

Doddle Pulse.



Sustainable delivery.

Luxury or necessity in today's consumer climate?

Doddle.

About Doddle Pulse.

At Doddle we make it our business to understand customer motivations and to give retailers smart new ways to meet those needs and desires whilst accelerating their business objectives.

Doddle Pulse is our new regular look at what customers are wanting from their retail and delivery experiences. Our hope is that these regular snapshot views of the market will give time-challenged retailers valuable insights that they can act on to drive loyalty, advocacy and sales.



Foreword from Tim Robinson, CEO, Doddle.

A decade ago, none of us thought anything of returning from our weekly shop with the car loaded up with plastic bags and a coffee shop treat in a takeaway cup.

Fast forward a few years and the landscape has radically changed. Today, taking your reusable bags into the supermarket, using a reusable coffee cup and doing what you can to 'trip chain' and combine journeys are behaviours fast establishing themselves as habits for the majority.

The seven main retailers (ASDA, M&S, Sainsburys, Tesco, The Co-Operative Group, Waitrose and Morrisons) collectively sold 83% fewer bags (over six billion fewer) in 2016 to 2017¹. Reusable cup use is also soaring with Pret alone now selling 85,000 drinks in reusable cups every week and their customers saving around four million disposable cups last year².

And yet, 88% of consumers globally still opt for home delivery³ which necessitates tens of thousands of small vans travelling millions of miles each week to make hundreds of individual drop offs a day.

Why does this anomaly in consumer behaviour exist? Is there an underlying motivation to adopt more sustainable solutions and where does the ultimate responsibility lie? With the consumer or the retailer?

In this, our second Doddle Pulse, we look at an issue that we predict is going to be one of the key drivers of customer loyalty in the future. We hope that by doing so, we can shed some light on where sustainability sits in the consumer hierarchy of needs and wants both now and in the future. And we hope to demonstrate that meeting the increased appetite for sustainable delivery doesn't have to be a headache. In fact, it can be a real opportunity to create a market differentiating proposition.



Tim Robinson
CEO, Doddle.




¹<https://www.gov.uk/government/publications/carrier-bag-charge-summary-of-data-in-england/single-use-plastic-carrier-bags-charge-data-in-england-for-2016-to-2017>


²<https://www.businessgreen.com/bg/news/3034289/reusable-cup-use-soars-ten-fold-at-pret-thanks-to-50p-discount>


³Metapack: State of eCommerce Delivery 2018


A significant swing towards sustainable lifestyles.

One of the most seismic consumer retail trends over the past few years – along with the rapid adoption of digital retail solutions – has been the significant move towards sustainable lifestyle choices.

 **Two thirds of the population** ‘always’ take a reusable bag to do their grocery shopping while the vast majority, 87%, ‘always or often’ take one.

 **One in seven of the population** ‘always or often’ get their takeaway morning coffee in a reusable coffee cup.

 **One in 10 shoppers** ‘always’ choose products with less packaging, while over a third (37%) ‘always or often’ choose products with less packaging.

 **Nearly two thirds** are conscious of challenging throw away culture and ‘always or often’ recycle their clothes by taking them to the charity shop instead of throwing them away.

Gender and age play a key role in decision-making.

The extent to which consumers are embracing these sustainable choices is by no means uniform.


In many cases, gender and age seem to play a factor in a consumer’s willingness to embrace environmentally driven decision making and behaviour change, with women consistently more likely than men to opt for sustainable options across their day-to-day retail experiences:

	Women	Men
Always / often use reusable coffee cups	15%	11%
Always / often use reusable bag to do grocery shopping	91%	84%
Always / often recycle clothes by taking them to a charity shop	73%	47%
Always / often choose products with less packaging	43%	31%


Age also plays a role in the adoption of sustainable lifestyle choices, but with no one group leading the


overall charge. Instead, different age groups appear to be prioritising different environmentally driven retail choices.


The youngest consumers (18-24 year olds) are ahead of the curve in adopting more sustainable habits when it comes to their daily coffee:

 **One in five (19%)** of them always or often use a re-usable coffee cup compared to only 11% of 45 – 54 year olds and 10% of 55+ year olds.

However, it’s older shoppers who are more concerned about packaging and clothes waste:

 **41% of 45-54 year olds** always or often choose products with less packaging compared to 30% of 25-34 year olds and 34% of 18-24 year olds.

 **A significant majority (81%) of 55+ year olds** and 65% of 45-54 year olds ‘always’ take a reusable shopping bag compared to only half (51%) of 18-24 year olds.

 **And 39% of 55+ year olds** ‘always’ recycle their clothes by taking them to the charity shop, compared to only 23% of 18-24 year olds.

But when it comes to delivery it's a different matter...

Consumers might be embracing sustainable lifestyles in the physical retail environment, but when they're shopping in the digital environment – perhaps because of the less tangible experience – this propensity to make sustainable choices doesn't appear to be filtering through.

In particular, consumers' fulfilment choices appear to be driven largely by habit rather than conscious decision.

75% of online shoppers admit they 'just automatically choose' home delivery at the checkout.

(Doddle YouGov research, Jan 2019).



Only 6% of online shoppers always collect their online shopping rather than having it delivered.



Although 17% of online shoppers 'often or sometimes' opt for collection over delivery.

Younger shoppers are more likely than older shoppers to consider and make alternative delivery choices:



One in six (16%) 18-24 year old shoppers 'always or often' opt to collect their online shopping compared to 10% of 45-54 year olds and 11% of 55+ year olds.

We're reaching a watershed moment in eCommerce fulfilment.

The need for change.

Demand is growing globally and shows no signs of slowing. Parcel volumes in the UK alone reached a total 2.4 billion items in 2018, an 11% increase of 11% on the previous year.

(Ofcom: Annual monitoring update postal market, 2017-18).

The needs of this booming market are changing by the day; yet the fulfilment model has stayed largely unchanged. The logistics market remains fragmented and home delivery – reliant on millions of individual vans making billions of individual journeys annually – is still the default option.

But, with eCommerce demand growing at the same time as the need to reduce urban congestion and carbon emissions becomes more pressing, the situation as it stands is no longer sustainable...

Growing eCommerce demand.



A third of consumers (33%) are shopping more online than they were 12 months ago and 17% anticipate shopping more online in the next 12 months than they currently do.

(Doddle research with YouGov, Jan 2019).

The environmental cost of unnecessary mileage.



Across the UK, around four million parcels are delivered every day. With 74% of consumers admitting to home delivery being their default habit, hundreds of thousands of miles that could have been consolidated into single point drop offs are being racked up every single day.

The growing issue of urban congestion.



Traffic congestion in the UK's largest cities is 14% worse than it was five years ago.

(Greener Journeys: Tackling Pollution & Congestion, June 2017).



Sadiq Khan has blamed the 2% rise in the number of vans in the capital in the past year on online delivery trucks.



On 30th January 2018, Brixton Road, in South London reached its annual legal limit for nitrogen dioxide (NO₂) less than a month into the year.

The detrimental impact of poor air quality on health.




The World Health Organisation calculates that people in the UK are 64 times as likely to die of air pollution as those in Sweden and twice as likely as those in the US.


(World Health statistics Monitoring Health for the SDGs, WHO, 2018)

Early shoots: A growing consumer awareness of the impact of delivery choices.

Whilst home delivery remains the default fulfilment option for the majority, there is increasing evidence of a shift in that consumer behaviour. Consumers appear to be increasingly recognising that delivery choices – though less immediately tangible – can have a similarly positive or negative impact on the environment as more obvious, tangible choices made in the physical environment such as bag use.

 **Over three quarters (77%)** of online shoppers now say they're conscious of, or care deeply about the environment when thinking about how they receive their deliveries.

(Metapack: State of eCommerce Delivery 2018).

 **One in seven shoppers (13%)** say they take the environmental impact of different delivery options 'a lot' when they make their choice.

(Doddle YouGov research, March 2019).

Shoppers are planning on changing.

It appears we are now reaching a very real cross roads, with consumer behaviour changing to such an extent that it is no longer viable to exclusively offer home delivery or to offer it as the default option.



A third of online shoppers (35%) anticipate using home delivery less in the future, while 11% plan on using it 'a lot less'.



Young shoppers are leading this shift in behaviour, with over half (53%) of 18-24 year olds intending to use home delivery less in the next two years and one in five (20%) planning on using it 'a lot less' as a direct result of considering the environmental impact of that delivery choice.

One for One.

For every 1% increase in click & collect volumes (instead of home delivery) there's a 1% reduction in delivery vehicles on the street.

The potential impact of this reduction is significant given that every kilometre of a delivery emits 147g of CO₂.

Consumers want retailers to change with them.

Powerful change only comes about with collaboration. The radical reduction of disposable bag and cup use has only been possible as a result of consumer willingness to adapt behaviour being matched by retailer willingness to incentivise that behaviour.

Consumers are well aware of this symbiotic relationship and are now looking to retailers to make similar changes in the online shopping space.

Could do better...

At the moment, there is a strong feeling from online shoppers that retailers have been slow in adopting sustainable initiatives in the digital space and aren't doing enough to offer a range of more environmentally friendly delivery options.



Only 3% strongly agree that retailers 'do a good job of giving sustainable delivery options'.



A quarter (24%) are annoyed that home delivery is often positioned by retailers as the default delivery option.



A quarter (26%) are surprised by how many of their favourite retail brands still only offer home delivery.

The detrimental impact on customer loyalty.

If not motivated by a shared concern for the environment, retailers need to wake up to the potential for consumers voting with their feet if they're left thwarted by a lack of sustainable delivery choices:



43% of consumers say they would shop with a competitor if they offered a greater range of sustainable delivery options.

The impact of a lack of sustainable delivery options is particularly marked for younger shoppers:



A third (30%) of 18-24 year old shoppers are surprised by how many of their favourite brands still position home delivery as the default delivery option.



Over half (56%) of 18-24 year old shoppers would be persuaded to shop with a competitor who offered more sustainable fulfillment, compared to 40% of 45+ year old shoppers.



Sustainability: A future battleground for consumer loyalty.

At the moment the consumer appetite for more sustainable delivery options is manifesting itself in a simple consumer desire to see more retailers offering a greater range of choice.

But there are indications that this desire will evolve into something far more significant, with consumers planning to make their future brand choices on whether retailers are making the grade in offering a range of sustainable fulfilment options:



50% of consumers say that in the future they'd like to only support retailers that offer a wide range of sustainable delivery options.

Again it's the youngest shoppers leading this trend:



The majority of 18-24 year old shoppers (60%), hope to exclusively shop with retailers offering sustainable delivery options in the future compared to 43% of 45-54 year olds.



Having a choice of sustainable delivery options is more important for women than men too. 52% of women compared to 46% of men intend to exclusively shop with retailers offering environmentally friendly fulfilment options in the future.

So it's looking likely that in the near future, sustainability could rank alongside choice, convenience and price as a loyalty driver, making or breaking future consumer relationships.

But but how can retailers – with already squeezed margins – gain rather than lose competitive advantage by embracing this trend?

Increasing consumer choice: Offering click & collect as an alternative to home delivery.

Offering consumers a click & collect service as an alternative to home delivery is a quick win, allowing for the consolidation of hundreds of individual last mile journeys into a single drop off point, whilst tapping into a growing consumer demand for convenience.

Click & collect: A growing demand.

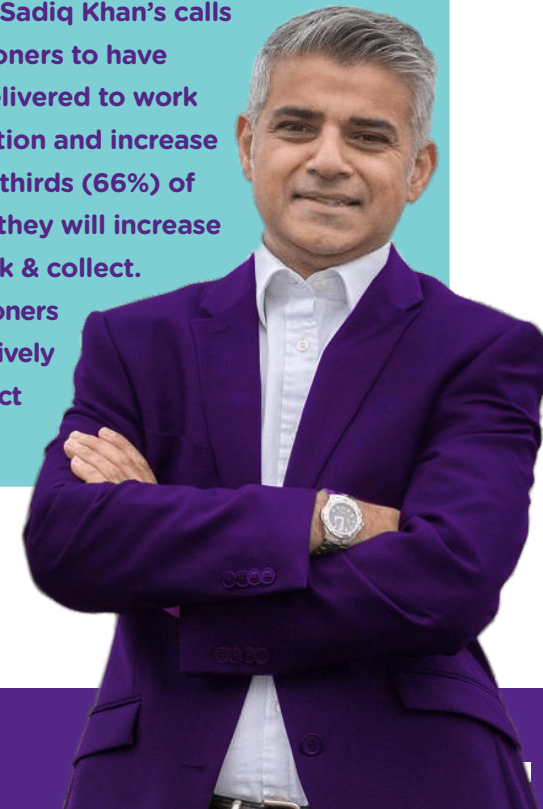
A quarter (23%) of online shoppers have used in-store click & collect in the last few weeks, while 42% have used it in the last six months.

Click & collect: A booming market.

The UK click & collect market is set to grow by 48.8% over the next five years to reach £9.8bn by 2023. (Global Data, 2018).

Londoners set to lead the click & collect trend.

- **On the back of Sadiq Khan's calls for fewer Londoners to have their parcels delivered to work to ease congestion and increase air quality, two thirds (66%) of Londoners say they will increase their use of click & collect.**
- **One in 10 Londoners intend to exclusively use click & collect in the future.**



Click & collect: A sustainable solution with benefits for retailers and consumers.

Consolidating hundreds of individual private address drop offs into drop offs at a handful of click & collect locations, brings significant efficiency and sales benefits for retailers and greater choice, convenience and certainty for consumers:

Benefits for consumers.



Increased trust: A third (34%) of online shoppers don't trust couriers to deliver successfully (*Doddle, YouGov research*), with 21% having missed five parcels or more in the last 12 months (*Zebra: The Journey to Efficiency, Jan 2019*). Collecting from a dedicated point increases certainty and trust in the delivery experience.



Increased control: 84% of consumers find it frustrating have to wait for a delivery to arrive (*Zebra: The Journey to Efficiency, Jan 2019*). Click & collect gives shoppers the ability to collect their parcels on their own terms, in their own time.



Increased convenience: Click & collect also offers consumers the ability to choose the pick up location of their choice and to take into account their busy lifestyles when doing so, for instance combining parcel collection with a grocery shop.

The ability to combine other shopping tasks or activities with parcel collection taps into another growing sustainability trend. Over a third (36%) of consumers say they are consciously trying to 'trip chain' more – combining multiple tasks in a single journey. Whilst for 95% the decision to trip chain more is convenience driven and for 76% it's because it's cheaper, for over half (54%) it's based on a conscious decision to make more sustainable lifestyle choices.

Benefits for retailers.



Efficiency: In the UK 5.6% of orders don't get to their destination, at an average cost to retailers of £14.35 per delivery.

(<https://www.retail-week.com/retail-voice/counting-up-the-cost-of-failed-deliveries/7028019.article?auth=1>)

Drop off to a single business address bypasses this potential issue.



Additional sales: Research shows that up to 70% of click & collect shoppers will shop more when making their collection.

(IMRG Click & collect Report 2018).

Easy wins when introducing or optimising a click & collect service.

Looking to the future, it seems clear that only the retailers that answer consumers' growing desire to make sustainable choices will win in the future battle for consumer loyalty. If you're one of them here's a whistle stop tour of some quick wins and smart solutions you may want to consider...

Quick click & collect wins.

If you're thinking of implementing a click & collect service to meet consumer demands for home delivery alternatives don't expect the presence of this service alone to stimulate uptake. To make your click & collect service a popular, viable and valued alternative to home delivery follow these simple steps.



Make choice prominent: Don't expect customers to search for alternatives to home delivery. Be loud and proud if you're offering them. Make them just as easy to locate as an option to create a point of market differentiation and stimulate brand loyalty.



Don't presume knowledge: A quarter of the consumer population (25%) admit to 'not being sure' how click & collect works. If you start offering click & collect as an alternative option for consumers make sure you give the uninitiated some straight forward steps to follow.







Incentivise the option: Just like Pret have incentivised reusable coffee cup use to accelerate behaviour change (they give customers 50p off any hot drink served in a reusable cup), consider making any click & collect service you offer cheaper than alternatives. Around two thirds (62%) of online shoppers say that click & collect being cheaper than other delivery methods would be an incentive to use it.



Be explicit about the environmental benefits: 40% of online shoppers say they'd be more likely to opt for alternatives to home delivery if a retailer informed them of the respective carbon dioxide/CO₂ emissions for each delivery option available.

Thinking differently about sustainable delivery.

It's been interesting to see forward thinking retailers responding to growing consumer demand for sustainable delivery with a raft of innovative solutions. Many of these have not only introduced more environmentally friendly fulfilment offerings, they've also introduced new consumer and retailer wins in the process...

Sustainable delivery solution	Retailer proposition	Consumer wins	Retailer wins
 <p>Consolidated home deliveries</p>	Amazon's Amazon day service enables customers to pick a convenient day of the week to receive multiple recent orders on	<ul style="list-style-type: none"> • Greener, consolidated deliveries • Control • Convenience • Predictability 	<ul style="list-style-type: none"> • Ticks sustainability box • Decreases delivery costs • Offers a point of brand differentiation in the delivery experience
 <p>Pick from store</p>	Target, Zara, Next and the Body Shop are investing heavily in pick from store options, enabling them to maximise their physical store estates and minimise the need for multiple journeys to and from remote warehouses	<ul style="list-style-type: none"> • The end of 'out of stock' frustrations • Trip chaining convenience • More sustainable if combined with other tasks 	<ul style="list-style-type: none"> • Decreases delivery costs • Ticks sustainability box by decreasing fulfilment mileage • Maximises physical store estates • Enables faster customer fulfilment • Offers a point of differentiation when competing against the biggest online only players
 <p>Offering greener slots</p>	Sainsbury's, Tesco and Ocado highlight the time slots where there is already a delivery scheduled for that location, enabling their customers to make greener choices	<ul style="list-style-type: none"> • Simple, effective way of making sustainable delivery choices • Enables green choices without compromising on convenience 	<ul style="list-style-type: none"> • High visibility commitment to sustainable delivery • Streamlines deliveries to introduce efficiencies and decrease delivery costs • Creates market differentiating service
 <p>Greener delivery vehicles</p>	Waitrose is trialing a service enabling customers in South West London to select up to 20 items from 1,500 available on rapid.waitrose.com and have them delivered within two hours by On the Dot cargo bikes	<ul style="list-style-type: none"> • Greener delivery • Rapid service • Convenience 	<ul style="list-style-type: none"> • Market differentiating service • High profile, visual commitment to sustainable delivery to drive brand loyalty

Want to embrace your customers' desire
for more sustainable delivery solutions?

Get in touch today at **business@doddle.com**
to find out how simple and rewarding it can be.

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