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Retailers refine multi-channel delivery options

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Online retailers are refining their delivery options with lower standard charges offset by increases for premium service, a survey by multi-channel logistics operator iForce suggests.

The research carried out at the beginning of April follows a similar survey in October 2009 which found the majority of online retailers had yet to embrace the need to offer a variety of delivery options to improve their customer proposition.

It found that eight per cent more retailers now offer Saturday and Named-Day options, while the average standard delivery charge has been reduced by nine per cent to £3.52. However Next-Day charges have increased by nine per cent to £6.48.

More online retailers are using free delivery as an incentive for customers to increase their order value but minimum order values are increasing by 18.5 per cent when compared to October 2009;

In addition, cut off times for placing an order, especially for 'Next Day' deliveries are migrating to later in the day, which is positive news for consumers.

There was a fall in evening deliveries while all other types of deliveries are now offered by more online retailers.

Geoff Taylor, Director of Client Services at iForce, said: "This is could be due to either to low consumer take up or prohibitive cost to serve," he said. "Neither of these issues should, however, deter retailers focused on consumer satisfaction from offering evening deliveries."

The number of retailers offering free carriage over an order value threshold has jumped from 10 per cent to 35 per cent. However, the average order value at which this threshold kicks in has risen from £66 to £81.

"Imposing high qualifying criteria could have a negative impact in overall sales growth under this incentive," said Taylor.

This increase in the minimum order value for free delivery is coupled with a 9 per cent increase in the average cost of 'Next Day' delivery. "This is surprising during a time of low inflation and poor retail sales," said Taylor. "Neither of these pricing decisions will contribute to the argument in favour of the expansion of on-line retailing."

