



Turn browsing into buying

How to differentiate and deliver
on customer expectations

2024 Ecommerce Merchant Report

Executive summary

As an ecommerce retailer, understanding what your customers want can help you differentiate your business in a sea of competition. Recent research from Morning Consult, commissioned by FedEx, has created new clarity around customer expectations—and what factors influence their decisions to buy. Use these findings to boost sales and create long-term loyalty.

Saving money matters most to customers. When asked what was on their minds when shopping, **57%** said free shipping, and **54%** said finding the best prices.

Nearly half of consumers think orders between **\$25** and **\$50** should come with free shipping.

81% of shoppers will add more items to their cart to avoid delivery charges when there's a free shipping threshold.

62% of consumers are more likely to buy online if the retailer offers free returns.

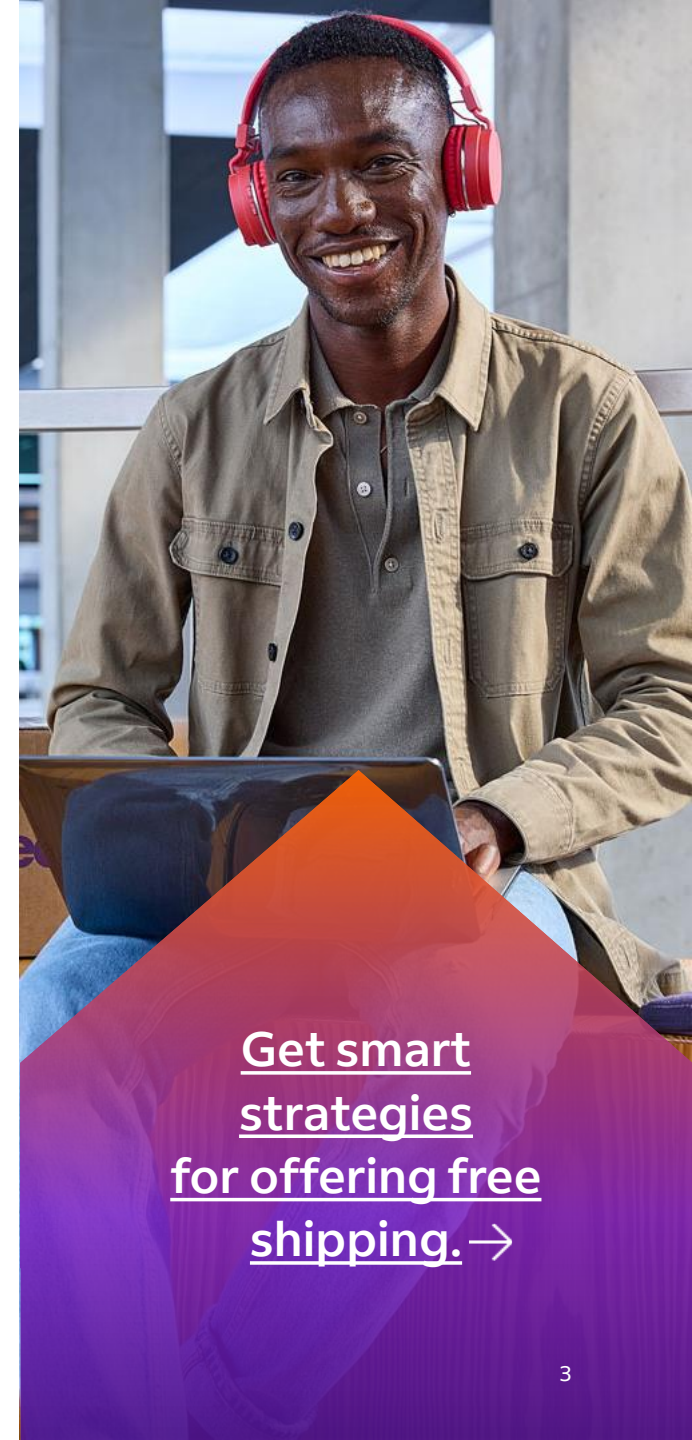
45% of consumers will pay for next-day delivery, but only 44% of merchants offer it.

69% of shoppers say order tracking is a consideration before purchase.

Consumers value saving money above all else.

When people shop online, they care most about cost. Most shoppers say the top two things on their minds are free shipping (57%) and finding the best prices (54%). That's right. Free shipping matters more than getting their orders fast.

75% of shoppers will wait longer for delivery to save money.



Get smart strategies for offering free shipping. →

But they'll spend more to get free shipping.

Only
48% of retailers offer free shipping.

Of those,
65% require a minimum purchase amount to qualify.

How do shoppers respond?

81% will add more items to their order to avoid delivery charges.



Free shipping thresholds are higher than they'd like.

Thresholds for free shipping vary, but the largest percentage of retailers (44%) require a minimum order between **\$50 and \$79**.

Here's the disconnect: Nearly half of consumers think orders between **\$25 and \$50** should come with free shipping.

Knowing that customers will spend more to get free shipping, retailers should test their thresholds. Discovering the right order minimum can help strike the perfect balance: increased revenue *and* customer satisfaction.



Free shipping: Put the data to work.

- Use AI to determine the threshold that works best for your business and your customers.
- Use customers' browsing history to offer "you might also like" suggestions. This can help them meet your free shipping threshold.
- Give customers options for free and paid shipping.
- Consider protecting your margins with affordable, subsidized, flat-rate shipping as an alternative to a free shipping threshold. For example, \$2 shipping with a \$50 purchase.



If they're paying for shipping, they expect speed.

When customers pay for shipping, they expect to receive their packages fast—either overnight (38%) or within two days (36%).

More people prefer free shipping—unless the order is urgent. Then they'll spend extra for faster delivery. And here's an added bonus: Charging more for expedited delivery can boost revenue.

Merchants should consider logistics upgrades and partnerships. Tactics like **outsourcing warehousing and fulfillment** can increase delivery speed and create standout experiences.



They want expedited delivery, but their options are limited.

Same-day delivery:

55% of consumers will pay for it.

But only
33% of merchants offer it.

Next-day delivery:

45% of consumers will pay for it.

But only
44% of merchants offer it.

Did you know?

With just two distribution centers in optimal locations—like the Midwest and West Coast—you can deliver to ~93% of the U.S. in two days using standard shipping.



Explore how FedEx One Rate® can help you deliver in 1, 2, or 3 days for a predictable price.→

Shipping speed: Put the data to work.

- Use technology solutions to optimize shipping speed and cost.
- Consider using a flat-rate, time-definite shipping option like FedEx One Rate® to balance cost and speed.
- Practice transparency by providing customers with estimated delivery dates. Give them the option to pay for expedited shipping if they prefer a quicker delivery date.
- Provide accurate delivery dates and meet customer expectations by building in shipping, handling, and carrier handoff times into your estimates.



Offering free returns is a top purchase influencer.

62% of consumers are more likely to buy online if the retailer offers free returns.

But only
46% of merchants offer them.

If you're not able to offer free returns, there are still things you can do to create a loyalty-building returns process.

30% of shoppers want **easy-to-navigate returns policies**.

30% want more **convenient drop off locations** for returns.

28% want the option to **return online purchases in the store**.

Create a returns strategy that keeps customers coming back. →

Free returns: Put the data to work.

- Consider limiting free returns to your most loyal customers or for specific items only.
- Review your return policy and be sure to balance free returns against your business objectives.
- Look at no-return-required options where customers can keep or donate items and receive a credit or replacement.
- If free returns aren't possible, consider offering a flat-rate return option—one that's low enough to meet customer expectations but doesn't place the full cost of the return on you.



They don't want to pick up from a store—even if they ordered from one.

When placing an order from a retailer with a brick-and-mortar store in their area, consumers prefer to have their order delivered to their home the next day (40%) or in two days (23%).

Most do not want to pick it up in-store or curbside—even *if it meant they could get their order on the same day*.

Whatever happened to Buy-Online-Pickup-In-Store?

This trend, nicknamed BOPIS, grew exponentially during COVID thanks to the surge of online orders. But today, most customers would prefer to wait for delivery than go to the store to get their orders.



Convenience: Put the data to work.

- Make the shopping experience simple, from order and payment to delivery and returns.
- Find ways to offer same-day or next-day shipping when it makes sense for your business.



They use gig delivery for speed and convenience.

63% of consumers have used a gig delivery service like Instacart or DoorDash.

Who uses them most?

- Younger consumers
- Higher-income consumers
- People who live in urban areas

What's being delivered?

- Groceries: 74%
- Pet supplies: 26%
- Clothing/retail: 25%

What's the takeaway for online retailers?

Customers are *really* interested in delivery speed and convenience. A **well-rounded portfolio of delivery options** can help merchants meet that demand.



Order tracking has become table stakes.

69% of shoppers say it's a consideration before purchase.

And merchants hear that loud and clear. 73% say real-time tracking is in the top three features of a post-purchase management solution.

Explore tracking solutions that can save you time, money, and effort. →

94%

of merchants use some kind of post-purchase management tool for tasks like managing returns and creating branded tracking pages. But retailers still need to develop strong carrier relationships, for both real-time tracking and getting discounted rates.

Create brand consistency, even in the order tracking experience, with branded order tracking from fdx. →

Transparent tracking: Put the data to work.

- Keep customers informed with order and tracking updates that are clear and accurate.
- Set realistic expectations by providing estimated delivery dates.
- Be proactive in communicating shipping delays! And be sure to include updated delivery estimates.



These findings all drive home one clear message:

The delivery experience matters.

See how you can deliver
more with FedEx.



FedEx commissioned a study of 510 U.S. merchants and 2,103 consumers.
This report includes the results of those who responded.