State of Shipping Report 2024

An in-depth assessment of the evolving landscape of fulfilment, shipping, and delivery in the retail sector.

Contents

About this report

Welcome to the 2024 edition of the "State of Shipping Report," an in-depth assessment of the evolving landscape of fulfilment, shipping, and delivery in the retail sector.

As customer expectations for fast and reliable delivery continue to rise, retailers must adapt their logistics strategies to meet these demands. This report offers a comprehensive analysis of current trends, key challenges, and emerging opportunities in shipping and logistics. It also provides actionable insights and recommendations to help retailers optimise their delivery strategies, enhance customer satisfaction, and drive higher customer lifetime value.

Partners

This report has been brought to life in collaboration with industry leaders **humii**, **BigCommerce**, **Fluent Commerce**, and **Brauz**, combining their insights with an extensive State of Shipping Survey to Australian retailers and deep Shippit platform data.

Foreword

Paul Waddy,
Founder and
eCommerce Coach,
Learn eCommerce

Things move quickly in shipping, and never more so than in the last five years.

We've gone from a global pandemic that was predicted to cripple our industry, but instead provided tailwinds that catapulted ecommerce into being possibly the most sought after industry in the world.

We've now got customers who expect faster delivery, more shipping options, and accuracy and clarity over predictable delivery times.

We've got huge global retailers who are changing the expectations of our customers - and we need to keep up.

The anticipation an online shopper feels when waiting for a delivery has been proven to be one of the most emotionally intense moments of an overall shopping experience.

And, whether it be positive or negative, the key factor in customer satisfaction is usually determined by that emotional moment.

In other words, shipping can make or break the customer experience.

I'm pleased to write the foreword for Shippit's State of Shipping Report. As one of the leaders in the shipping industry, Shippit has a wealth of information and experience which has been presented in this valuable report.

The report highlighted for me the importance of online retailers to focus on shipping, whether it be speed, having more options at checkout, providing customers with clear communication along the journey, or all of the above.

Foreword

The last mile is most definitely the key moment of the whole customer experience. Viewing an ad, clicking on a website, adding to cart, and finally checking out, is not where the journey ends. The last mile is an area that needs continued focus.

Predictable analytics have also become key. The customer wants to know how they can get it, who will carry it, where they are, and when they're bringing it - and the good news is, we now have that technology available.

This report is a must-read for online retailers. Shipping isn't an afterthought, it often defines the overall customer experience. This State of Shipping Report gives a fantastic overview of where shipping has evolved, and where we need to focus our efforts to keep up or stay ahead of one of the most important functions within an ecommerce business.

I enjoyed the report, and I know you will too.

– Paul

Paul is a renowned ecommerce advisor with over 15 years of experience. Named Best eCommerce Consultant in APAC by Yotpo in 2024, he authored “Shopify for Dummies,” an Amazon bestseller, and will release “Selling Online for Dummies” in 2024. He chairs the Advisory Board at NORA, serves on the Forbes Advisory Board, and owns Learn eCommerce, a platform for beginners and scaling businesses. Paul has assisted brands like Showpo and Babyboo. In 2022, he co-founded eCom Nation, a digital marketing agency named Australia's Best Digital Marketing Agency in 2024 by NORA.

Executive Summary

Rob Hango-Zada,
Co-founder and
Joint-CEO,
Shippit

Since the COVID-19 pandemic, the retail delivery landscape has transformed dramatically. The macro shifts that occurred during that critical time period have pushed most of the world into a cost-of-living crisis today whilst the expectations and behaviours of consumers have elevated like never before.

Thanks to the rapid digital transformation brought on by the pandemic, buying online evolved from niche to mainstream almost overnight, catapulting the essential nature of ecommerce delivery where reliability and flexibility now reign supreme. In turn, retailers have had to innovate and adapt at an unprecedented pace. Trying to navigate the rise in consumer expectations and an economic crisis, the pressure placed on retailers has never been greater.

We first took a look at the state of shipping in 2018. Since then, the focus on delivery has expanded significantly, with increased transparency and more delivery options available than ever before. Standard shipping has become even more ubiquitous. Next day and same day deliveries, although still limited, are becoming more prominent as retailers strive to meet the high expectations set by industry giants like Amazon. There's more widespread promotion of flat rate shipping costs, and express has seen a significant uptick.

Choice now rules the day.

This evolution, of course, has not been without its challenges. Shipping costs have continued to rise, as have the average delivery estimates cited by retailers across most services - at odds with data showing us that actual delivery times have been improving.

Executive Summary

It seems that retailers are responding to being burnt by transit delays in the past and are now inflating their estimates. With consumers now weighing up whether to buy online, in store or from a competitor instead, this is certainly having an impact on cart conversions, and more importantly, sales.

To add to this, there's a huge expectation vs reality gap in same day delivery. The majority of consumers are starting to expect rapid delivery as the norm, while only a small minority of retailers are actually able to meet the fulfilment and delivery speeds to provide it.

Thankfully, despite rising costs, the trend towards faster delivery times suggests a focus on efficiency and speed in logistics. Retailers are clearly leveraging technology to enhance their delivery operations. A significant number are using multiple platforms to optimise their ecommerce and shipping processes, with Shippit playing a crucial role in this ecosystem. The integration of advanced logistics technology, real-time data analysis, and strategic partnerships are key strategies that retailers are adopting to meet rising consumer expectations and maintain competitiveness.

Overall, the evolution of the checkout to doorstep experience illustrates a dynamic and rapidly changing retail environment. Retailers that can innovate and adapt to these new norms, balancing cost and speed while leveraging data, technology and collaboration, will be well-positioned to succeed in the future of ecommerce.

– Rob

Section One

Evolution Of Delivery Options

Retail delivery has evolved significantly since 2018, driven largely by the impact of the COVID-19 pandemic on customer expectations.

As more people began working from home and moving away from metropolitan areas— “The Great Dispersion”—retailers had to adapt their delivery networks to reach these new, dispersed locations. At the same time, the widespread adoption of “Authority to Leave” (which vastly improved delivery success rates) and a surge in on-demand food and grocery delivery services (that set new benchmarks for speed and convenience) raised the bar for the entire retail sector.

This section examines these trends from 2018 to 2024, highlighting how retailers are balancing cost and speed to meet consumer demands. The takeaway is clear: to stay competitive, retailers must attune to customer expectations and push harder to adapt.

Retailers' delivery estimates have increased by 180%, but actual delivery times are decreasing.

2018

$9

Cost of standard shipping

2 days

Estimated delivery time

2024

$10.26

Cost of standard shipping

5.6 days

Estimated delivery time

Retailers are overestimating delivery times while costs continue to rise

It's clear that shipping costs have gone up. But what's surprising is that, based on retailer estimates, delivery times have also been steadily extending.

Compared to 2018, retailers are stating significantly longer delivery times on their websites. Standard shipping was promised at an average of **2 days and cost $9** back then. Today, that's out to **5.6 days and costs $10.26**. Express shipping was **1.4 days for $12**, and is now **2.3 days for $14.24**.

Have fulfilment and delivery times really doubled across the board, while costs have also gone up?

Thankfully, our data says no.

While delivery costs are indeed rising, actual delivery times are now lower than they were before COVID's impact changed the world. A **2.5 day average in 2018 blew out to a peak of 3.7 days in 2022**, but that's been steadily decreasing since. The **2024 financial year was back to 2.6**, and **2025 is sitting at a sharp 2.2** so far.

While it's obviously important not to overpromise and underdeliver, significantly **underpromising** is also a path to a less-than-ideal customer experience, with a lower likelihood of a sale in the first place. Customers expect accuracy and reliability, and with the technology and access to data available these days, that accuracy is entirely possible to own.

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers;
Shippit proprietary platform data, n= 3500+ retailers, based on 200+ million orders

More retailers are offering standard shipping (and promoting flat rate shipping)

There has been a **staggering 1,571% increase in retailers promoting flat rate standard shipping** on their websites. Consumers want to know upfront what their shipping costs will be, and retailers are responding accordingly.

Interestingly, while the overall cost of flat-rate standard shipping has seen a moderate rise, there's an **eye-popping 200% surge in the most expensive flat-rate options.**

This indicates a broadening spectrum of what "standard" shipping entails. Retailers are not just sticking to the basics anymore; they're widening their standard services to include perks like insurance and guaranteed delivery windows. All this reflects a growing trend of reliability overtaking speed as the most important delivery factor.

15x

Increase in retailers promoting flat rate standard shipping on their websites since 2018

200%

Increase in most expensive flat rate options

Transparency and reliability reign, with 15 times more retailers promoting flat rate shipping on their website than there were in 2018.

"When it comes to waiting for online orders, consumers are becoming more patient. More than four in ten say that shipping times over 5–7 days won't deter them from purchasing — an 8% increase over last year."

Shannon Ingrey,
VP and GM of APAC, BIGCOMMERCE

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers

136%

increase in retailers offering express shipping since 2018.

"Fast delivery is essential in meeting customer expectations, especially for urgent or seasonal sports needs."

Andrew Whitton, Director, Buffalo Sports

More retailers are offering express shipping

The retail landscape has experienced a significant increase in the number of retailers offering express shipping. What was once considered a premium service is now becoming a standard expectation among consumers, with the pressure of Amazon driving retailers to get their products to customers faster.

This increased adoption has also led to notable shifts in pricing.

The most expensive express shipping options have risen by 60%, while the cheapest rates have decreased by 50%.

This dual trend highlights a strategic approach by retailers to cater to a broad spectrum of customer needs—balancing cost-efficiency with the demand for speed and reliability. With the rapid rise of Amazon, it's just a matter of time before fast and free delivery becomes a base expectation.

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers

There's a significant gap between same day shipping supply and demand

There is a significant gap between customer expectations and retailer offerings. While only **9% of retailers sampled offer same day shipping** (a slight increase from 8% in 2018), a recent report by Invesp shows that **over 60% of customers globally are ready and willing to pay for it.**

This disparity is further highlighted by the wide range in flat rate shipping costs for same day delivery. **The cheapest option available is $6, while the most expensive reaches $40.** This broad spectrum reflects the premium nature of same day shipping, which requires extensive logistical coordination and often comes with higher costs to ensure timely delivery.

The gap between expectations and reality underscores the growing consumer demand for immediate fulfilment and the mounting pressure on retailers to enhance their same day delivery capabilities.

Meeting this demand will require strategic investments in logistics infrastructure and innovative solutions to bridge the gap and deliver on customer expectations.

Only 9% of retailers currently offer same day shipping, while over 60% of customers would happily pay for it.

"Fast is definitely the new express. Customers are starting to expect same day as a minimum and very soon getting items from local stores in less than 3 hours will be the norm."

Lee Hardham,
Founder & CEO,
BRAUZ

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers; https://www.invespcro.com/blog/same-day-delivery

There's a decline in retailers offering free shipping

Free shipping, once a staple of ecommerce, has seen a notable decline in availability. **In 2018, 81% of retailers offered free shipping, but by 2024, this figure has dropped to 70%.**

The thresholds for qualifying for free shipping have also changed significantly. There has been a **100% increase in the highest spend threshold** required to qualify for free shipping, with many retailers setting much higher spending thresholds for customers to access this benefit.

While the **average spend required for free shipping has increased by 20%**, the **lowest spend threshold has decreased by 60%**. This shift suggests that while some retailers are raising the bar for free shipping, others are making it more accessible for lower-value purchases.

This trend indicates a strategic move by retailers to balance the cost of free shipping with customer expectations. By adjusting the thresholds, retailers can manage their margins more effectively while still offering an incentive for larger purchases. However, the decrease in the overall number of retailers offering free shipping highlights the increasing importance of cost recovery strategies in the face of rising expenses.

Retailers that offer free shipping decreased by 11pts in 2024 compared to 2018.

20%

increase in the average minimum spend to qualify for free shipping

2x

Increase in the highest minimum spend to qualify for free shipping

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers

Fewer retailers are offering easy returns and free return shipping

Returns, a critical aspect of the customer experience, have seen notable changes. In 2018, a staggering **97% of retailers offered easy returns**, but this figure has since **decreased by almost 15pts**. Even more striking is the drop in retailers offering free return shipping. **49% of retailers provided this service back in 2018,** but that number has now **dropped below 20%.**

While returns remain prevalent, retailers are clearly starting to re-evaluate their policies to manage costs, logistics, and sustainability more effectively. And it's no wonder - a recent study from Optoro showed that **the cost of returns has increased by 50% since 2018** (to the tune of $149 billion), and are **adding 4.3 billion kilograms of extra waste** to landfill every year.

70%

decrease in retailers who offer free return shipping from 2018 to 2024.

Click & collect services increased by 309% post-COVID, but have since plateaued.

The rise (and plateau) of click & collect

Click & collect experienced a massive boost during the COVID-19 pandemic, skyrocketing by **309%** as consumers sought safe and convenient shopping options. It quickly became a go-to solution for many. However, recent data shows that this growth has now hit a plateau and hasn't seen meaningful changes over the past year.

This stabilisation reinforces that retailers must now focus on offering a range of delivery options, with click & collect just one of the tools in their kit. Retailers without a store footprint can explore PUDO or parcel lockers to meet this need.

Source: June 2024 vs 2018 desktop research, n= 1,593 Australian retailers;
https://info.optoro.com/report-state-of-retail-returns-2024

Section Two

Top Retail Strategies & Investments for 2024

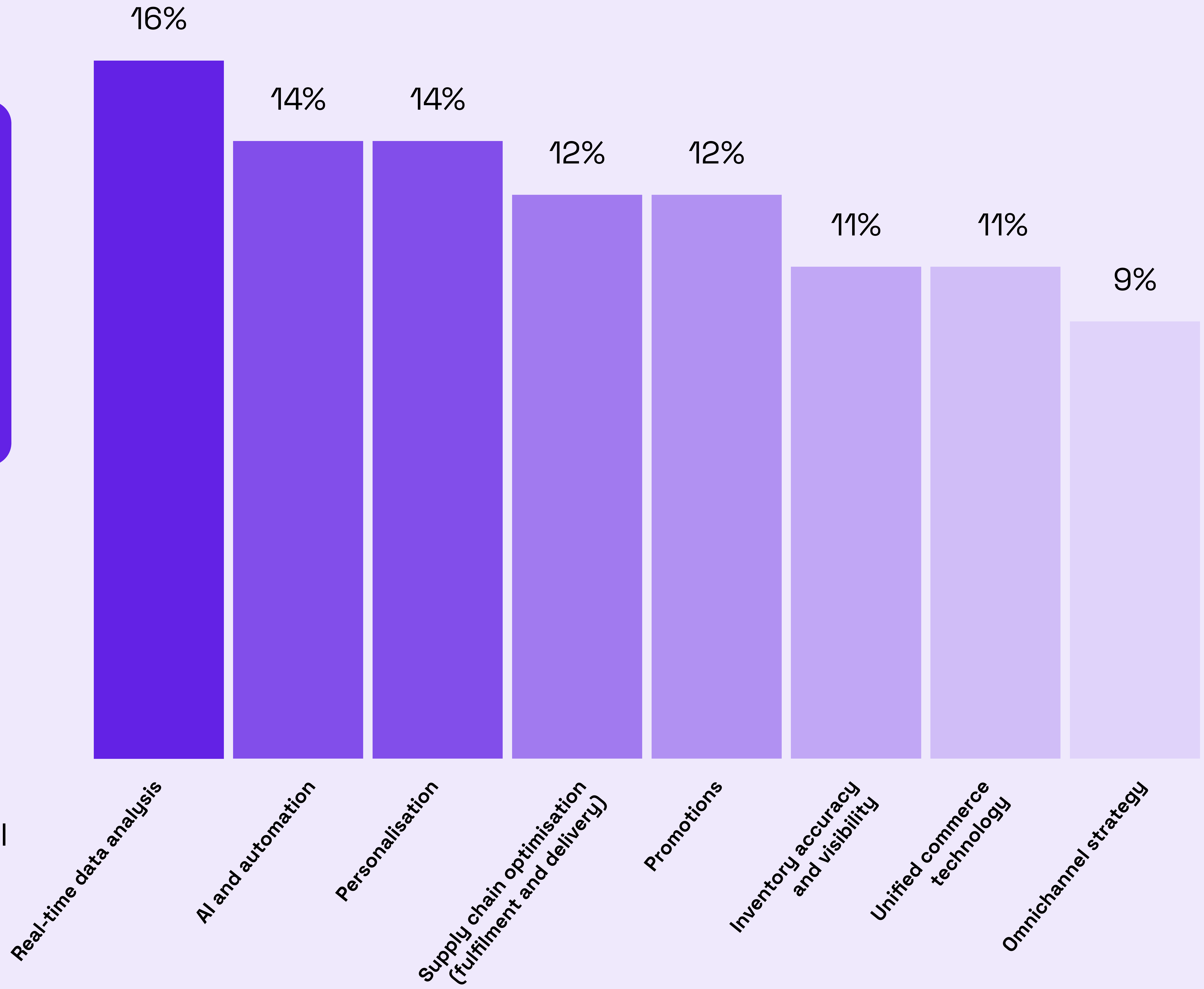
In 2024, retailers are navigating a rapidly changing landscape, driven by technological advancements, evolving customer expectations, and a challenging macroeconomic environment.

Economic uncertainties, inflation, and cost-of-living pressures are influencing consumer behaviour, with the outcome being that consumers are significantly more cautious with their spending. To stay competitive, they are making strategic investments in key areas, focusing on enhancing efficiency, customer satisfaction, and operational effectiveness.

Challenges remain, particularly in managing multiple carrier relationships and the lack of centralised data systems. The competitive threat from international giants like Amazon and Temu, and new technologies and AI expected to revolutionise ecommerce, are driving retailers to innovate continuously.

Top priorities for the year ahead

Real-time data analysis ranked first, with AI/automation and personalisation in the top 3.



Retailers are prioritising technologies that drive significant business outcomes. **Real-time data analysis and AI/automation top the list for 30% of retailers surveyed**, reflecting a focus on leveraging technology to make data-driven decisions and optimise operations. This strategic investment aims to enhance operational efficiency and maintain agility in a rapidly evolving market.

Customer experience remains a central theme, with personalisation being a key priority. By utilising real-time data and AI, retailers can create tailored interactions that improve customer satisfaction and retention, building long-term loyalty through meaningful engagement.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Top priorities for the year ahead

Operational efficiency is also crucial, with **23% of retailers surveyed** prioritising inventory accuracy and visibility, and supply chain optimisation. These priorities ensure smooth, cost-effective fulfilment processes, essential for meeting customer expectations and maintaining profitability.

As traditional marketing strategies have come under pressure and the threat of competition has risen, the current focus on cutting edge technologies like AI and personalisation highlights a shift towards the future of growing ecommerce efficiently.

"Unlocking inventory across your store network can see you increase sales by up to 300% compared to previous years."

Lee Hardham,
Founder & CEO,
BRAUZ

"I can't imagine having 50 stores and nearly 100 vendors or 100 dispatch points that we have in our business now, and having to do all that manually. So to be able to have that automation inside our business is amazing for cost efficiency and optimisation in our stores."

Paula Mitchell,
Digital General Manager,
FREEDOM

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Retailers surveyed are investing in last mile delivery

In 2024, **56% of retailers surveyed are already actively enhancing their last mile delivery** capabilities with some level of investment, with a further **22% not currently investing in this area but making plans to.** While some (22%) plan to make no investment here at all, either satisfied with their current capabilities or constrained by budgets, the far larger majority are making plans to optimise operations and gain a competitive edge, recognising the critical role of last mile delivery in driving customer lifetime value.

Overall, this trend indicates cautious optimism, with most retailers surveyed opting for at least moderate investments tailored to their strategic priorities and market needs.

78%

of retailers surveyed are planning to invest in last mile delivery.

"We are seeing retailers who would have relied on a traditional carrier, now have enough local demand to justify investment into their own fleets. This completely changes the game from a cost and customer experience standpoint."

Rob Hango-Zada,
Co-founder & Joint CEO,
shippit

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Reliability and speed top the shipping priorities

Reliability has come out as the top priority for 29% of retailers surveyed right now, emphasising the need for dependable delivery services to build customer trust and loyalty. Ensuring on-time and intact deliveries is crucial for maintaining a positive brand reputation.

Speed follows closely, as quick delivery times are increasingly vital to meeting consumer expectations for rapid fulfilment.

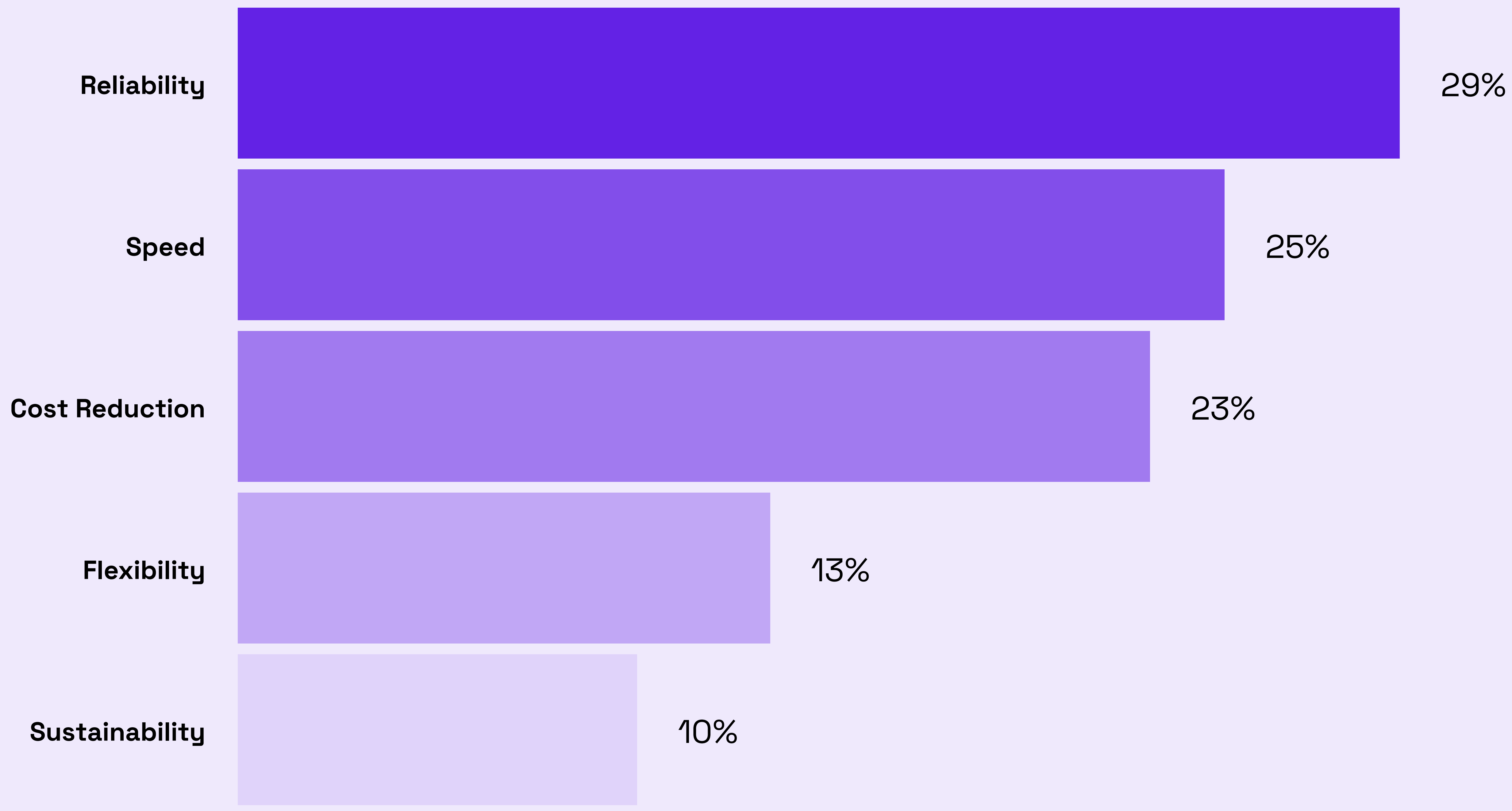
1 in 3

Retailers surveyed claim reliability is their top shipping priority

Cost reduction is another significant concern. Managing expenses while maintaining efficient shipping processes helps retailers remain profitable while keeping their pricing competitive.

Flexibility ranks in the middle, indicating its importance in providing adaptable delivery options, but it is not as critical as reliability, speed, or cost reduction.

Interestingly, sustainability is being deprioritised by many for now. While recognised as important, immediate operational concerns appear to be taking precedence over long-term environmental impacts.



"The biggest priority for Buffalo Sports in 2024 is to enhance delivery speed and accuracy while reducing shipping costs."

Andrew Whitton, Director, Buffalo Sports

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Delivery cost, speed and choice have the highest impact on checkout conversion according to over 60% of retailers surveyed.

Cost-effective and faster delivery options are seen as the best ways to boost checkout conversion rates

Retailers surveyed are clear—managing delivery costs and offering faster delivery options are key to boosting checkout conversion rates. Personalised delivery estimates and a variety of delivery options are also crucial strategies to meet customer needs. Enhanced tracking and notifications are valued, too.

Streamlined returns, for reasons already well discussed, are currently well down the priorities.

Overall, these focus areas underscore the importance of aligning efficiency, cost management, and customer satisfaction in the competitive retail market, as well as the critical role that a retailers' delivery offering plays at the point of checkout.

International expansion is on the radar

Expanding into international markets is a key strategy for many retailers. **Over a quarter of retailers surveyed view this as a critical objective for the next 12 months**, aiming to tap into new customer bases and diversify revenue streams. When combined with those who see it as important or moderately important, **over two-thirds of retailers are looking beyond their current borders** for growth opportunities.

66%

of retailers surveyed are thinking about international expansion.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Free delivery and increasing delivery options are the top 2 shipping investment priorities for retailers surveyed.

1. Free delivery	13%
2. Increasing delivery options	13%
3. More carriers	12%
4. Fulfilment technology	11%
5. Tracking visibility	11%

Free delivery and diverse options top shipping investment priorities

Retailers surveyed are making strategic investments to enhance the shipping and delivery experience. Leading the efforts is the push for free delivery, a key incentive to reduce cart abandonment and boost customer satisfaction.

Increased delivery options, such as click & collect, are also a major focus. This flexibility caters to diverse customer preferences, making shopping more convenient and appealing.

Expanding warehouse locations is another key investment area this year, helping retailers shorten delivery times and manage inventory more effectively.

Investing in fulfilment technology (which optimises operations by streamlining processes and increasing efficiency) is also in focus, as is increased tracking visibility for providing customers a better experience through real-time delivery updates.

Overall, retailers surveyed are concentrating on flexibility, efficiency, and customer satisfaction to meet evolving consumer expectations and deliver a superior post-purchase experience.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Managing multiple carrier relationships is a top challenge

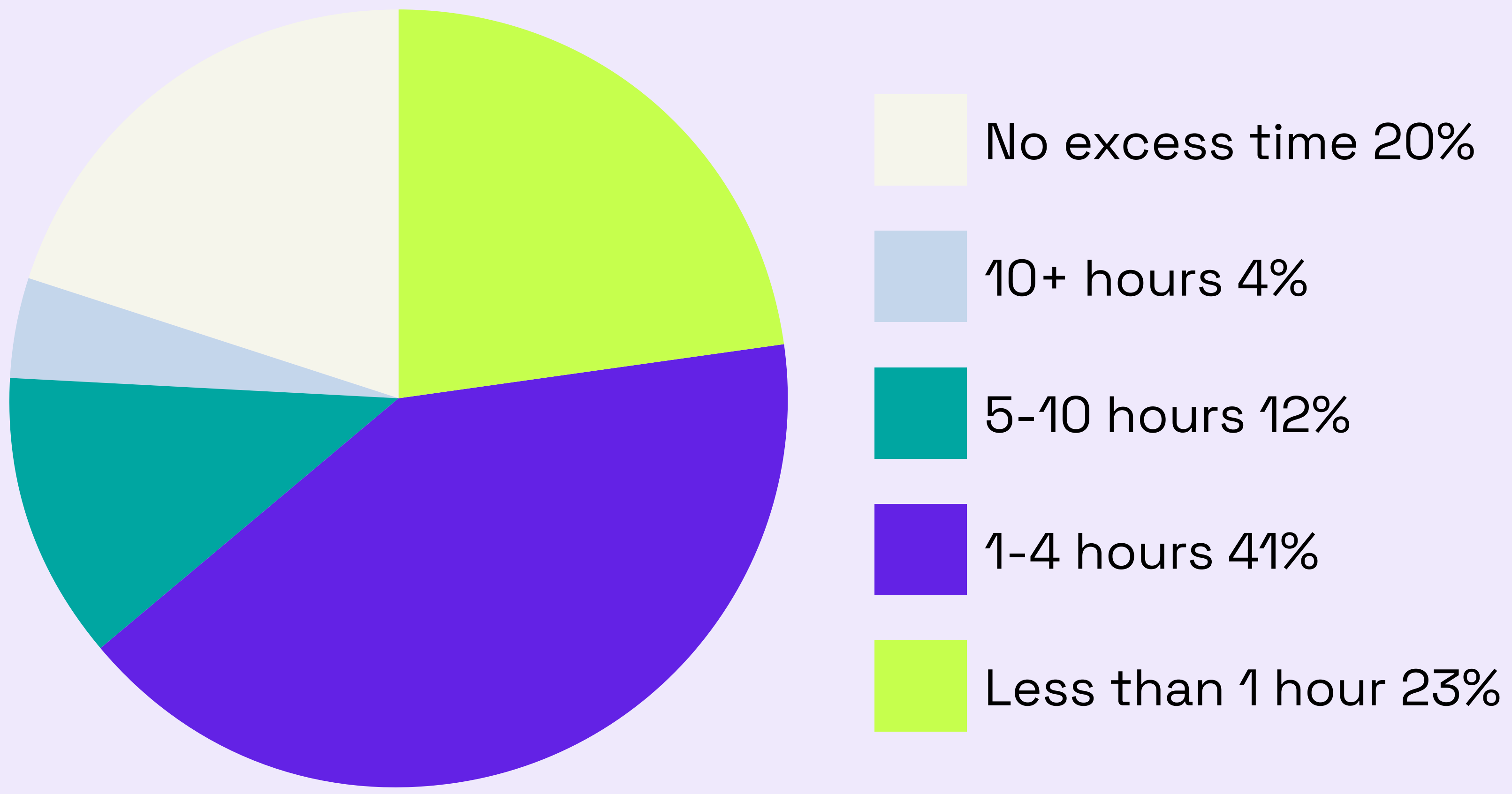
Retailers are implementing multi-carrier strategies to lower costs, improve customer experiences, and expand into new markets. The flexibility this affords is also a clear risk mitigation strategy.

However, managing these relationships is clearly challenging, with **over half of retailers surveyed spending multiple hours here each week.**

Over a third of retailers surveyed are also frequently responding to 'where is my order' (WISMO) queries, while a similar number are struggling with a lack of centralised data and reporting.

Streamlining multi-carrier relationships, and centralising data in an organised way, is going to be crucial for efficient delivery operations and maintaining high service levels.

On average, how much excess time does your team spend managing multiple carriers' technology and operational requirements each week?



Nearly 1 in 5 retailers surveyed spend over 5 excess hours per week managing multiple carrier relationships.

"Our biggest responsibility to our customers is to make sure that we are delivering on our promises, and also giving them the choice in what they want to do and how they want to do it. As a whole I think that choice is a fundamental pillar of ecommerce."

Joshua Rich,
eCommerce Operations Lead,
FREEDOM

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Ship-from-store strategies are a top focus for enabling faster delivery to customers.

"I think that everyone at Decjuba can agree that ship-from-store has been a big success. It helps us deliver more products to our customers."

Steven Crisapulli,
GM of Technology,
DECJUBA

Ship-from-store and locally held inventory are key strategies

Locally held inventory strategies are key investment areas for 2024. This approach allows retailers to fulfil orders from their nearest physical locations, significantly reducing delivery times and meeting the growing consumer demand for immediacy. This strategy also optimises inventory management by utilising stock that's already available in various locations.

Retailers are also using this approach to enhance the checkout experience by providing personalised delivery estimates based on the proximity of their inventory to the customer. This reduces cart abandonment rates and drives conversions by offering clear and predictable delivery options.

Local inventory matched with the increase in localised demand has given rise to the trend of "Local Commerce" - a more efficient approach to ecommerce delivery, leveraging micro-fulfilment hubs and streamlining the process from shopfront to doorstep.

15%

Of deliveries originate within 15kms, from sender to recipient

722 kms

The average distance a parcel travels to reach the end recipient

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Inflation and cost of living pressures top retailers' concerns

As retailers look ahead to the next year, their top concerns are clear. Inflation and cost of living pressures are at the forefront, significantly impacting consumer spending and strategic planning.

Local competitiveness and differentiation are also up there. Retailers are striving to stand out in a crowded market by emphasising unique value propositions and brand differentiation.

The growing dominance of international competitors like Amazon and Temu adds to these challenges, pushing local retailers to innovate and adapt quickly.

Cost management ranks low on the list, suggesting retailers have already reduced their cost of operations and are now heavily focused on driving growth.

25% of retailers surveyed are most concerned about inflation and cost of living pressures affecting demand.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Over half of retailers surveyed are concerned about the impact of Amazon and Temu.

"Retailers need to adopt ship-from-store methods like on demand to give them a competitive advantage in today's market. Our fastest delivery was 13 minutes from ordering online with a $5 delivery price tag. That's a great experience the likes of Amazon will struggle to compete with."

Lee Hardham,
Founder & CEO,
BRAUZ

Concerns rise over international competitors like Amazon and Temu

Retailers are increasingly aware of the impact international competitors like Amazon and Temu could have on their business in the coming year. The data shows a spectrum of concern, with **54% of retailers surveyed at least concerned** about the threat these global giants pose. This suggests that **over half of the market is preparing to address potential challenges** on the front foot.

26% of retailers surveyed are not concerned at all, possibly indicating confidence in their local strategies or niche markets that they believe will shield them from international competition. This mix of concern levels highlights the varying strategies retailers are employing to navigate the competitive landscape reshaped by these international players.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Retailers are preparing for Environmental, Social and Governance (ESG) requirements

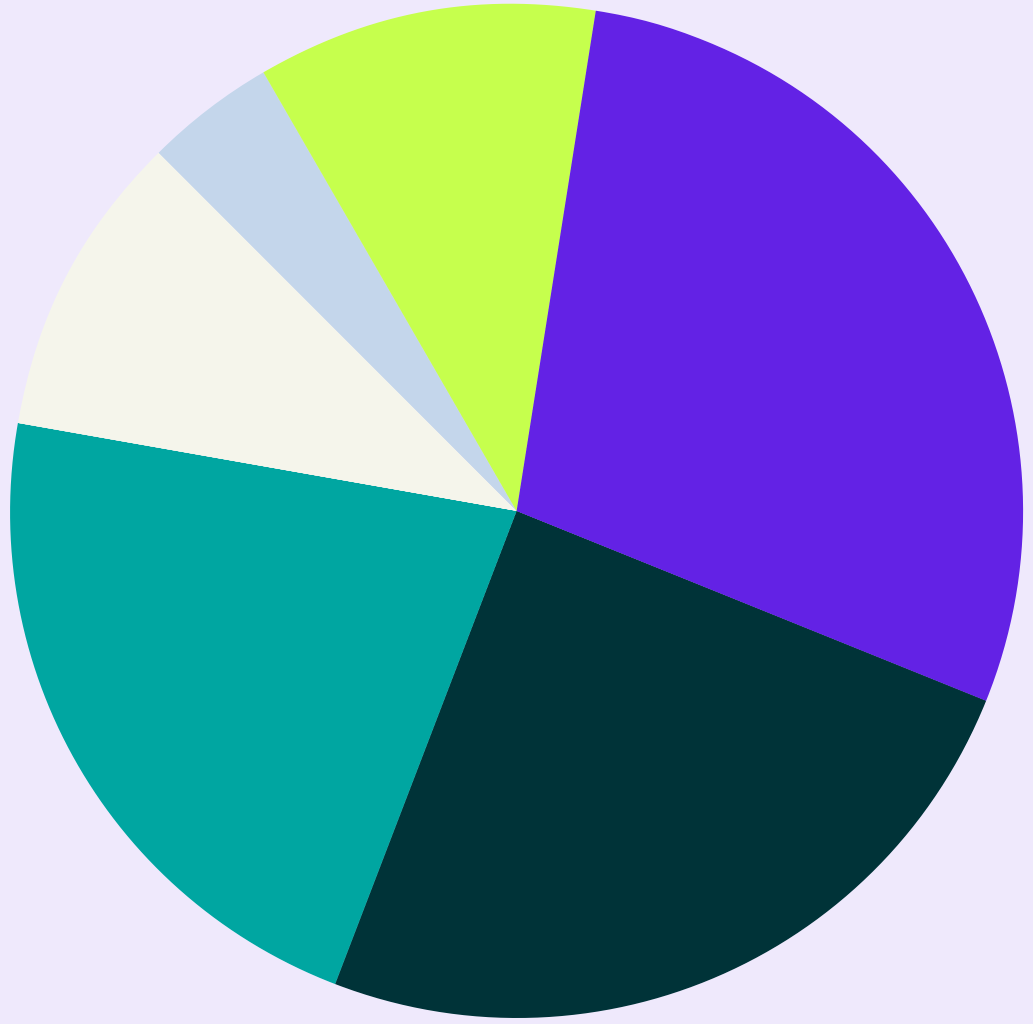
A notable share of retailers surveyed are very or extremely concerned about the impact of ESG requirements, indicating high awareness and proactive measures being taken to comply. This group is likely investing in sustainable practices and governance improvements to meet regulatory demands and consumer expectations.

A small segment of retailers surveyed are not concerned at all, possibly due to confidence in their current practices or a belief that ESG requirements will not significantly affect their operations.

Additionally, some retailers surveyed are unaware of what ESG entails, highlighting a gap in awareness that could pose challenges as these regulations become enforced.

This mixed response underscores the varying levels of preparedness and understanding within the industry, especially in light of impending government regulations regarding scope 3 reporting.

Nearly 90% of retailers surveyed are concerned about the impact of stringent ESG requirements.



How much do you think stringent ESG requirements will impact your business operations in the future?

- Extremely - 11%
- Very - 29%
- Moderately - 25%
- Slightly - 22%
- Not at all - 10%
- I don’t know what that is - 4%

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

63% of retailers surveyed expect AI and new technologies to dominate ecommerce trends.

"We've introduced endless aisle so we can ship from warehouse or store to our customers. The smart allocation of carriers gets goods to our customers faster and cheaper than going direct from the warehouse, enhancing our signature service to our customer."

Peter Ratcliffe,
Head of Technology,
R. M. WILLIAMS
EST. 1932, AUSTRALIA

AI far outpaces endless aisle, marketplaces and sustainability

As retailers look to the future of ecommerce, AI and new technologies stand out as the leading trend. An overwhelming **63% of retailers surveyed see AI as the driving force that will shape the industry** in the coming year. This focus underscores a collective belief in AI's potential to revolutionise customer experiences, optimise operations, and spearhead innovation across the ecommerce landscape.

Trailing significantly behind, other trends are gaining traction at a slower pace. Concepts like physical and digital convergence ('the endless aisle'), the growth in online marketplaces, and sustainable practices are less top-of-mind. This emphasis on AI highlights its anticipated impact and the priority retailers are placing on technology to stay competitive and meet evolving consumer expectations.

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Section Three

So What IS The State Of Shipping in 2024?

In 2024, the world of retail shipping is more complex and demanding than ever.

In this section, we'll explore how last mile delivery has become a make-or-break factor for customer loyalty, why balancing shipping costs and transit times is essential, and how consumer preferences for delivery services are shifting. We'll also look at the increasing importance of integrating multiple technology platforms to stay competitive.

50%

1 in 2 shoppers will not return to a brand after a poor delivery experience.

Last mile delivery is more important than ever

A recently published whitepaper on the last mile experience by Shippit and Jarden highlighted a critical insight: **half of all shoppers are unlikely to return to a brand following a poor delivery experience.** This finding underscores the profound impact that delivery performance has on customer loyalty and brand perception.

The delivery experience is often the final touchpoint a customer has with a brand during the purchase journey, making it a pivotal moment that can either reinforce or diminish a brand's reputation.

A seamless, timely, and reliable delivery can leave a lasting positive impression, encouraging repeat business and fostering customer trust. Conversely, delays, damaged goods, or a lack of communication during the delivery process can significantly tarnish a customer's perception of a brand, often leading them to seek alternatives.

As competition in the retail space intensifies, the ability to deliver not just products but exceptional experiences will be a key differentiator for brands aiming to retain their customer base and drive long-term growth.

Source: Shippit/Jarden whitepaper, 'Courting the consumer via the last-mile', March 2024

Despite rising costs, delivery times are improving

We've seen a positive shift in delivery performance over the past few years, since the peak of COVID-19. Although shipping costs continue to rise, transit times across various service types are decreasing. This trend reflects the increased investment into delivery capacity by carriers and indicates a strong focus on efficiency across the delivery process.

This data reinforces the importance of balancing cost and speed in shipping strategies. Retailers must navigate higher shipping expenses while meeting consumer demands for rapid delivery.

Investing in advanced logistics technology, optimising delivery routes, and leveraging multiple carrier options are essential to maintain this balance.

Ultimately, the data showcases a positive move towards faster and more efficient delivery services, and - as highlighted earlier - that carriers are doing a better job of this than retailers think.

It must be noted, however, that this will place a greater emphasis on retailer fulfilment times. In some cases, Shippit platform data is showing that the time to fulfil an order can now be equal to or greater than the actual time it takes to deliver.

The average cost of shipping increased from $10.25 in 2021 to $12.70 in 2024, while days in transit decreased from 3.2 days to 2.6 days.

24%

Increase in shipping costs vs 2021

19%

Decrease in delivery times vs 2021

Source: Shippit proprietary platform data, n= 3500+ retailers, based on 200+ million orders

Shoppers are taking advantage of faster delivery, with a 320% increase in on demand orders.

"There's a pretty obvious shift towards more consumer-centric delivery. It's all about convenience really and there's plenty of great new tracking tech out there to support real-time updates and a better overall delivery experience."

Andy Evans,
Co-founder and CTO,
hūmıı

Consumers are embracing a broader range of delivery services

There's a noticeable shift in consumer behaviour towards using a wider variety of delivery services. **On demand saw a huge 320% increase in orders** between 2023 and 2024, highlighting a dramatic rise in demand for ultra-fast delivery options like Uber Direct. This growth reaffirms that consumers are willing to pay a premium for immediacy and convenience.

320%

Increase in on demand orders from 2023 - 2024

Priority (next day) services rebounded with a 38% increase in orders after a weaker 2023, indicating targeted use for high-value or time-sensitive purchases. **Express services posted a 13.8% increase in orders**, showing continued reliance on its balance of speed and cost-effectiveness.

Standard shipping remains a staple, with a 36.7% increase in orders, a good reminder that many consumers still value its affordability and predictability.

Overall, the data shows a growing consumer appetite for diverse delivery choice, and a clear movement towards more immediate and localised options.

Source: Shippit proprietary platform data, n= 3500+ retailers, based on 200+ million orders

Retailers are leaning into technology

Survey data shows that Shippit is a vital component of the ecommerce ecosystem, with **nearly 60% of retailers surveyed using it in their operations**. Additionally, **72% of retailers surveyed are leveraging at least two technology platforms** to support their ecommerce and delivery operations.

Shopify/Shopify Plus remains the most widely used platform for managing online stores, **growing over 500%** in adoption since 2018, with other notable ecommerce platforms including Adobe Commerce (Magento), BigCommerce and WooCommerce.

The reliance on a diverse array of systems alongside Shippit highlights the need for integrated solutions to handle the complexities of modern ecommerce.

As delivery expectations rise, retailers are strategically choosing best-of-breed platforms to ensure efficient and reliable shipping solutions.

Nearly 60% of retailers surveyed use Shippit, with the majority of retailers now using 2 or more platforms in their tech stack.

"Having the right technology stack is crucial for achieving shipping and fulfilment efficiency. Choosing the right tech stack will help minimise errors, reduce operational costs, and improve overall customer satisfaction."

Carlee Berrington,
Senior Marketing Manager APAC,
fluentcommerce

Source: June 2024 State of Shipping survey, n=91 Australian retailers, with a combined 1,126 store locations

Key Takeaways

Run Your Own Race: How Focusing On True Customer Value Is Reshaping Delivery Standards

Nathan Bush,
Director, Host and Consultant,
Add To Cart

I'll tell you my first reaction when I read this report… surprise.

Have we gone backwards?

Shipping costs have continued to rise, and retailers' delivery estimates have steadily increased. Three in five retailers now offer free shipping —it was four in five in 2018. Half of retailers used to offer free returns—it's down to 15% now.

How have we slipped so far since 2018? I mean, there was a significant event between 2018 and today that should have advanced ecommerce tremendously. And I'm not just talking about pop-up spinning wheels on beauty websites. Out of any retail function, shipping and fulfilment were forcibly transformed with COVID.

Suddenly, Click & Collect went from a nice to have to a non-negotiable. Confined to our homes, same day and next day delivery became essential. Curbside pickup, drone delivery and custom-branded fleets were the new frontiers of ecommerce experience.

So how did we end up here - more expensive and less convenient, at least according to retailers' estimates?

It comes down to three words: **delivering customer value.**

I was lucky to interview Rob and Will on the Add To Cart podcast a few months ago. Right from the start of their Shippit journey, they learnt that they wouldn't have a business if they weren't delivering customer value.

They launched in 2014 with a pretty radical idea at the time: three-hour delivery. Not only that, but their fledgling customers were bulky, regional, and franchised. What a grand vision—and a nightmare scenario.

However, Rob and Will quickly learnt that the customer value they created wasn't actually in facilitating instant delivery. It was in allowing choice for the customer to get their hands on their products where, when and how they wanted. That's what customers valued and the experience that many retailers strived to deliver. Thus, Shippit was born.

And so it is with the direction that retail has taken since 2018 and the subsequent COVID period. We haven't gone backwards; a focus on delivering value for your individual customers has become critical. There's no time to look sideways at the retail Jones', you need to run your own race.

If we think back to 2018, there was a general notion that delivery should be free. After all, why would people shop online if they had to pay extra? Customers were assumed to be impatient with every transaction, and returns were always a retailer's liability. That's what we thought ALL customers wanted. Of course, now we know that's not true. It was often throwing money away in pursuit of excellence that many customers didn't value.

Key Takeaways

Today, we know that every retail business has customers who value different things. And each customer will act differently depending on their need, physical and emotional states at that particular shopping occasion. We need to create propositions that appeal to our customers in their moment - and keep us in business.

In 2024, the modern retailer will have access to more shipping options than ever before, off-the-shelf technology to run a best-practice store, and enough data to make a lifetime of decisions. The foundations of profitable retail are becoming more accessible to achieve. And as we know in this economy, is there a more powerful word than 'profitable'?

Innovative retailers get the foundations right and then excel in the areas their customers truly value. It could be Incu with same day delivery, Milton & King with its unique and custom artwork, July with its feel-good design, Good Pair Days with truly personalised wine recommendations, or PetCircle with subscriptions that make your life easier. These retailers have found their sweet spots in delivering customer value and are relentlessly pursuing them. But they can only do this because they have solid foundations and profitable operations.

Quality. Customer service. Sustainability. Price. Availability. Colour. Status. Proof. Community. Speed. Longevity. Function. Brand. What do your customers value? You can't be a market leader in all of them, or you will go out of business quickly.

This State of Shipping Report reflects that Australian retailers seek solutions that deliver value to their unique customers rather than strive for artificial benchmarks.

No more blindly following the pack. By leveraging the technology and partners to fast-track the foundations of ecommerce and a sustainable operation, retailers can deliver true customer value - whatever that looks like for your business and your customers.

- Nathan

Nathan is an independent ecommerce advisor and consultant. He hosts Australia's leading ecommerce podcast, Add To Cart, and runs CAMPUS - an ecommerce learning community for ecommerce professionals. He has consulted with retailers including Pillow Talk, Michael Hill Jeweller and Nespresso. Before launching his own advisory service, Nathan led Super Retail Group's (rebel, BCF, Super Cheap Auto) ecommerce transformation. He has also been recognised as one of Australia's Top 50 People in ecommerce for four consecutive years.

Wrap-Up

Rob Hango-Zada,
Co-founder and
Joint-CEO,
Shippit

As we navigate through 2024, it's clear that the evolution of retail delivery is far from over. The trends and challenges outlined in this report highlight a rapidly changing landscape where consumer expectations continue to rise, driven by the need for reliability, speed, and transparency. Retailers must adapt swiftly, leveraging data, technology, partnerships, and innovative strategies to stay competitive and meet these demands.

The data shows a significant shift in how consumers engage with delivery options. The increased use of diverse shipping services—from standard to express, next day, and on demand—demonstrates the growing desire for convenience and flexibility. As same day delivery gains traction, the gap between consumer expectations and retailer capabilities presents both a challenge and an opportunity for those willing to invest in logistics innovation.

Retailers are responding by enhancing their ecommerce ecosystems with advanced technology platforms, like Shippit, that streamline operations and optimise delivery routes. The reliance on real-time data and automation underscores the industry's move towards efficiency and agility. By integrating multiple systems and leveraging comprehensive logistics solutions, retailers can offer superior delivery experiences that drive customer satisfaction and loyalty.

Looking ahead to the peak period of 2024, including Black Friday, Cyber Monday, and the holiday season, the stakes are higher than ever. Retailers must be prepared to handle increased volumes and heightened expectations. Success in these peak times will hinge on the ability to provide seamless, reliable, and fast delivery options. Strategic investments in last mile delivery, robust inventory management, and customer-centric services will be crucial.

Wrap-Up

For retailers to succeed in this upcoming peak period, they need to:

- **Leverage Data:** Utilise real-time data to display accurate delivery estimates and stock levels at checkout, while also using insights to optimise shipping and delivery operations.
- **Expand Delivery Options:** Offer a variety of delivery services, including standard, express, and on demand, to meet diverse customer needs.
- **Optimise Tech Stack:** Integrate advanced technology platforms to streamline operations, enhance delivery efficiency, and provide a seamless shopping experience.
- **Invest in Last Mile Delivery:** Focus on last mile logistics to ensure fast, reliable, and cost-effective delivery to customers, and enhance customer communication with transparent and proactive updates about delivery times and potential delays.

In conclusion, the state of shipping in 2024 is a testament to the industry's resilience and innovation. Retailers that embrace these changes, prioritise customer experience, and leverage technology will not only meet but exceed consumer expectations.

As we gear up for peak 2024, the focus must remain on delivering excellence at every step of the purchase journey, ensuring that customers receive their orders quickly, reliably, and with full transparency. This commitment to a superior delivery experience will be the key differentiator in an increasingly competitive retail market.

– Rob

shippit

About Shippit

Shippit is the industry-defining commerce delivery platform that powers +100M deliveries annually across Australia, New Zealand and South East Asia. Since its launch in 2014, Shippit has fulfilled nearly $30bn worth of ecommerce orders. Shippit's award-winning software and services are trusted by thousands of companies - like Kmart, Myer, Big W, Baby Bunting and R.M.Williams - in stores, warehouses and vehicles to solve complex logistics challenges, streamline operations, optimise the post-purchase experience and surpass customer expectation. The result is a higher net promoter score (NPS), increased customer lifetime value, and reduced operating costs. Today, only price has a greater influence on customer loyalty than delivery.

For more information about how you can turn delivery into a driver of loyalty, visit www.shippit.com

About our partners

Humii is changing the game in online retail customer experience. As Australia's leading authority and powered by a nation-wide network of mystery shoppers, humii provides retailers and brands with unbiased, actionable insights to deliver amazing online shopping experiences.

www.www.humii.co

BigCommerce is a leading open SaaS and composable ecommerce platform that empowers brands and retailers of all sizes to build, innovate and grow their businesses online. BigCommerce provides its customers sophisticated enterprise-grade functionality, customization and performance with simplicity and ease-of-use.

www.bigcommerce.com.au

Brauz connects unified commerce solutions with one simple integration. Easily enable best-in-class experiences such as Find In-Store, Click and Collect, Local Delivery, Ship from Store, Reserve In-Store, In-Store and Video Appointments and Clienteling.

www.brauz.com

Fluent Commerce is a global software company focused on inventory data management at scale and distributed order management (DOM) for commerce. Both B2C and B2B organisations rely on their cloud native, highly flexible and fully scalable solutions to transform fulfilment complexity into a competitive advantage.

https://fluentcommerce.com