer to foot the bill. **With almost half of consumers saying free shipping is most important when it comes to returns, however, merchants who do charge customers for return shipping might want to reconsider their policies if it means losing out to those who offer free return shipping.**

## Conclusion

This year certainly challenged retailers of all sizes to revisit their online selling strategies as consumer behaviors shifted and logistical issues loomed.

As we move towards the start of 2022 and into the new year, it's crucial that e-commerce merchants feel equipped to meet today's consumer expectations, while simultaneously making business decisions that help them stay ahead of supply chain disruptions and carrier delays, and save on fulfillment costs. Savings strategies that jeopardize the customer's experience can end up costing retailers more in the end, while those who strike the right balance will come out on top.

The state of e-commerce shipping in 2021 is neither simple nor straightforward, but by better understanding evolving consumer and merchant trends, today's online retailers can learn how to solve these pressing challenges and grow their businesses into the future.

## About the Survey

Merchant data is based on survey responses collected through email from 814 e-commerce merchants spanning multiple retail categories, including apparel, food products, jewelry, and electronics. Consumer data is based on responses from 1,001 US-based e-commerce shoppers and was gathered by a third-party survey platform. Both sets of data were collected from September 14-October 6, 2021.

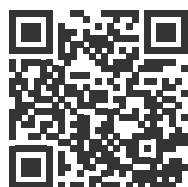


## About Shippo

E-commerce is complex. Shipping doesn't have to be. Shippo helps you grow your business by integrating with your workflows, providing experienced support, and connecting you with easy access to the best rates at the most carriers.

- **Easy access to the best rates on the most carriers** - Access over 85 carriers worldwide and best rates at each, including regional carriers others cannot provide.
- **The end-to-end shipping platform for every business** - Make shipping a seamless part of your business - connect your e-commerce platform or build our implementation-ready API directly into your workflow, fulfill orders quickly with smart defaults and configurable automations, and gain insights that help you ship smarter with analytics and reporting.
- **Support every step of the way** - Go with confidence thanks to our experienced customer support, implementation and success teams. We have the shipping knowledge to get you started quickly and keep you up and running consistently.
- **Grow into the future with Shippo** - You will only ship more tomorrow. Shippo is there for you with 99.99% uptime, a modern tech stack, and all the features you need to create a greater brand connection to your customers and scale to match your highest ambitions.

Just like our 100,000+ customers, Shippo can help you grow into the future with confidence.



**SCAN HERE TO GET STARTED TODAY**

Connect to 85+  
global carriers.

**Save up  
to 90%**  
on shipping costs.

Sign up Free and Save







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