



# On-demand delivery: **the untapped goldmine**

A report on consumers' growing desire for convenience  
and how high street shops should react



**stuart**

# Foreword

Bricks and mortar high street shops have long struggled to compete with their online counterparts.

The high street has often tended to follow rather than lead on digital.

As a result we've seen a growing number of traditional retailers lose market share to those with an online offering that better meets consumer expectations. Some of those brands have sadly folded altogether.

While it's easy to suggest they lost out simply because they couldn't compete on price, our research suggests something else is driving consumers' shopping decisions: a growing desire for convenience and speed.

And so we have a growing disconnect between what the shopper of today expects and what their favourite high street retailers are able to deliver.

But this isn't rocket science. Many high street brands have managed to master almost every element of the online customer journey.

All except for one: delivery. That all-important 'last mile'.

Convenient delivery is nothing new. Your favourite takeaway restaurant has been sending out food within the hour for years,

and some online-only retailers already offer limited one-hour delivery to their customers.

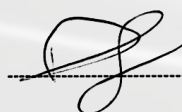
But for one reason or another the high street has yet to catch on. This needs to change.

This report proves that there is an appetite for on-demand delivery among UK consumers. It shows they would happily spend more with their favourite high street chain if it offered a more convenient service, and that they would pay a significant premium for it.

They would even switch loyalties if their current favourite high street retailer failed to offer it while a competitor did.

This opportunity is wide open and ready for the taking. An enormous amount of additional revenue is up for grabs in both extra sales revenue and added income from the service itself.

But who will be the first high street retailer to wake up and take the prize?



**David Saenz**  
UK General Manager, Stuart.

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# Here's what we know...

## CONVENIENCE, NOT COST, IS KING:

39% 

of shoppers say **convenience** is the most important thing about delivery – only 23% say cost

38% 

of shoppers **expect** high street retailers to offer **same-day delivery**

## THERE'S A HUGE CONSUMER APPETITE FOR SAME-DAY DELIVERY:

72% 

of online shoppers would purchase **more** online from their favourite high street retailer if it offered same-day delivery

79% 

of online shoppers would **switch** from their favourite high street retailer if it didn't offer their preferred delivery method

32% 

of online shoppers will **always** choose a high street retailer if it offers same-day delivery

## RETAILERS COULD REAP BILLIONS IN ADDITIONAL REVENUE:

£168 

The **extra amount** consumers would spend with their favourite high street retailer in the **next year** if it offered same-day delivery

£4.9bn 

What this equates to in total extra annual **revenue** across all online shoppers in the UK

62% 

would pay a **premium** for same-day delivery from their favourite high street retailer

## THIS OPPORTUNITY IS STILL ANYONE'S TO TAKE:

4% 

of online shoppers have a favourite high street retailer that **already** offers same-day delivery

Half 

of online shoppers wish high street retailers offered **better delivery services**

# 1. Convenience is king – can the high street keep up?

Almost two-fifths (38%) of shoppers we surveyed said they expect high street retailers to offer same-day delivery, and 29% want all their online purchases to be delivered on the same day.

Given that very few high street retailers are already providing this service (just 4% of those we surveyed already have a favourite high street retailer offering same-day delivery), it's clear there's a massive disconnect between consumer expectations and retailers' ability to meet them.

That's why people have sent their millions to online-only stores like ASOS and Amazon.



The future is not just fast but flexible, and convenient delivery is needed to match consumers' increasingly mobile lifestyles. Consumers should be able to change delivery times and locations as their needs change throughout the day, something that pre-planned delivery services like Amazon and ASOS can't do."

**David Saenz**  
Stuart

And while these brands offer competitive prices on both products and delivery services, our research suggests convenience still far outweighs cost when it comes to a consumer's decision to make a purchase.

Just 23% of those we surveyed said the most important thing about a delivery option is that it's the cheapest available.

But almost two-fifths (39%) said convenience is the most important factor.

Linked with convenience is another growing consumer trait that has become synonymous with the 21st century: the need for speed...

In the last year alone people purchased goods they needed within 24 hours an average of 35 times, and demand for quick delivery peaks when the buyer has an impending event.

35% 

would purchase gifts online they need delivered the **same day** for a **friend's birthday**

35% 

would do so for goods they need for a **holiday**

29% 

would do so for goods they need for a **party**



That demand isn't going anywhere. People are always going to have birthdays, and they're always going to have holidays and go to parties.

While those people would historically have had to plan in advance for these things, that's not the world we live in anymore.

If high street retailers don't start listening to that demand, the gap between consumers' desire for convenience and those shops' ability to meet it will only grow larger.

What about the services high street shops already offer?

Half of UK consumers wish high street retailers offered better delivery services when shopping online, and almost two-fifths (38%) don't think high street retailers offer good enough delivery services generally.

This proves that while retailers may think they're providing convenience by offering services such as click and collect or next-day delivery, these options simply aren't satisfying customer needs.



As has been proven time and time again with shopping habits and channels in the past 20 years, retailers have to constantly re-invent themselves to keep current with consumer behaviour. The same is increasingly true with delivery. Failure to innovate will result in being left behind."

**David Saenz**  
Stuart

39% 

of shoppers say **convenience** is the most important thing about delivery – only 23% say cost

Half 

of online shoppers **wish** high street retailers offered better delivery services when shopping online

38% 

of shoppers **expect** high street retailers to offer same-day delivery

4% 

of consumers say they **currently** have a favourite high street retailer that offers same-day delivery

## 2. Consumers crying out for on-demand delivery

One thing made crystal clear by our research is the appetite for on-demand delivery among UK consumers.

We've uncovered a genuine revenue opportunity for high street retailers whereby they could increase sales by offering a quicker and more convenient delivery service.

Almost three-quarters (72%) of online shoppers said they would purchase more online from their favourite high street retailer if it offered same-day delivery.

But how much money are we talking?

Our respondents said they would spend on average £168 more with their favourite high street retailer in the next year if it offered same-day delivery.



These findings are a strong indication that consumers would be happy to pay some kind of premium for a more convenient delivery option. This is particularly true when you look at on-demand delivery, i.e. within the hour. Retailers that can master this will naturally be able to charge the highest prices."

**David Saenz**  
Stuart

76% of those aged over 16 shopped online in the last year alone (that's 41m people). When you consider that 72% of them would purchase more online from their favourite high street retailer it offered same-day delivery, that's 29m people who would spend an average of £168 each in a year. That's a potential £4.9bn in additional revenue up for grabs.

And the opportunities don't stop there...

As well as being happy to spend more in shops that offer same-day delivery, consumers are happy to pay out more for the service itself.

Just under two-thirds (62%) would pay a premium for same-day delivery from their favourite high street retailer.

And the amount people are willing to pay increases significantly in line with the speed of the service.

10% of consumers are willing to shell out more than £11 for delivery within the hour.

And even if the above numbers did turn out to be somewhat optimistic, there is still an opportunity to offer a subscription-based service that includes on-demand delivery. Based on our research people would happily pay some kind of premium to sign up to it.

But this isn't just about extra revenue. It's about providing a customer experience that matches expectations. And the fact people would pay for the service is proof of their appetite for it.

72% 

of online shoppers would purchase **more** online from their favourite high street retailer if it offered same-day delivery

£168 

the amount consumers **would spend** more with their favourite high street retailer in the next year if it offered same-day delivery

62% 

of online shoppers would pay a **premium** for same-day delivery from their favourite high street retailer

# 3. On-demand returns – another untapped goldmine

If you have the ability to offer on-demand delivery then you can offer the same level of convenience on returns.

This could go some way towards solving a problem that is the bane of many retailers' lives: the fact that returned stock significantly depreciates in value by the time it makes it back onto the shelf. And that's if it ever makes it back onto the shelf at all.

Our research found it takes an average of 4.2 days for shoppers to start the process of returning an unwanted item they ordered online. It can take weeks or even months to get that inventory back on the shelves, with the average value of returned items being £49.

That is a potentially huge amount of lost and ultimately wasted value when you multiply it out across all customers, particularly for retailers in seasonal businesses.

We collectively return goods worth a staggering £196bn every year as a nation, and the average online shopper has unwanted but unreturned goods worth £66 at home, totalling £3.2bn across the UK.

If customers could return items the same day, with ease, high street retailers could save an enormous amount of money.



Inventory management, particularly in seasonal businesses, is crucial to maximising profits. Online shoppers tend to order and return as a matter of practice, meaning large volumes of inventory are not available to be sold as retailers wait for those items to make their way back to the shelves. In seasonal industries, by the time the inventory is back on the shelves it is often time to replace it with the next season's stock, leaving retailers stuck with unmovable product."

**David Saenz**  
Stuart



But there's an even bigger opportunity in the returns story...

By offering a quick and convenient returns service you build trust among your customers. Trust that if they want to return something the process will be painless.

In fact, 74% of people deem the quality of a returns service as an important factor when deciding who to shop with, according to a recent IMRG UK study.

And with 29% of people buying multiple items at once knowing they'll return one or more of them, it's fair to say a retailer's returns process is likely to have a significant impact on its sales.

But on-demand delivery is also about meeting customers' increasing expectation for speed and convenience that we highlighted earlier in the report.

A third of consumers say they choose one high street retailer over another because it always has the stock they need.

With a quicker and more efficient returns process, retailers will be less likely to lose potential customers because they can't cater for their needs.

We also know that the top three reasons people don't return items are:

1. Too much hassle to repack the item (37%)
2. Don't have the time (27%)
3. Lack of convenient nearby locations (24%)

Those second and third points could easily be solved with an on-demand returns service.

4.2 days

The **time** it takes for shoppers to **start the process** of returning an unwanted item they ordered online

27%



of shoppers **don't return items** because they don't have time and 24% say there are no convenient nearby locations

29%



of online shoppers **buy multiple items at once**, knowing they'll return one or more of them



## 4. An opportunity for the taking (for those that act quickly)

The opportunity for on-demand delivery in retail is still wide open, with no single high street brand having properly tapped into the market yet.

As mentioned earlier, only 4% of shoppers have a favourite high street retailer that already offers same-day delivery, let alone an on-demand service that delivers within an hour, despite huge demand for the service.

This represents an enormous opportunity for high street shops that almost nobody has taken – a chance to position themselves as early market leaders on convenient delivery and returns.

But along with the opportunity comes the risk of inaction: the significant danger high street retailers face if they choose not to act while their competitors do.

79% 

of consumers would **switch** from their favourite high street retailer if they didn't offer their preferred delivery method. *[This figure increases to 82% among male shoppers, 83% for those living in London, and 85% for those aged between 25 and 34.]*

And if you think brand loyalty is likely to save the day, you might be disappointed. Almost a third (32%) of us will shop with a particular high street retailer because it offers same-day delivery, regardless of any other factors.

**The fact is, if you're a high street retailer the majority of your customers would switch to a competitor if they began to offer on-demand delivery and you didn't.**



High street retailers have a massive advantage over ecommerce players: their product is at prime retail locations in city centres right next to their customers, not stored in some distribution centre a hundred miles away. The appetite for on-demand delivery isn't something that may or may not materialise in future. It's here right now and there are some potentially massive gains for retailers who choose to act sooner rather than later."

**David Saenz**  
Stuart

We also uncovered a significant spike in demand for speed and convenience among the younger generation.

A massive 87% of 16-24-year-olds said they would shop more online with their favourite retailer if it offered same-day delivery, versus 72% average across all age groups.

Almost half (48%) would purchase gifts online they need delivered the same day for a holiday, versus a 35% average. And 42% would do so for goods they need for a friend or family member's birthday, versus a 35% average.

# 79%



of online shoppers would **switch** from their favourite high street retailer if it didn't offer their preferred delivery method

# 32%



of online shoppers will **always** choose a high street retailer if it offers same-day delivery

When you consider that this age group is more likely to shop online in the first place – 16-24-year-olds purchase online an average of 10 times per month, compared to seven times across all age groups – the significance of these figures is difficult to ignore.

And this raises another point about the future of collection and delivery:

We can only expect this trend to continue as the 16-to-24-year-olds of today grow up and the next generation of consumers reaches maturity.

If retailers don't start catering for this demand they risk losing the business of a whole generation of people nearing a higher-earning age.



The research paints a picture of a modern-day consumer who considers fast, flexible delivery a must-have in a society driven by convenience. Yet too often convenient delivery and returns are being considered a 'nice to have', not a necessity, by high street brands," continued Saenz. "Online shoppers consider delivery as the lynch pin when it comes to their brand loyalty. In five years' time, instantaneous delivery and returns will be mainstream. The retailers who invest in this now will not only be winning the race for consumer loyalty but will also reap the financial rewards that come with it."

**David Saenz**  
Stuart



# Regions of opportunity

*The key regions where online shoppers are calling for premium delivery services*

## NORTHERN IRELAND

55%

of online shoppers would pay a premium for same day delivery from their favourite retailer

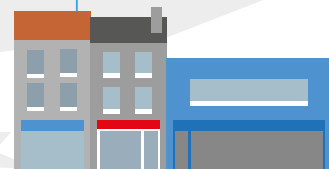


## WALES

On average, online shoppers from Wales would spend

£135

more with their favourite high street retailer if it offered same day delivery

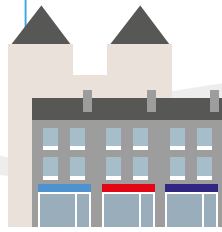




## EDINBURGH

# 28%

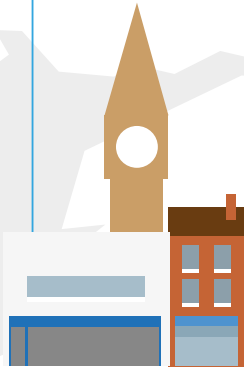
of online shoppers in Edinburgh would spend up to £200 more in their favourite high street retailer if it offered same day delivery



## MANCHESTER

# 31%

of online shoppers would shop more with their favourite retailer if it offered same day delivery



## NORWICH

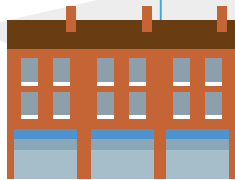
# 84%

of online shoppers would switch from their favourite high street retailer if it didn't offer same day delivery

## LONDON

# 83%

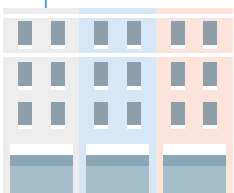
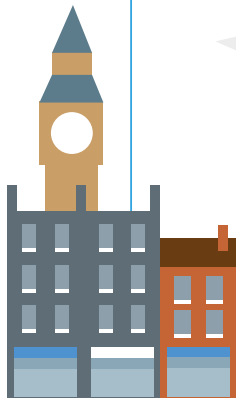
of online shoppers would switch from their favourite high street retailer if it didn't offer their favourite delivery method



## BRIGHTON

# 14%

of online shoppers in Brighton would spend up to £10 for same day delivery



## 5. Looking beyond retail

In this report we've uncovered the massive opportunities for high street retailers when it comes to offering on-demand delivery and returns to their customers.

But this desire for speed and convenience goes far beyond retail.

Some industries are already doing a good job of meeting consumers' needs, with the restaurant industry being an obvious example.

What can high street retailers learn from those sectors that have successfully rolled out on-demand delivery already?

And what about other sectors?

Tesco recently announced it will be rolling out same-day click and collect. But does that go far enough? Could the grocery sector be doing more?



When you order a pizza it's at your door within 45 minutes. Those restaurants don't have some magic system that allows them to do that. They've simply adapted their processes to meet customers' expectations. Now retail shoppers have the same expectations, so I would urge high street brands to look to sectors such as fast food to see how those businesses are already handling on-demand delivery."

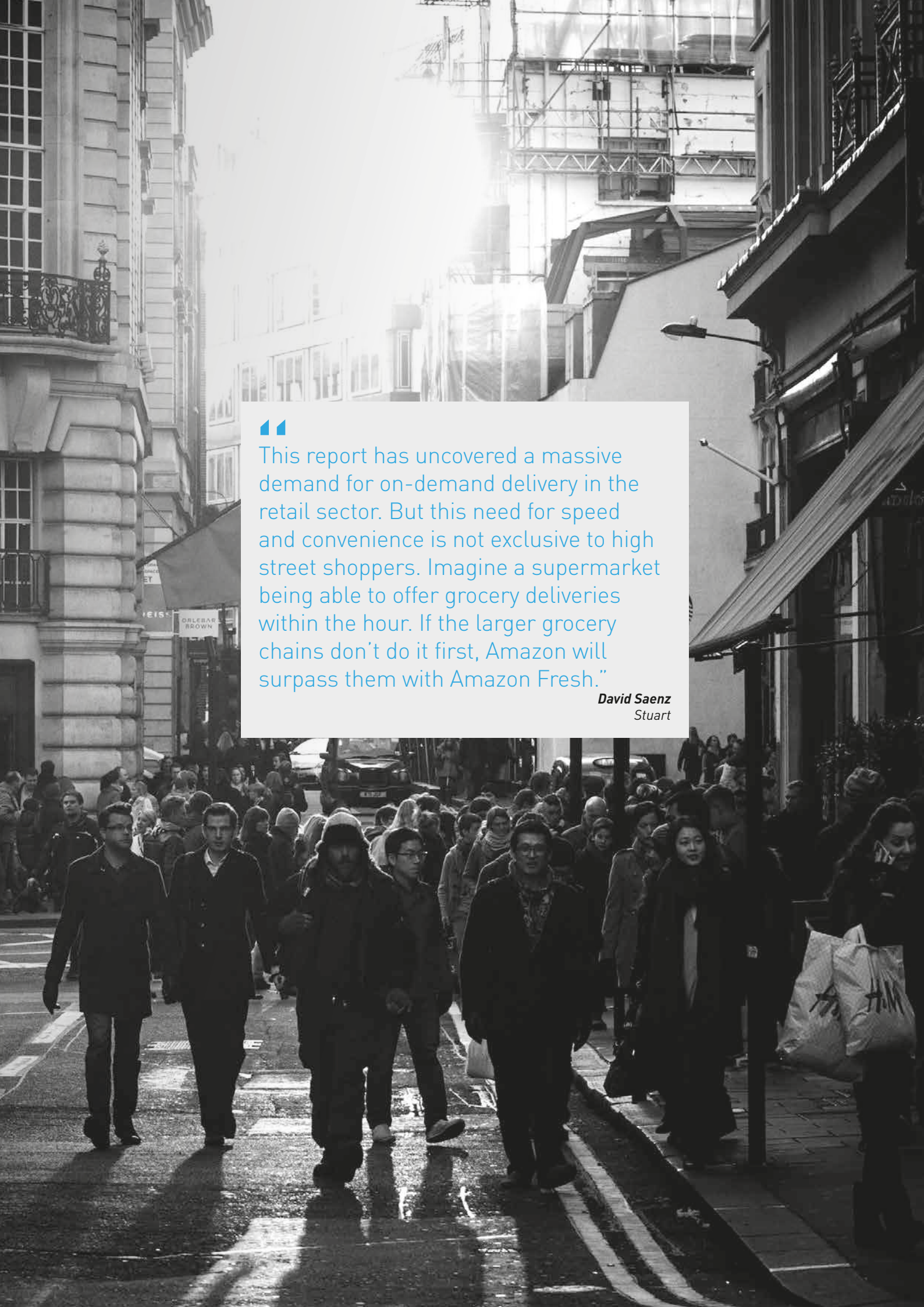
**David Saenz**  
Stuart





This report has uncovered a massive demand for on-demand delivery in the retail sector. But this need for speed and convenience is not exclusive to high street shoppers. Imagine a supermarket being able to offer grocery deliveries within the hour. If the larger grocery chains don't do it first, Amazon will surpass them with Amazon Fresh."

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