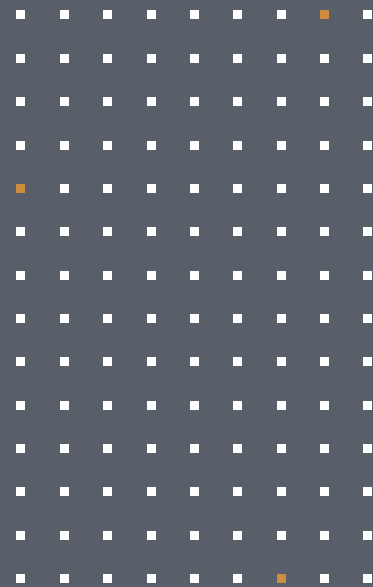


The 2022 Omnichannel Retail Report

The Flexe Institute surveyed consumers and retailers on the state of retail and supply chains in 2022.

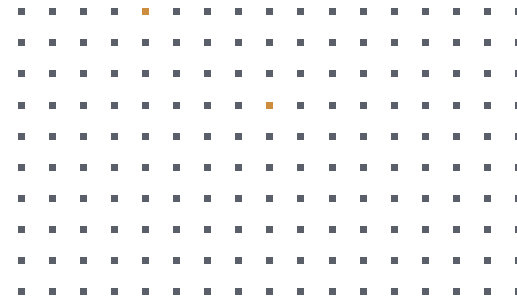
Flexe Institute





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Executive summary

Consumers demand omnichannel delivery promises that balance cost and speed amid supply chain disruptions. Retailers struggle to strike the right balance.

The Covid-19 pandemic triggered massive supply and demand disruptions, from inventory delays to transportation and labor shortages.

- + Initial Covid-19 lockdowns in 2020 triggered a brief freefall in consumer spending, and manufacturers shut down factories. Then consumer spending surged, primarily via eCommerce.
- + Retailers and brands clamored for inventory while pivoting to eCommerce or omnichannel fulfillment. They adopted strategies such as curbside pickup and buy online, pickup in-store (BOPIS) to meet customer demands safely.
- + Consumers shopped online in record-breaking volumes. eCommerce made up 20.9% of total sales, 26% higher than original projects.¹
- + Now retailers face complex headwinds—including labor shortages, continued logistics bottlenecks, tight warehouse capacity and rising inflation—exacerbated by supply-side costs and demand-side shifts in consumer preferences.

In Q1 2022, the Flexe Institute conducted two surveys to understand changes in consumer behavior and retailer priorities.

- + The 2022 Flexe Omnichannel Consumer Survey: Surveyed 500 consumers on Covid-19's impact on their shopping behaviors, as well as their eCommerce shopping and delivery expectations.
- + The 2022 Flexe Retailer and Brand Business Survey: Surveyed 249 business leaders about their eCommerce delivery options and priorities in the context of shifting consumer behavior and ongoing disruption.

All data, unless otherwise cited, is from the 2022 Flexe Omnichannel Consumer Survey, the 2022 Flexe Retailer and Brand Business Survey and comparative analysis of Flexe's 2020 Omnichannel Consumer and Retailer and Brand Business surveys.

Key takeaways

- + **Covid-19 inflamed global supply chain disruptions—and they aren't slowing down.** Fifty-six percent of retailers agree that supply chain disruptions occur more frequently. Port lockdowns, volatile markets, reduced labor forces, natural disasters and international conflicts constrain supply chains.
- + **Expect continued eCommerce growth.** Fifty-four percent of consumers increased their online shopping in 2021, compared to 49% in 2020. Ninety-two percent of retailers reported their online sales increased over the last 12 months. And 95% of retailers believe online sales will stay the same or increase over the next 12 months compared to 68% of retailers in 2020.
- + **Consumers require a delivery promise that balances cost and speed.** Seventy-six percent of consumers say free shipping is important, and 55% say the same about fast shipping. Sixty-six percent of retailers now offer next-day delivery in 2022 versus 48% in 2020.
- + Retailers blame costs when they skip fast or free delivery. Forty-five percent of retailers don't offer fast shipping due to high costs. The top reason for skipping free delivery: Outbound transportation costs.
- + **Logistics drives shopping cart abandonment.** Sixty-nine percent of consumers abandon shopping carts if shipping fees are too high. As inflation fuels higher transportation costs, retailers face a delivery dilemma: cover shipping costs and lose margin or pass costs on to customers and face abandoned orders.
- + **Retailers diversify fulfillment and increase customer communication to mitigate disruptions.** To mitigate disruption, 69% of retailers implemented strategies to communicate delivery promises and shipping visibility to customers. Forty-four percent of retailers diversified fulfillment network locations in 2021, with 41% considering future network diversification.



95% of retailers believe online sales will stay the same or increase over the next 12 months compared to 68% of retailers in 2020.

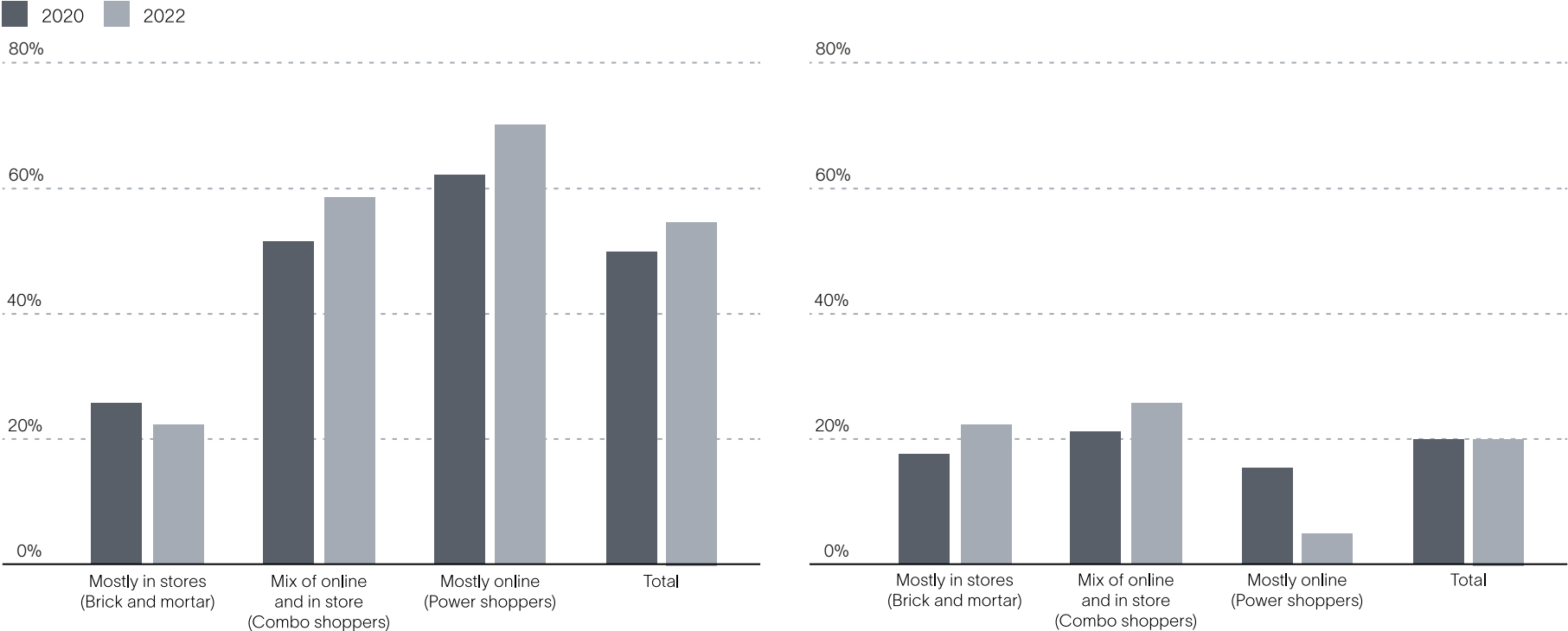
Section 01: eCommerce shopping is here to stay

Spend by shopper profile

Covid-19 accelerated eCommerce shopping across shopping profiles. Fifty-four percent of consumers report a sustained increase in online shopping due to Covid-19, compared to 49% in 2020.²

Changes in online shopping behavior: sustained increase (left) vs. initial increase (right)

In general, how has the current COVID-19 pandemic impacted your online shopping behavior? (n=475)



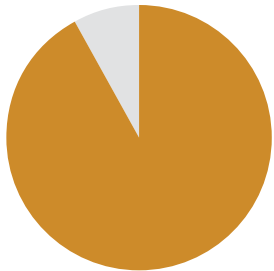
Spend by shopper generation

eCommerce adoption across generations: All generations, from the Silent Generation and Boomers to Millennials and Gen Z, adopted eCommerce.³

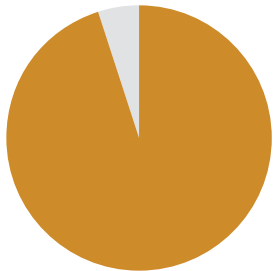
- + Early in the pandemic, Millennials made up the highest percentage of online shoppers (62%).
- + By 2022, Gen X (69%) and Gen Z (68%) caught up with Millennials.
- + Boomers were the least likely to increase eCommerce shopping in 2020 (39%). Now 52% claim an increase in their online shopping.

eCommerce sales continue accelerating

Retailers report accelerated sales



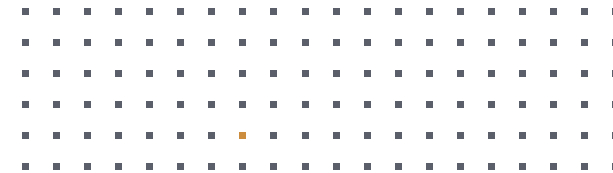
92% of retailers reported their online sales increased over the last 12 months.⁴ And 62% reported a sales increase of 20% or more.



95% of retailers believe online sales will stay the same or increase over the next 12 months.⁵ And 57% expect online sales to increase by 20% or more.

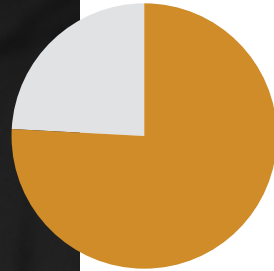
Consumer behavior shifts and inflationary headwinds.

- + A major shift in public perception marked the end of certain pandemic behaviors. As U.S. case numbers fluctuated, 1 in 3 Americans claimed the pandemic was over in May 2022.⁶
- + In-store shopping increased as pandemic worries ebbed. eCommerce transactions declined 1.8% from May 2021, while in-store sales rose 10%.⁷
- + Inflation reached a 40-year high in March 2022, with the Consumer Price Index growing 8.5% year-over-year.⁸

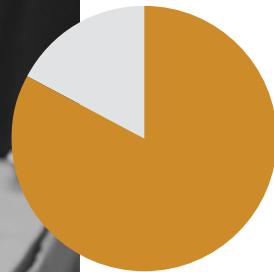


Section 02: Why delivery promises matter

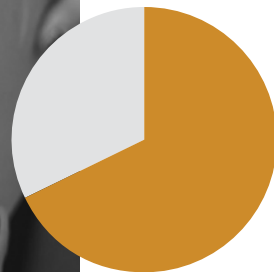
Consumers expect strong eCommerce delivery promises: A delivery promise combines shipping time and the cost of an online order. Consumers expect optimal delivery promises when making online purchases. If their expectations aren't met, shoppers abandon carts and switch brands.



76% of consumers say free shipping is important, and **55%** say the same about fast shipping.⁹



Power shoppers, those who shop mostly online as opposed to in-store, place a higher premium on both: **83%** for free shipping and **68%** for fast shipping.



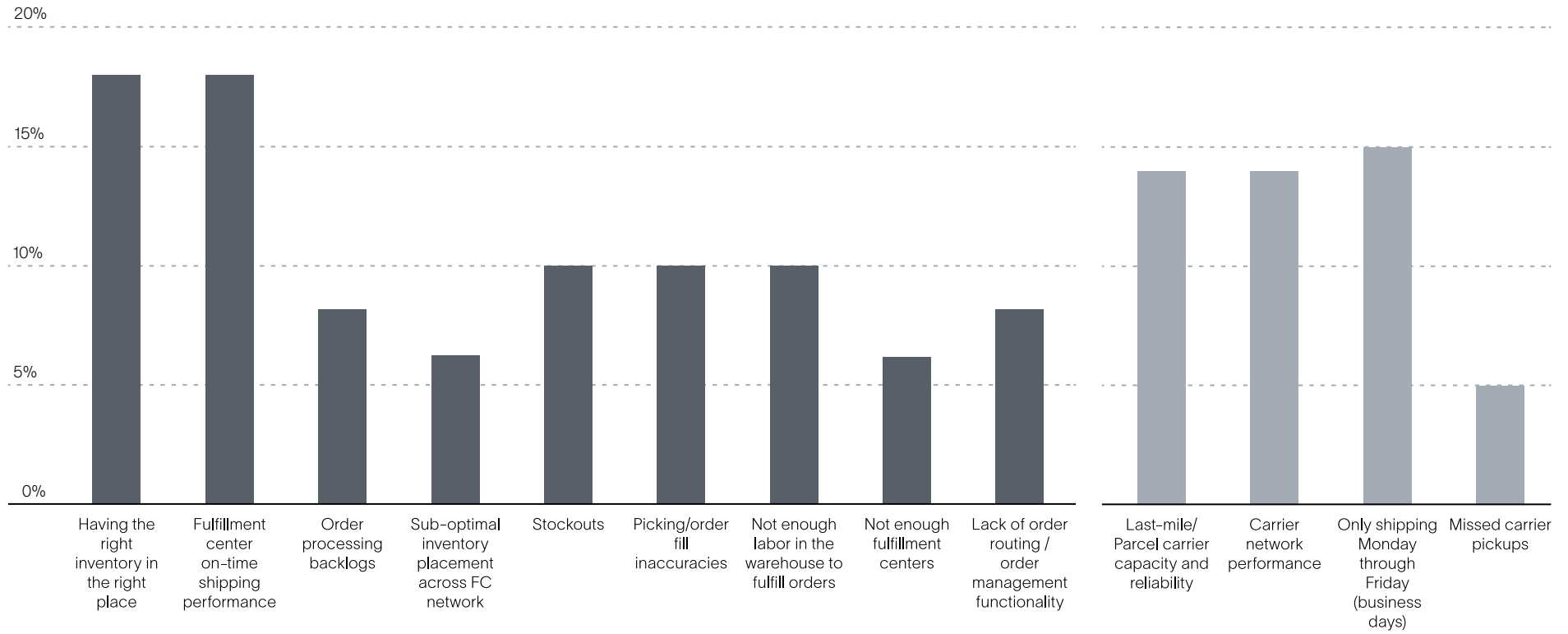
69% of shoppers will abandon orders over shipping fees, while **35%** will do so over slow delivery speeds.¹⁰

Retailers face challenges meeting delivery promises¹¹

What were your company's biggest challenge(s) in 2021 when it comes to meeting your delivery promise to online customers? Select all that apply. (n=249)

Fulfillment:

Transportation:





Amazon's continued influence on consumer expectations

The Covid-19 pandemic reset consumer expectations for eCommerce shopping. The majority flocked to Amazon. As of 2022, 93% of consumers regularly shop on Amazon, while 54% regularly shop on Walmart.com.¹²

Amazon influences consumers and retailers.

- + Fifty-four percent of consumers increased purchases with Prime Next Day.¹³
- + Forty-four percent of consumers increased purchases with Prime Same-Day.¹⁴
- + Retailers believe the online giant is a growing threat. Sixty-three percent of respondents see Same-Day Service as a threat versus 50% in 2020.¹⁵

Online shoppers expect Amazon-level delivery options.

- + Forty-four percent of consumers define "fast" as next day in 2022, compared to only fourteen percent in 2020.¹⁶
- + Thirty percent define "fast" as same-day versus only 6% in 2020.¹⁷

44% percent of consumers define "fast" as next day in 2022, and 30% define "fast" as same-day, compared to 14% and 6% respectively in 2020.

Section 03: High costs, cheap alternatives and slow delivery speeds lead to abandoned orders

Logistics drives shopping cart abandonment

- + Shipping fees take a decisive lead, with 69% of consumers citing high delivery costs as the top reason to abandon their shopping carts.¹⁹
- + Discovering cheaper goods is the second highest factor for cart abandonment (38%),²⁰
- + Slow delivery speeds rank third (35%).²¹

Retailers underemphasize shipping costs impact on cart abandonment.

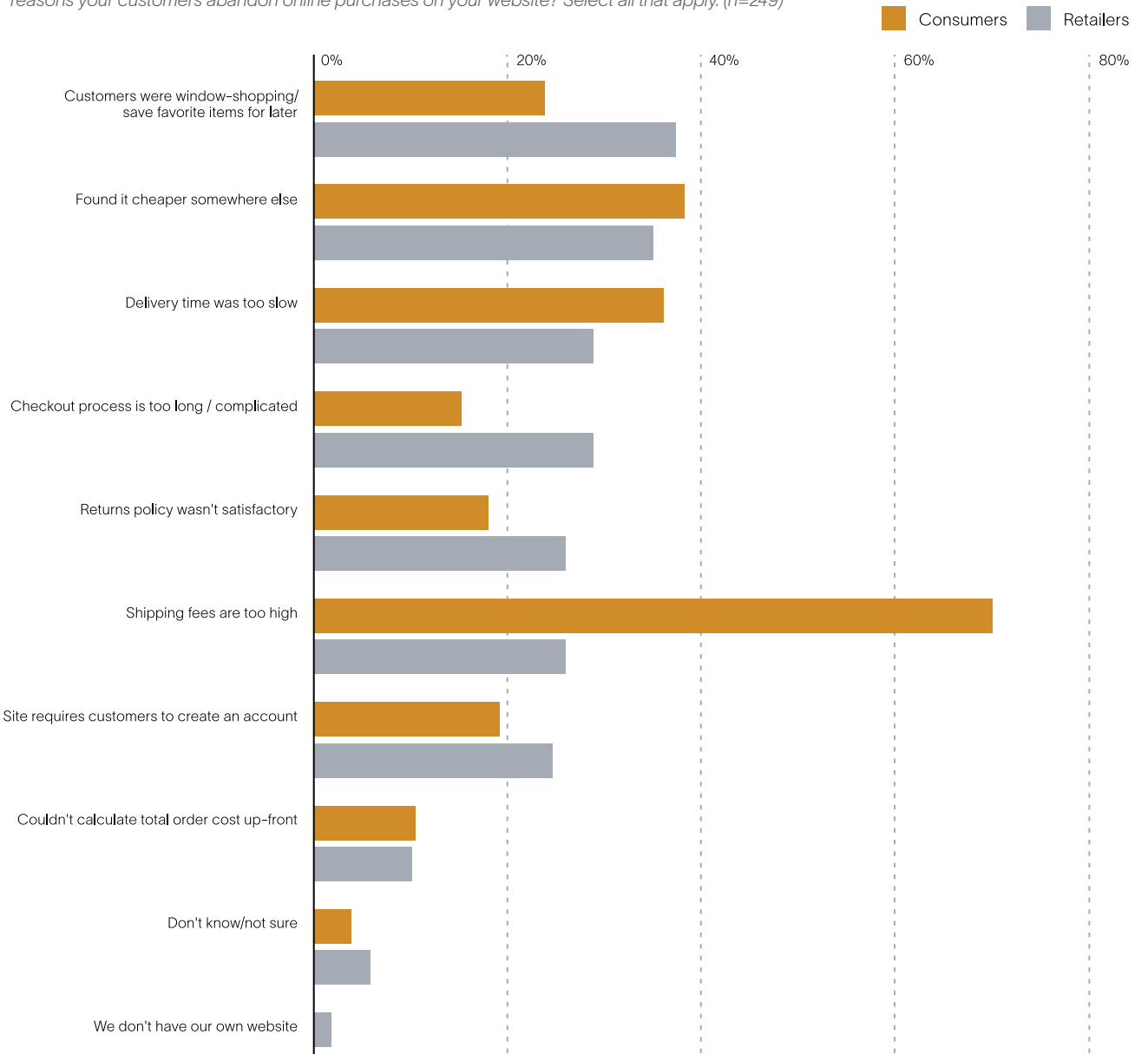
Only 26% of retailers consider high shipping fees a top reason for cart abandonment, compared to 69% of consumers.²²

High shipping costs drive cart abandonment. And retailers now face increased delivery costs due to increasing gasoline prices. The average fuel surcharge among major LTL carriers skyrocketed from 28.3% in Q4 2021 to 42.1% in March 2022.²³

Retailers and brands should be aware that shipping costs exacerbate cart abandonment and reduce revenues.

Retailers vs. consumers—reasons for shopping cart abandonment¹⁸

When you abandon an online shopping cart before making your purchase, what are the top reasons? (n=500) vs. What do you believe are the reasons your customers abandon online purchases on your website? Select all that apply. (n=249)



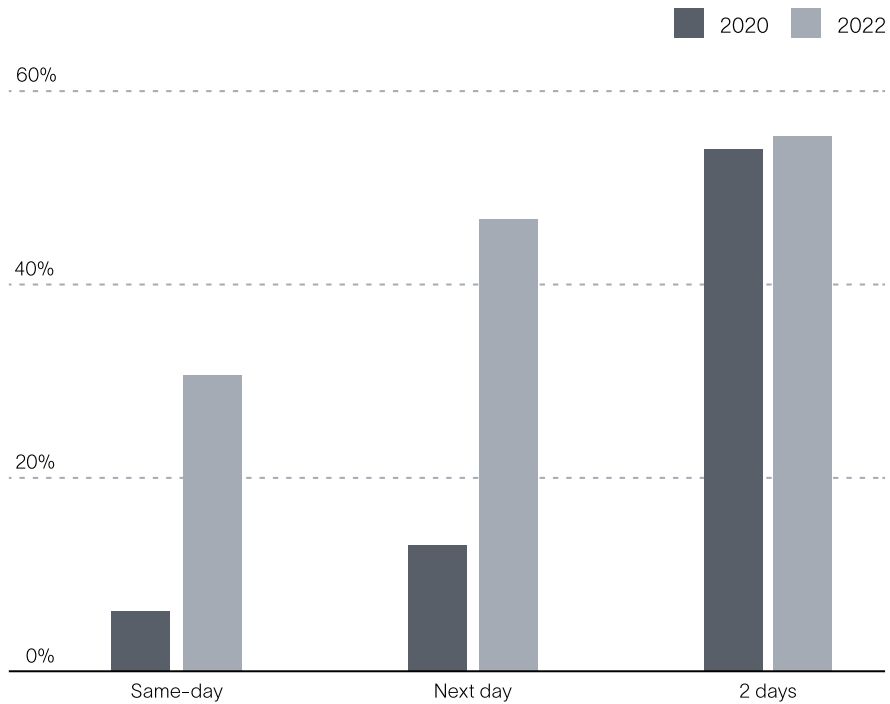
Section 04: In 2022, "fast" means two days or less

Customers increasingly perceive next day and same-day as "fast".

- + Forty-four percent of consumers define "fast" as next day in 2022, compared to only 14% in 2020.²⁴
- + Thirty percent define "fast" as same-day versus only 6% in 2020.²⁵

What consumers consider "fast shipping"

When making an online purchase, what do you consider to be "fast shipping"? (n=500)



Slow retailers lose customers

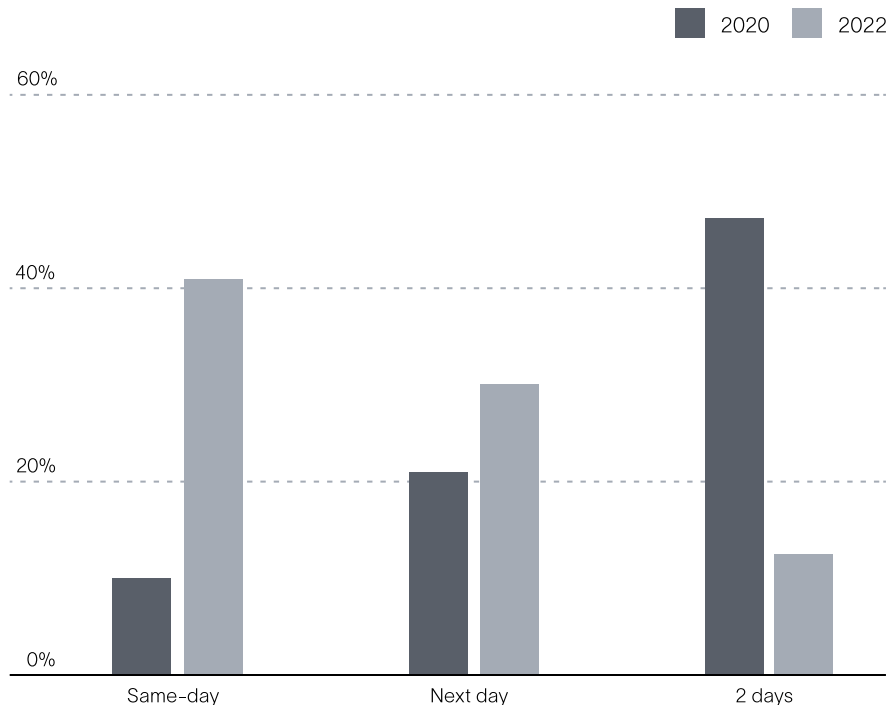
- + Eighty-three percent of consumers switch retailers for faster delivery.²⁶
- + Forty-two percent of consumers blame retailers and brands, not carriers, for late shipments.²⁷
- + And 72% of consumers skip repeat purchases due to late deliveries. This is especially true for younger and urban consumers.²⁸

Retailers redefine "fast" delivery

Retailers redefine "fast" year-over-year: Only 10% of retailers considered same-day delivery to be "fast" in 2020, compared to 41% in 2022. Consumers clamor for accelerated delivery, and retailers recognize the change in expectations.²⁹

How retailers define "fast" shipping

What does your company consider to be "fast shipping" for your online sales? (2020: 221)(2022: n=249)



83% of consumers
switch retailers for
faster delivery

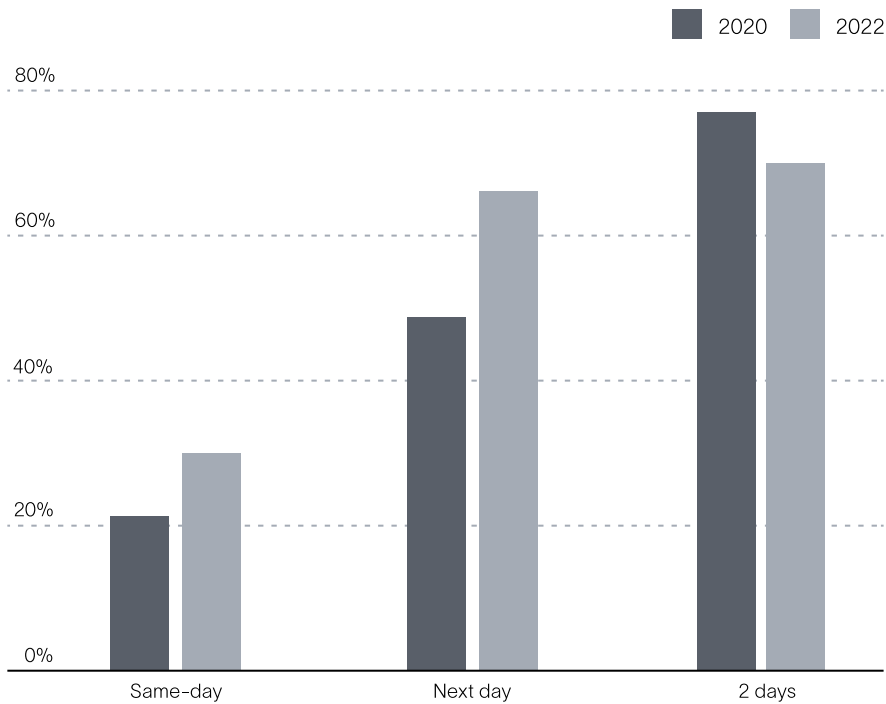
Retailers structure their delivery promises to meet new definitions of "fast" year-over-year. ³⁰

- + Sixty-six percent of retailers offer next-day delivery in 2022 versus 48% in 2020.
- + Thirty percent offer same-day delivery versus 21% in 2020.

Should retailers go faster? It depends. Per Morning Consult's research on retailer delivery speeds, consumers expect groceries and personal care products delivered fastest. They rarely expect larger items like furniture in the same timeframe. ³¹

Delivery options offered YoY

Which delivery times does your company currently offer to your online customers? (n=249)



Consumers want free shipping and they will spend more to get it

Consumers crave free shipping and search for savings.

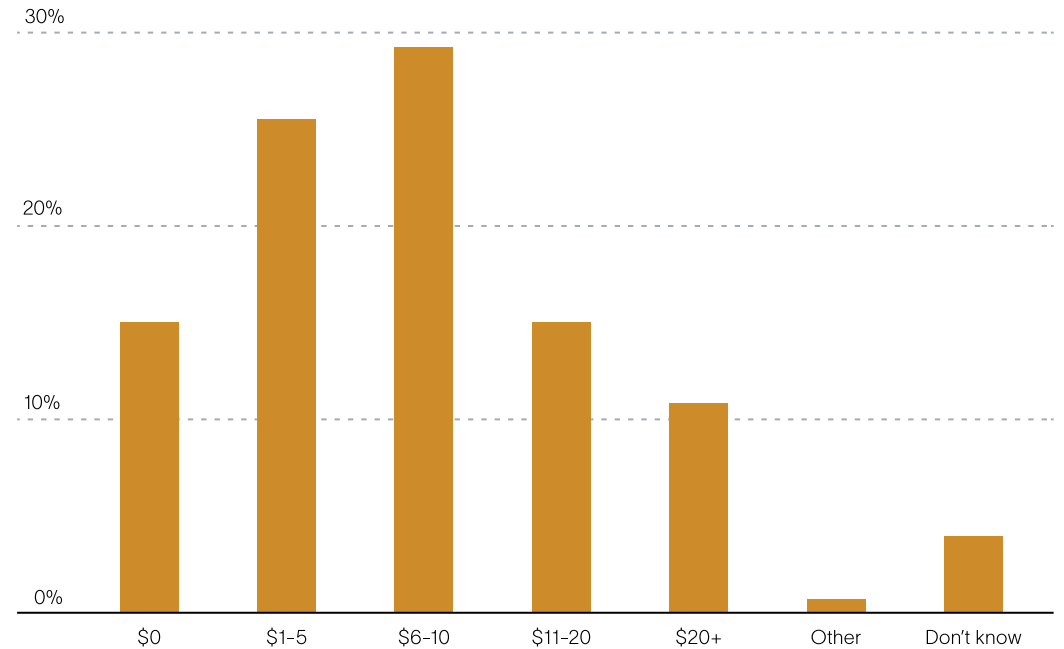
- + Seventy-six percent of consumers say free shipping is important.³²
- + Ninety-two percent of consumers source products from other retailers to save on shipping costs.³³

Consumers may spend more to meet free shipping minimums.

- + Twenty-six percent of consumers claim they will spend an extra \$11 or more to meet free shipping minimums.³⁴
- + Fifty-five percent of consumers will pay up to \$10 to meet free shipping minimums.³⁵
- + Only 15% of consumers won't spend money to meet free shipping minimums.³⁶

Willingness to spend more for free shipping

How much more are you willing to spend on an online order to meet free shipping minimums? (n=500)



Why some retailers don't offer fast or free shipping

Retailers recognize consumers expect fast and free shipping. Why don't they offer fast or free delivery? The short answer: Increased costs and limited fulfillment networks.

- + Forty-five percent of retailers don't offer fast shipping because it makes total costs too high.
- + Thirty-four percent say they don't have enough fulfillment centers close to customers.³⁷

While most retailers offer free delivery options, 20% do not offer free delivery options at all, an increase of 6% from 2020.³⁸

The top 5 reasons retailers do not offer free shipping options:³⁹

- + Outbound transportation costs are too high (50%).
- + Embedding shipping cost into product prices would make the total price too high (38%).
- + It would require a loyalty program and we are not set up to support that (38%).
- + Our products are very expensive to ship (36%).
- + Our customers are willing to pay for shipping (36%).

Increasing costs challenge delivery promise improvements

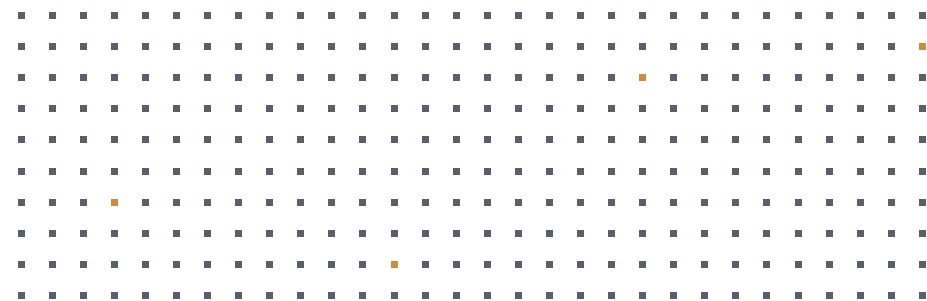
Whether due to rapidly increasing transportation costs or expensive and progressively hard-to-find warehousing space, retailers struggle to control rising final mile costs.

Minimizing final mile costs requires optimized logistics networks, with warehouse nodes positioned near key markets. But, retailers face inventory and warehouse cost challenges.

First, inventory management is not a perfect science. Specifically, if retailers incorrectly forecast consumer demand, they risk costly inventory sitting in warehouses. Navigating these risks while positioning inventory closer to customers is essential.

Second, warehouse capacity is tight and expensive. The industrial vacancy rate dropped to 3.1% in Q1 2022.⁴⁰ The national average industrial rent hit \$8.93 per square foot in April 2022, up 11.8% year-over-year. Increased industrial construction provides some future relief—though not in 2022.

In short: the challenge to minimize costs and improve delivery promises is likely to worsen before it gets better.





Section 05: Continued supply chain disruption constrained retailers and frustrated consumers

Retailers report continued tumult

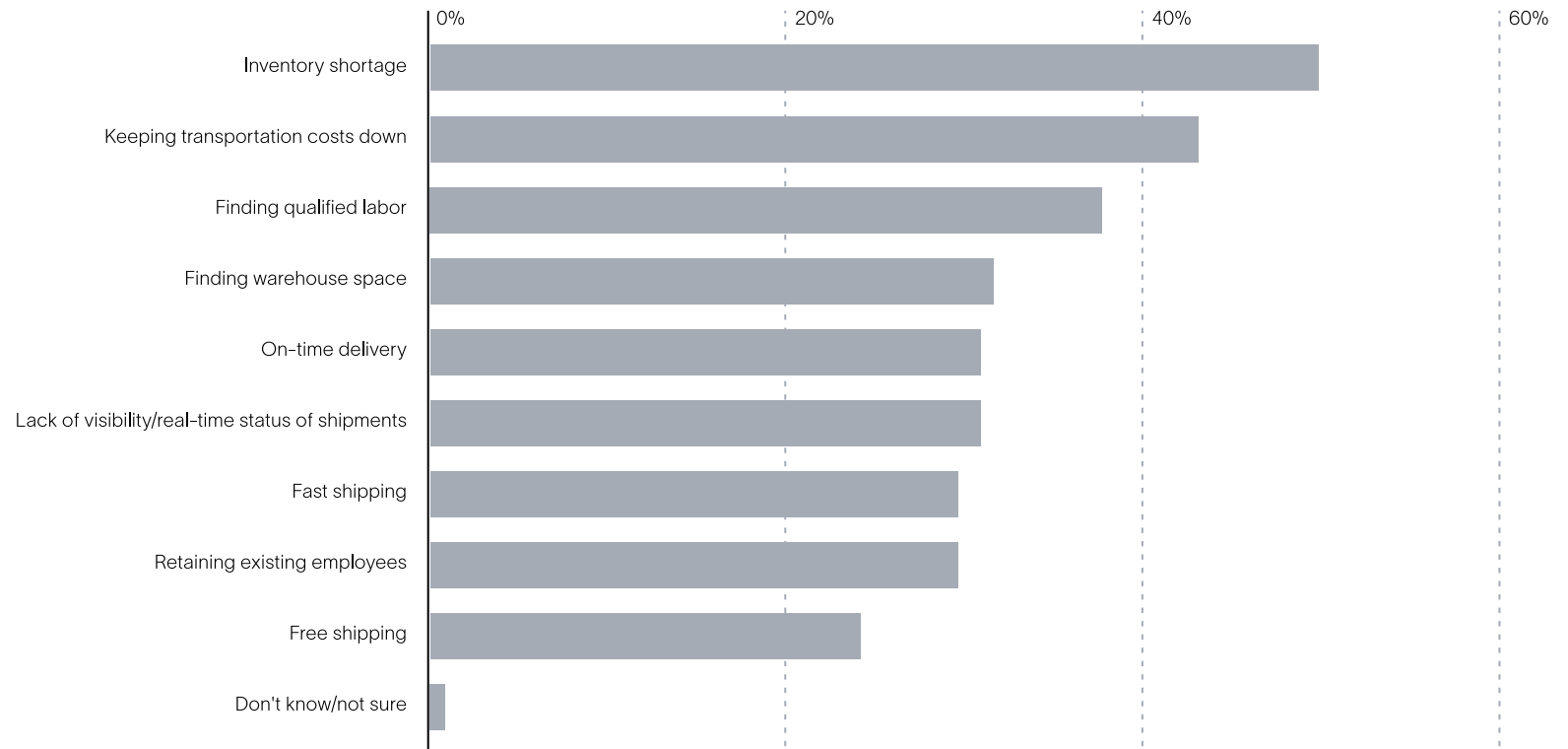
2021 was a year of supply chain disruption. Covid-19 lockdowns, port congestion and decreased manufacturing labor pools plagued retailers, brands and consumers.

Fifty-six percent of retailers agree that supply chain disruptions occur more frequently than in years past.⁴¹

Retailers report these top challenges:⁴²

2021 supply chain challenges

Of the issues listed below, what were your company's biggest challenges related to supply chain/logistics in 2021? (n=249)



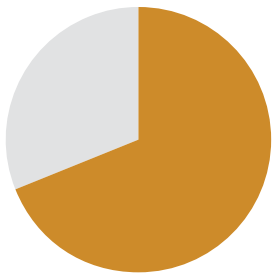
Top challenges batter retailers.

- + The national average rent for industrial space hit \$8.93 per square foot in April 2022, up 11.8% year-over-year.⁴³ The average industrial vacancy rate dropped to 3.1% in Q1 2022.
- + The average fuel surcharge among major LTL carriers skyrocketed from 28.3% in Q4 2021 to 42.1% in March 2022.⁴⁴
- + Warehousing labor costs increased 4.4% year-over-year and may continue to increase.⁴⁵

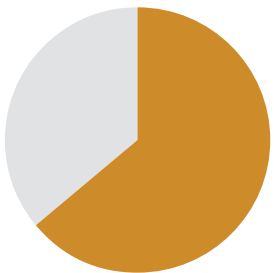
How retailers mitigate disruption

Risk mitigation strategies⁴⁶

Manage customer expectations:



69% implemented strategies to communicate delivery promises and visibility to customers.

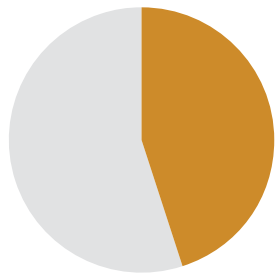


64% increased sales via their website, and **50%** increased sales via third-party retailers.

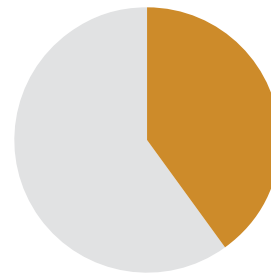


How retailers mitigate disruption (cont.)

Improve fulfillment networks and manage inventory:



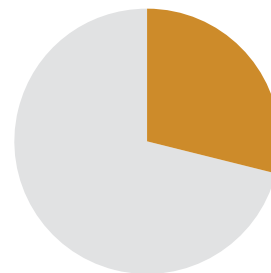
45% used physical stores as mini-fulfillment centers.



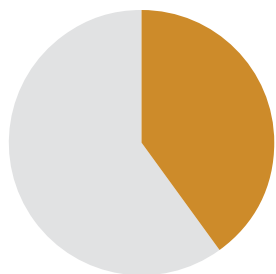
44% increased on-hand inventory and safety stock, with 41% considering increasing inventories.



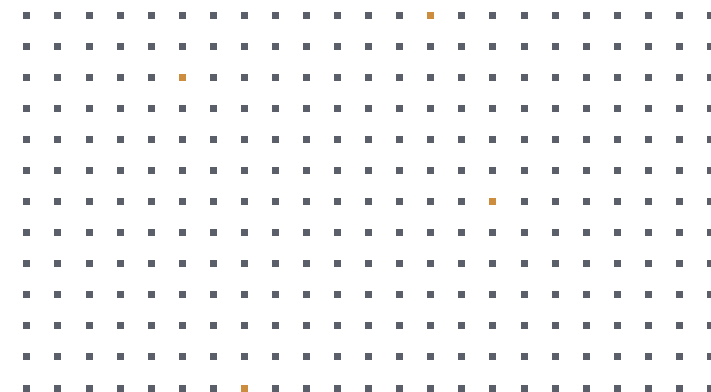
36% are considering mini-fulfillment models.



Only 29% of respondents added additional fulfillment centers (FCs) to their networks, but 50% are considering additional FCs.

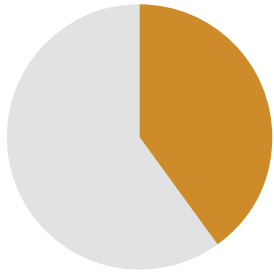


44% diversified fulfillment network locations, with 41% considering further diversifying their networks.

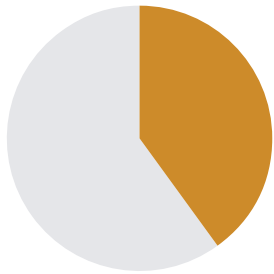


How retailers mitigate disruption (cont.)

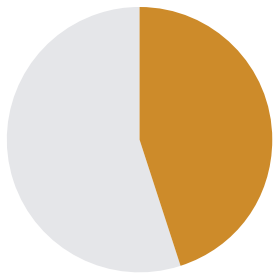
Diversify Logistics Service Providers (LSPs):



44% are currently diversifying their supplier network, of those, **50%** are considering further diversification.



40% are currently diversifying their parcel carrier network and partnerships, of those **44%** are considering further diversification.



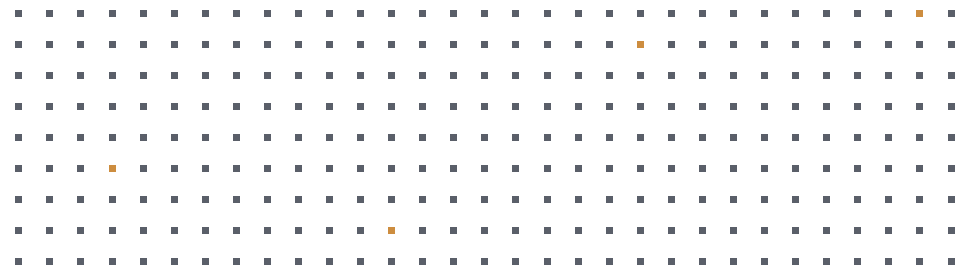
28% leverage short-term warehousing, with **45%** considering short-term warehousing solutions. Only **17%** of retailers considered short-term warehousing solutions in 2020.

Safety stock versus excess inventory

Retailers fear stockouts. Inventory shortages rank number one on the 2022 supply chain challenges list and in response, retailers built safety stock. In fact, 44% of retailers increased on-hand inventory in 2021.⁴⁷ Safety stock reduces the immediate risks of stockouts but comes with financial and logistical costs. Evolving consumer preferences—and behavioral shifts due to inflation—make it difficult for retailers to forecast future demand accurately.

Now excess inventory threatens brands previously buoyed by pandemic-fueled demand.

Retailers also face inventory rebalancing to offset excessive safety stock. For many, the path forward may be price cuts or liquidations.



Conclusion: What does this mean?

eCommerce accelerated at a break-neck pace in 2020 and 2021. Now consumers expect retailers to increasingly balance cost, convenience and speed amid growing supply chain disruptions.

- + Consumers shopped online in record-breaking volumes. eCommerce made up 20.9% of total sales, 26% higher than projections.⁴⁸
- + And 95% of retailers believe online sales will stay the same or increase over the next 12 months compared to 68% of retailers in 2020.

Retailers face new challenges as they race to meet consumer demand. Inflation, excess inventories and increased transportation costs compound issues for already-strained supply chains.

- + Inflation reached a 40-year high in March 2022, and retailers struggle to navigate rising costs.⁴⁹
- + Forty-four percent of retailers increased on-hand inventory and safety stock in 2021, and 41% are considering building inventories further.⁵⁰
- + Increased fuel costs are the biggest reason for inflated rates. Diesel prices increased by \$1 per gallon in just one month—an astronomical figure.⁵¹
- + The industrial vacancy rate dropped to 3.1% in Q1 2022.⁵²



2022 trends to watch

- + **Inflation impacts consumer purchase behaviors.** Higher costs shift consumer attitudes and buying behaviors. Rising essential goods prices force households to slow nonessential purchases. Fifty percent of consumers think about rising prices all the time.⁵³
- + **Retailers experience whiplash as the speed of cost changes outpaces their price adjustment strategies.** They've been slow to increase prices for consumers and have instead absorbed additional costs and faced margin reduction instead of jeopardizing sales.
- + **Demand trends at odds with inventory forecasts.** Inventory shortages and stockouts plagued retailers in 2021. Many bet on "just-in-case" safety stock and high consumer demand. The issue with inventory forecasts: they are backward-looking, leaving companies susceptible to over-purchases. Retailers that bet big on inventory in 2022 may suffer consequences if consumer demand slows. Price cuts and liquidation may be required for those who over-purchase.
- + **Warehouse space is hard to find and expensive.** The national average industrial rent hit \$8.93 per square foot in April 2022, up 11.8% year-over-year. Adding new facilities means committed costs in an expensive market.
- + **Consumer expectations for "fast" and "free" delivery clash with rising transportation costs.** Transportation costs spiked in Q1, but customers want their online orders—fast and free. To meet customer demands, some retailers may consider alternatives like shipment consolidation to reduce transportation costs. Others will accept the risk of passing costs on to customers and losing online orders.



Demographics / Firmographics

<i>Age</i>	<i>n</i>	<i>%</i>
18-24	49	10%
25 – 34	87	17%
35 – 44	84	17%
45 – 54	89	18%
55 – 64	86	17%
65 or older	105	21%

<i>Gender</i>	<i>n</i>	<i>%</i>
Male	243	49%
Female	255	51%
Other	2	<1%

<i>Primary residence</i>	<i>n</i>	<i>%</i>
Suburban	268	54%
Urban	135	27%
Rural	94	19%
Prefer not to say	3	1%

<i>Hispanic / Latino / Spanish</i>	<i>n</i>	<i>%</i>
Yes	57	88%
No	11%	4
Prefer not to say	439	1%

<i>Race</i>	<i>n</i>	<i>%</i>
White	393	79%
Black or African American	55	11%
Asian	20	4%
Mixed (two or more races)	19	4%
American Indian or Alaska Native	6	1%
Native Hawaiian / other Pacific Isl.	-	-
Prefer not to say	7	1%

<i>Marital status</i>	<i>n</i>	<i>%</i>
Married	293	59%
Single	135	27%
Divorced	40	8%
Separated	16	3%
Widowed	13	3%
Prefer not to say	3	1%

<i>Annual household income</i>	n	%
\$35,000 – 49,999	119	23%
\$50,000 – \$74,999	155	31%
\$75,000 – \$99,999	83	17%
\$100,000 – \$149,999	68	14%
\$150,000 – \$199,000	31	6%
\$200,000 or more	44	9%

<i>Highest level of education</i>	n	%
Bachelor's degree	155	31%
High school	133	27%
Associate/two-year degree	116	23%
Master's	73	15%
PhD/Post-doc	16	3%
Less than high school	6	1%
Prefer not to say	1	<1%

<i>Employment status</i>	n	%
Work full-time	246	49%
Retired	116	23%
Work part-time	47	9%
Stay-at-home parent	30	6%
Run my own business	28	6%
Not working/Looking for work	18	4%
Student	12	2%
Prefer not to say	3	1%

<i>Primary business (n=249)</i>	n	%
Retailer (online or physical)	163	65%
Brand manufacturer	86	35%

<i>Respondent department (n=249)</i>	n	%
Department NET	101	101
Operations	50	50
Supply Chain & Logistics	35	35
Sourcing / Procurement	16	16
"All Other" Department NET	148	148
Finance	48	48
Marketing / Merchandising	37	37
Business Development / Sales	34	34
Technology/ IT	25	25
Transportation	3	3
Other	1	1

<i>Warehouse management (n=249)</i>	n	%
Own	128	51%
Rent	95	38%
Outsource	69	28%
Other	-	-

<i>Annual revenue (n=249)</i>	n	%
Less than \$10M	5	2%
\$10 million – \$24 million	15	6%
\$25 million – \$49 million	22	9%
\$50 million – \$99 million	44	18%
\$100 million – \$249 million	56	23%
\$250 million – \$499 million	39	16%
\$500 million – \$999 million	19	8%
\$1 billion to less than \$5 billion	22	9%
\$5 billion to less than \$10 billion	10	4%
More than \$10 billion	14	6%
Don't know / not sure	3	1%

<i>Sales channels used (n=249)</i>	n	%
Your company's website	229	92%
Your company's brick-and-mortar stores	178	72%
Wholesale/E-Procurement	130	52%
3rd party retailers (brick-and-mortar)	118	47%
Amazon 3rd party seller	110	44%
3rd party retailers (e-comm – not Amazon)	109	44%
Amazon wholesale seller	105	42%

<i>Level of responsibility (n=249)</i>	n	%
Manager / Senior Manager	229	92%
Director / Senior Director	178	72%
VP / Senior VP	130	52%
C-Level Executive	118	47%

<i>Business description (n=249)</i>	n	%
Essential goods (net)	94	37%
Auto	19	8%
Consumer packaged goods	24	10%
Discount (Costco, Sam's Club, Dollar General)	1	<1%
General merchandise (Walmart, etc.)	12	5%
Grocery	23	9%
Health services (CVS, Rite Aid)	12	5%
Home Improvement	3	1%
Non-essential goods (net)	155	62%
Apparel	28	11%
Beauty	28	11%
Department stores	4	2%
Electronics	33	13%
Footwear / athletic	21	8%
Hobby (Joann Fabric, Hobby Lobby)	1	<1%
Home furnishings	17	7%
Luxury	11	4%
Sporting goods & outdoor	11	4%
Other	1	<1%

<i>Product categories sold (n=249)</i>	n	%
Apparel	33	13%
Appliances	29	12%
Apps & games	11	4%
Arts, crafts & sewing	6	2%
Automotive parts & accessories	21	8%
Baby	6	2%
Beauty & personal care	40	16%
Books	14	6%
CDs & vinyl	4	2%
Cell phones & accessories	8	3%
Collectibles & fine art	5	2%
Computers	13	5%
Courses	3	1%
Digital music	10	4%
Electronics	44	18%
Footwear	27	11%
Garden & outdoor	13	5%
Gift cards	12	5%
Grocery & gourmet food	34	14%

<i>Product categories sold (cont.) (n=249)</i>	n	%
Handmade	16	6%
Health, household, & baby care	23	9%
Home & business services	18	7%
Home & kitchen	30	12%
Industrial & scientific	9	4%
Jewelry	10	4%
Luggage & travel gear	5	2%
Luxury	21	8%
Magazine subscriptions	2	1%
Movies & TV	7	3%
Musical instruments	7	3%
Office products	14	6%
Pet supplies	16	6%
Software	6	2%
Sports & outdoors	23	9%
Tools & home improvement	12	5%
Toys & games	18	7%
Vehicles	6	2%
Video games	10	4%

Appendix

Table 1

In general, how has the current COVID-19 pandemic impacted your online shopping behavior? (2020: n=500) (2022: n=475)

Shopper Category	Sustained Increase		Initial Increase	
	2020	2022	2020	2022
Brick and Mortar	26%	22%	18%	22%
Combo Shopper	52%	59%	21%	25%
Power Shopper	62%	67%	16%	4%
Total	49%	54%	20%	20%

Table 2

In general, how has the current COVID-19 pandemic impacted your online shopping behavior? (2022: n=475)

	Brick & Mortar (n=86) A	Combo Shop'r (n=293) B	Power Shop'r (n=96) C	Male (n=227) A	Female (n=246) B	Gen Z <25 (n=44) A	Milenn'l 25-34 (n=86) B	Age 35-44 (n=81) C	Age 45-54 (n=81) D	Age 55+ (n=183) E	Urban (n=127) A	Sub-urban (n=257) B	Rural (n=88) C
It increased my online shopping and I'm still doing more online than I normally would	22%	59% A	67% A	48%	59% A	68% E	58% E	69% DE	52%	42%	61%	50%	53%
It initially increased my online shopping overall, but now I'm back to my normal routine	22% C	25% C	4%	22%	19%	25%	29% CE	16%	19%	18%	21%	22%	15%
It has had little to no impact on my online shopping behavior	52% BC	16%	29% B	30% B	20%	5%	13%	15%	27% AB	39% ABC	18%	27%	32% A
It has decreased the amount of online shopping I would normally be doing	4% BC	<1%	-	-	2%	2%	-	-	3%	1%	1%	1%	-

Table 3

In general, how has the current COVID-19 pandemic impacted your online shopping behavior? (2020: n=500)

	Brick & Mortar (n=77) A	Combo Shop'r (n=342) B	Power Shop'r (n=81) C	Silent Gen (n=20)* D	Boomer (n=131) E	Gen X (n=165) F	Millennial (n=145) G	Gen Z (n=39) H	Male (n=246) I	Female (n=254) J
It increased my online shopping and I'm still doing more online than I normally would	26%	52% A	62% A	40%	39%	46%	62% EF	56%	49%	50%
It initially increased my online shopping overall, but now I'm back to my normal routine	18%	21%	16%	10%	13%	24% E	21%	26%	19%	21%
It has had little to no impact on my online shopping behavior	53% BC	26%	21%	50% GH	46% FGH	29% G	16%	15%	32%	27%
It has decreased the amount of online shopping I would normally be doing	3%	1%	1%	-	2%	1%	1%	3%	-	3%

Table 4

How have your online sales changed over the last 12 months? (n=249)

Answer	2020	2022
Don't know	3%	2%
Online sales decreased	4%	2%
Online sales stayed the same	15%	3%
Online sales increased <10%	0%	7%
Online sales increased 10-20%	17%	21%
Online sales increased 21-30%	24%	18%
Online sales increased 31-40%	20%	24%
Online sales increased 41-50%	13%	16%
Online sales increased >50%	22%	4%

Table 5

By what percent do you expect your total online sales (from all channels used) to change over the next 12 months? (n=249)

<i>Answer</i>	<i>2020</i>	<i>2022</i>
Don't know	3%	2%
Online sales to decrease	2%	1%
Online sales to stay the same	18%	2%
Online sales to increase <10%	4%	10%
Online sales to increase 10-20%	26%	26%
Online sales to increase 21-30%	22%	24%
Online sales to increase 31-40%	17%	20%
Online sales to increase 41-50%	7%	8%
Online sales to increase >50%	22%	5%

Table 6

In general, how important are each of the following when making an online purchase for a non-perishable item? (n=475)

<i>Expectations</i>	<i>2020</i>	<i>2022</i>
Free Delivery	78%	76%
Fast Delivery	53%	55%

Table 7

What were your company's biggest challenge(s) in 2021 when it comes to meeting your delivery promise to online customers? Select all that apply. (n=249)

<i>Reason</i>	<i>2022</i>
Other	1%
Missed carrier pickups	5%
Sub-optimal inventory placement across FC network	6%
Not enough fulfillment centers	6%
Order processing backlogs	8%
Lack of Order routing / order management functionality	8%
Picking/order fill inaccuracies	10%
Stockouts	10%
Not enough labor in the warehouse to fulfill orders	10%
Carrier network performance	14%
Last-mile/Parcel Carrier capacity and reliability	14%
Only shipping Monday through Friday (business days)	15%
Having the right inventory in the right place	18%
Fulfillment center on-time shipping performance	18%

Table 8

To what extent do the Amazon Prime delivery services below pose a threat to your company's eCommerce business? 0 = Not at all a threat / 10 = A significant threat. (2020: n=221)(2022: n=199)

	<i>2020</i>	<i>2022</i>
Amazon Prime Next Day Service	47%	47%
Amazon Prime Same-Day Service	50%	50%

Table 9

How has the availability of the Amazon Prime delivery service(s) below impacted how much you purchase from Amazon? (n=500)

	Increased Amazon Purchases	No Impact	Decreased Amazon Purchases
Amazon Prime Next Day Service	54%	44%	2%
Amazon Prime Same-Day Service	44%	53%	3%

Table 10

When you abandon an online shopping cart before making your purchase, what are the top reasons? (n=500)

Factor	Total	Brick &	Combo	Power	Male	Female	Gen Z <25	Milenn'l	Age 35-44	Age 45-54	Age 55+	UUrban	Sub-urban	Rural
		Mortar	Shop'r	Shop'r				25-34						
		(n=99) A	(n=302) B	(n=99) C	(n=243) A	(n=255) B	(n=49) A	(n=87) B	(n=84) C	(n=89) D	(n=191) E			
Shipping fees / costs are too high	69%	70%	72% C	58%	66%	71%	65%	72%	67%	66%	70%	63%	69%	73%
Found it cheaper somewhere else	38%	30%	41% A	35%	38%	38%	39%	39%	49% DE	33%	35%	33%	40%	41%
Delivery time was too slow	35%	23%	37% A	42% A	38%	33%	49% E	45% E	42% E	35%	25%	39%	34%	34%
I like window shopping/want to save for later	23%	17%	25%	25%	16%	30% A	24%	25%	19%	19%	26%	21%	25%	20%
Site wanted me to create an account	19%	31% BC	16%	16%	21%	17%	10%	7%	14%	19% B	29% ABC	13%	22% A	20%
Returns policy wasn't satisfactory	18%	15%	16%	24%	22% B	13%	24%	18%	19%	20%	14%	19%	18%	15%
Checkout process is too long / complicated	14%	17% C	15%	7%	15%	13%	10%	15%	10%	16%	15%	18%	12%	13%
Couldn't calculate total order cost up-front	11%	10%	11%	9%	9%	13%	20% DE	13%	12%	4%	9%	11%	10%	12%
Other	4%	5%	2%	6%	4%	4%	2%	2%	-	3%	6%	4%	4%	3%

Table 11

What do you believe are the reasons your customers abandon online purchases on your website? Select all that apply. (n=249)

<i>Reasons for Shopping Cart Abandonment</i>	Total
Customers were window-shopping/save favorite items for later	37%
Found it cheaper somewhere else	34%
Delivery time was too slow	29%
Checkout process is too long / complicated	29%
Returns policy wasn't satisfactory	26%
Shipping fees are too high	26%
Site requires customers to create an account	25%
Couldn't calculate total order cost up-front	10%
Don't know/not sure	6%
We don't have our own website	2%

Table 12

When making an online purchase, what do you consider to be "fast shipping"? (2020: n=500) (2022: n=500)

<i>Consumers Consider "Fast Shipping"</i>	2020 (n=500)	2022 (n=500)
Same-day	6%	30%
Next day	14%	44%
2 day	53%	55%
3-4 day	20%	19%
5-7 day	6%	4%
8+ day	<1%	1%

Table 13

If the delivery times are too long, will you search for the same/similar product on a different website to find faster delivery? (n=500)

<i>Search for faster delivery</i>	Total	Brick & Mortar (n=99) A	Combo Shop'r (n=302) B	Power Shop'r (n=99) C	Male (n=243) A	Female (n=255) B	Gen Z <25 (n=49) A	Milenn'l 25-34 (n=87) B	Age 35-44 (n=84) C	Age 45-54 (n=89) D	Age 55+ (n=191) E	UUrban (n=135) A	Sub-urban (n=268) B	Rural (n=94) C
Yes, always	30%	28%	28%	36%	28%	31%	20%	34%	39% AE	33%	25%	30%	26%	40% B
Yes, sometimes	53%	46%	55%	54%	56%	50%	61%	48%	57%	56%	50%	56% C	57% C	39%
Not usually	15%	22% C	15%	9%	14%	16%	16% C	17% C	4%	9%	23% CD	13%	15%	19%
Not ever	2%	3%	1%	1%	1%	2%	2%	-	-	2%	3%	2%	1%	1%

Table 14

If your shipment is late, who do you mostly blame? (n=500)

<i>Who blamed for late shipments</i>	Total	Brick & Mortar (n=99) A	Combo Shop'r (n=302) B	Power Shop'r (n=99) C	Male (n=243) A	Female (n=255) B	Gen Z <25 (n=49) A	Milenn'l 25-34 (n=87) B	Age 35-44 (n=84) C	Age 45-54 (n=89) D	Age 55+ (n=191) E	UUrban (n=135) A	Sub-urban (n=268) B	Rural (n=94) C
Carrier (UPS, FedEx, etc)	39%	36%	38%	43%	40%	38%	59% BCDE	41%	36%	40%	33%	37%	40%	39%
Both retailer and carrier	32%	35% C	35% C	22%	32%	33%	10%	32% A	27% A	31% A	41% AC	34%	32%	33%
Website where purchase made	16%	10%	17%	21% A	16%	16%	16%	17%	25% E	17%	12%	18%	16%	13%
Retail / brand	10%	16% B	7%	10%	11%	8%	12%	7%	7%	10%	11%	10%	9%	10%
Other	3%	2%	3%	3%	2%	4%	2%	2%	5%	1%	4%	1%	3%	5%

Table 15

If an online order arrives late, does that influence your decision to purchase from that retailer again? (n=500)

<i>Impact of late deliveries on repeat purchase</i>	<i>Total</i>	Brick & Mortar (n=99) A	Combo Shop'r (n=302) B	Power Shop'r (n=99) C	Male (n=243) A	Female (n=255) B	Gen Z <25 (n=49) A	Milenn'l 25-34 (n=87) B	Age 35-44 (n=84) C	Age 45-54 (n=89) D	Age 55+ (n=191) E	UUrban (n=135) A	Sub-urban (n=268) B	Rural (n=94) C
Yes, always	14%	12%	14%	16%	13%	15%	20% E	23% E	19% E	12%	7%	24% B	9%	14%
Yes, sometimes	58%	48%	59%	64% A	56%	59%	59%	64%	57%	64%	52%	58%	59%	55%
Not usually	27%	37% BC	26%	19%	30%	24%	20%	13%	23%	21%	40%	18%	31% A	29%
Not ever	1%	2%	<1%	1%	-	2%	-	-	1%	2%	1%	1%	<1%	2%

Table 16

What does your company consider to be "fast shipping" for your online sales? (2020: 221)(2022: n=249)

<i>Retailers Consider "Fast Shipping"</i>	2020 Total (n=221)	2022 Total (n=249)
Same-day	10%	41%
Next day	21%	31%
2 day	44%	13%
3-4 day	15%	8%
5-7 day	8%	2%
8+ day	2%	2%

Table 17

Which delivery times does your company currently offer to your online customers? (2020: 221)(2022: n=249)

<i>Options Offered</i>	<i>2020 Total (n=221)</i>	<i>2022 Total (n=249)</i>
Same-day	21%	30%
Next day	48%	66%
2 day	77%	70%
3-4 day	75%	54%
5-7 day	66%	24%
8+ day	25%	9%

Table 18

What are the reasons your company does not offer faster shipping (i.e. same-day, next day, or two-day)? (n=47)

<i>Reasons</i>	<i>Percentage</i>
Faster shipping would make total price too high	45%
We don't have enough fulfillment centers positioned close to end consumers	34%
We offer SOME fast (3-day or less) for products	15%
Doesn't match our business model (ex: time-of-day delivery services / white glove)	15%
Not a priority for our company	11%
Lack of demand from our customers	9%
Don't know/not sure	6%
Other	6%

Table 19

If the shipping costs (or fees) are too expensive, will you search for the same/similar product on a different website to get better shipping rates? (n=500)

<i>Search for better rates</i>	<i>Total</i>	<i>Brick & Mortar (n=99) A</i>	<i>Combo Shop'r (n=302) B</i>	<i>Power Shop'r (n=99) C</i>	<i>Male (n=243) A</i>	<i>Female (n=255) B</i>	<i>Gen Z <25 (n=49) A</i>	<i>Milenn'l 25-34 (n=87) B</i>	<i>Age 35-44 (n=84) C</i>	<i>Age 45-54 (n=89) D</i>	<i>Age 55+ (n=191) E</i>	<i>UUrban (n=135) A</i>	<i>Sub-urban (n=268) B</i>	<i>Rural (n=94) C</i>
Yes, always	46%	36%	46%	55% A	43%	47%	24%	47% A	49% A	48% A	48% A	44%	43%	56% B
Yes, sometimes	46%	44%	47%	43%	48%	44%	57% E	48%	46%	47%	40%	48% C	48% C	35%
Not usually	7%	16% BC	6% C	1%	7%	7%	12% D	5%	5%	2%	10% D	7%	7%	7%
Not ever	1%	3%	1%	1%	1%	2%	6%	-	-	2%	2%	1%	1%	1%

Table 20

How much more are you willing to spend on an online order to meet free shipping minimums? (n=500)

<i>Extra spend for free shipping</i>	<i>Total</i>	<i>Brick & Mortar (n=99) A</i>	<i>Combo Shop'r (n=302) B</i>	<i>Power Shop'r (n=99) C</i>	<i>Male (n=243) A</i>	<i>Female (n=255) B</i>	<i>Gen Z <25 (n=49) A</i>	<i>Milenn'l 25-34 (n=87) B</i>	<i>Age 35-44 (n=84) C</i>	<i>Age 45-54 (n=89) D</i>	<i>Age 55+ (n=191) E</i>	<i>UUrban (n=135) A</i>	<i>Sub-urban (n=268) B</i>	<i>Rural (n=94) C</i>
\$0	15%	24% BC	13%	11%	17%	13%	12%	9%	10%	16%	20% BC	13%	18%	10%
\$1-5	26%	34% C	25%	20%	26%	25%	39% CE	26%	21%	25%	25%	24%	26%	30%
\$6-10	29%	17%	30% A	36% A	29%	29%	22%	41% AE	39% AE	30%	20%	33%	26%	30%
\$11-20	15%	9%	18% A	10%	14%	15%	14%	16%	18%	11%	14%	17%	14%	13%
\$20+	11%	9%	9%	18% B	11%	11%	10%	6%	7%	16% B	13%	12%	10%	14%
Other	1%	2%	1%	-	<1%	1%	2%	-	-	-	2%	-	1%	-
Don't Know	4%	4%	4%	4%	2%	5%	-	1%	5%	2%	7% B	1%	5%	4%

Table 21

For which delivery times does your company offer free shipping? Select all that apply. (n=249)

Retailers

Delivery Options Offered Free	2020 Total (n=221)	2022 Total (n=249)
Same-day	8%	9%
Next day	10%	15%
2 days	25%	24%
3-4 days	45%	27%
5-7 days	58%	15%
8+ days	29%	7%
Do not offer free shipping	14%	20%

Table 22

What are the reasons your company does not currently offer free shipping? (n=50)

Reasons	Percentage
Don't know / not sure	4%
Other	4%
Lack of demand from our customers	20%
It hasn't been a priority for our company	24%
Our customers are willing to pay for shipping	36%
Our products are very expensive to ship	36%
It would require a loyalty program and we are not set up to support that	38%
Embedding shipping cost into product prices would make the total price too high	38%
Outbound transportation costs are too high	50%

Table 23

How much do you agree or disagree that supply chain disruptions (COVID-19, tariffs, inclement weather, etc.) are increasing in frequency? (n=248)

	Top 3 Box	Neutral	Low 3 Box
All Other Dept	62%	38%	
Supply Chain / Logistics / Ops	46%	52%	2%
Flexe List	71%	25%	4%
Panel	52%	48%	
Total	56%	43%	1%

Table 24

Of the issues listed below, what were your company's biggest challenges related to supply chain/logistics in 2021? (n=249)

Challenge	Total
Don't know / Not sure	1%
Free shipping	24%
Fast shipping	29%
Retaining existing employees	29%
On-time delivery	31%
Lack of visibility/real-time status of shipments	31%
Finding warehouse space	32%
Finding qualified labor	38%
Keeping transportation costs down	43%
Inventory shortage	49%

Table 25

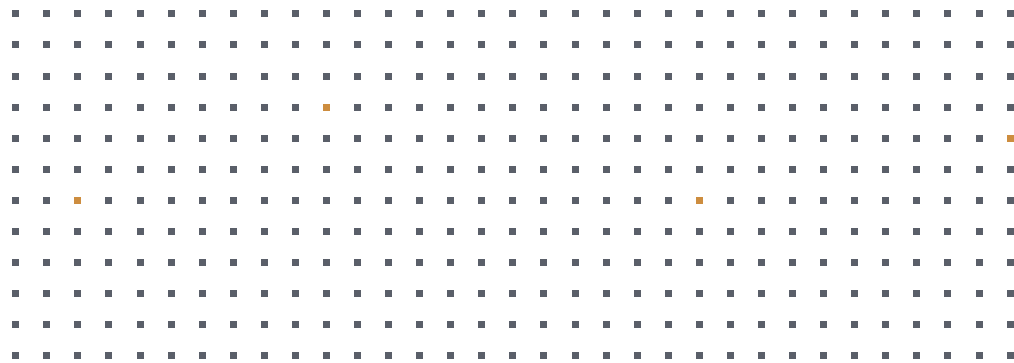
What initiatives has your company implemented or considered to mitigate future disruptions? (n=210)

<i>Percent Implementing/Considering Each</i>	Already Implemented	Being Considered	Not Being Considered	Don't Know/ Not Sure
Increase communications/visibility around delivery times to consumers	69%	25%	5%	1%
Increase eComm sales through company website	64%	32%	4%	1%
Increase sales through third parties (Walmart, Target, Amazon, etc.)	50%	25%	23%	2%
Use physical stores as mini fulfillment centers	45%	36%	17%	2%
Increase on-hand inventory and safety stock	44%	41%	13%	2%
Diversify fulfillment network mix / locations	44%	41%	13%	1%
Diversify supplier network	41%	50%	8%	1%
Diversify parcel carrier network and partnerships	40%	44%	14%	2%
Extend delivery times	40%	36%	22%	1%
Lease additional warehousing capacity	31%	46%	21%	2%
Add more fulfillment centers	29%	50%	20%	1%
Procure/contract short-term warehousing	28%	45%	24%	3%
Re-shore production	20%	48%	30%	2%
Other	6%	75%	5%	14%

Table 26

Which websites do you use regularly for online purchases? (n=500)

<i>Website</i>	<i>Percentage</i>
Other	6%
Macys.com	11%
Etsy	16%
BestBuy.com	19%
Target.com	27%
eBay.com	28%
Walmart.com	54%
Amazon.com	93%



Citations

1. 2021, Mastercard, "Mastercard SpendingPulse: U.S. Retail Sales Grew 8.5%* This Holiday Season." 2. Appendix Table 1: In general, how has the current COVID-19 pandemic impacted your online shopping behavior? 3. Appendix Tables 2-3: In general, how has the current COVID-19 pandemic impacted your online shopping behavior? 4. Appendix Table 4: How have your online sales changed over the last 12 months? 5. Appendix Table 5: By what percent do you expect your total online sales (from all channels used) to change over the next 12 months? 6. Margaret Talev, "Axios-Ipsos poll: 1 in 3 say the pandemic's over," Axios, May 18, 2022. 7. 2022, CNBC, "E-commerce stocks plummet as consumers pull back online spending." 8. 2022, Bank of America Institute, "Consumer Morsel April 2022." 9. Appendix Table 6: In general, how important are each of the following when making an online purchase for a non-perishable item? 10. Appendix Table 10: When you abandon an online shopping cart before making your purchase, what are the top reasons? 11. Appendix Table 7: What were your company's biggest challenge(s) in 2021 when it comes to meeting your delivery promise to online customers? Select all that apply. 12. Appendix Table 26: Which websites do you use regularly for online purchases? 13. Appendix Table 9: How has the availability of the Amazon Prime delivery service(s) below impacted how much you purchase from Amazon? 14. Appendix Table 9: How has the availability of the Amazon Prime delivery service(s) below impacted how much you purchase from Amazon? 15. Appendix Table 8: To what extent do the Amazon Prime delivery services below pose a threat to your company's eCommerce business? 16. Appendix Table 12: When making an online purchase, what do you consider to be "fast shipping"? 17. Appendix Table 12: When making an online purchase, what do you consider to be "fast shipping"? 18. Appendix Tables 10-11: "When you abandon an online shopping cart before making your purchase, what are the top reasons?" versus "What do you believe are the reasons your customers abandon online purchases on your website? Select all that apply." 19. Appendix Table 10: When you abandon an online shopping cart before making your purchase, what are the top reasons? 20. Appendix Table 10: When you abandon an online shopping cart before making your purchase, what are the top reasons? 21. Appendix Table 10: When you abandon an online shopping cart before making your purchase, what are the top reasons? 22. Appendix Table 11: What do you believe are the reasons your customers abandon online purchases on your website? Select all that apply. 23. 2022, AFS Logistics, "AFS Logistics releases April 2022 Cowen/AFS Freight Index: Rising fuel will drive higher transportation costs." 24. Appendix Table 12: When making an online purchase, what do you consider to be "fast shipping"? 25. Appendix Table 12: When making an online purchase, what do you consider to be "fast shipping"? 26. Appendix Table 13: If the delivery times are too long, will you search for the same/similar product on a different website to find faster delivery? 27. Appendix Table 14: If your shipment is late, who do you mostly blame? 28. Appendix Table 15: If an online order arrives late, does that influence your decision to purchase from that retailer again? 29. Appendix Table 16: What does your company consider to be "fast shipping" for your online sales? 30. Appendix Table 17: Which delivery times does your company currently offer to your online customers? 31. 2022, Morning Consult, "Retailers Feel Pressure to Speed Up Deliveries, but It Isn't Coming From Consumers." 32. Appendix Table 6: In general, how important are each of the following when making an online purchase for a non-perishable item? 33. Appendix Table 19: If the shipping costs (or fees) are too expensive, will you search for the same/similar product on a different website to get better shipping rates? 34. Appendix Table 20: How much more are you willing to spend on an online order to meet free shipping minimums? 35. Appendix Table 20: How much more are you willing to spend on an online order to meet free shipping minimums? 36. Appendix Table 20: How much more are you willing to spend on an online order to meet free shipping minimums? 37. Appendix Table 18: What are the reasons your company does not offer faster shipping (i.e. same-day, next day, or two-day)? 38. Appendix Table 21: For which delivery times does your company offer free shipping? Select all that apply. 39. Appendix Table 22: What are the reasons your company does not currently offer free shipping? 40. 2022, CBRE, "U.S. Industrial Demand Continues to Outstrip Supply Growth." 41. Appendix Table 23: How much do you agree or disagree that supply chain disruptions (COVID-19, tariffs, inclement weather, etc.) are increasing in frequency? 42. Appendix Table 24: Of the issues listed below, what were your company's biggest challenges related to supply chain/logistics in 2021? 43. 2022, CBRE, "U.S. Industrial Demand Continues to Outstrip Supply Growth." 44. 2022, AFS, "AFS Logistics releases April 2022 Cowen/AFS Freight Index: Rising fuel will drive higher transportation costs." 45. 2022, Deloitte Insights, "Will growing wage pressures keep inflation high even when supply chain bottlenecks and energy pressures are resolved?" 46. Appendix Table 25: What initiatives has your company implemented or considered to mitigate future disruptions? 47. Appendix Table 25: What initiatives has your company implemented or considered to mitigate future disruptions? 48. 2021, Mastercard, "Mastercard SpendingPulse: U.S. Retail Sales Grew 8.5%* This Holiday Season." 49. 2022, Bank of America Institute, "Consumer Morsel April 2022." 50. Appendix Table 25: What initiatives has your company implemented or considered to mitigate future disruptions? 51. 2022, Reuters, "Oil prices edge up as worldwide supply concerns remain at the fore." 52. 2022, CBRE, "U.S. Industrial Demand Continues to Outstrip Supply Growth." 53. 2022, CNBC, "Inflation remained near a 40-year high in April. Here's where consumers plan to cut spending."

About the Flexe Institute

The Flexe Institute examines industry trends, current events, data and problem sets that retailers, brands and logistics providers face in today's climate. From raw materials and manufacturing, to warehousing and fulfillment, to last-mile delivery, the Institute explores how a program-based approach gives retailers and brands optionality, operational readiness and supply chain resilience—even in the most volatile markets. Jordan Lawrence, Flexe's Director of Logistics Strategy, is the Head of the Flexe Institute.

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About Jordan Lawrence, Head of the Flexe Institute

Jordan Lawrence is Flexe's Director of Logistics Strategy. He brings 13 years of deep industry expertise—spanning manufacturing-process engineering, ERP & WMS implementation, and domestic and international transportation. Previously, Jordan was Director of Strategic Accounts, and prior to Flexe, he was Principle Consultant at NetSuite. Jordan has a Bachelor of Arts in Marketing and Business from East Carolina University.