



Paazi Delivery Index 2020

How the top e-commerce stores
in The Netherlands deliver

December 2020

Disclaimer

This report contains results of a study conducted internally by Paazl. Paazl has compiled all the information in this report with the greatest care. In the unlikely event that an error has occurred, Paazl accepts no liability. Paazl can in no case be held responsible for damage caused by this research, in any form whatsoever.

The results found within the Paazl Delivery Index 2020 are based on public information and statements mentioned on the websites of retailers. This includes statements and choices in the online ordering process, and information found on any other pages on the website. The information analyzed in this study is accessible to consumers. Other communication and possible agreements between retailers and delivery services are not included in this study.

The research for this report was conducted between November 2020 and December 2020, based off the results of the Twinkle Top 100 Magazine 2020. As such, some retailers will have had temporarily different delivery options and/or communication displayed on their websites. Paazl can in no case be held responsible for any changes to the public information that was available at the time of conducting and/or publishing of this research.

Paazl, Amsterdam
December 2020

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1. Introduction

Following the success of the inaugural Paazl Delivery Index in 2019, we are back with the 2020 research of The Netherlands' top retailers, based off the Twinkle Top 100.

We have compared the 2020 data with that compiled in 2019 and shared our most relevant findings. 2020 was, of course, a unique year. We experienced a surge in online shopping, the closure of physical retail outlets, carriers suffering from extreme capacity issues and an abundance of hyper-local challengers entering the ecosystem.

E-commerce delivery is a tricky thing to pass judgement on. The topic of sustainability pops up regularly and yet it remains difficult to determine which delivery option is an environmentally better choice.

As you will see in the Paazl Delivery Index 2020, most retailers differ largely in the elements of their delivery that they find most important. Some focus solely on speed, some offer a huge variety of options and some like to give their consumers convenience throughout their delivery experience.

One thing we have noticed, is that in a year in which the world seemed to turn on its head, the winners in e-commerce were the businesses who showed flexibility, and offered their consumers clear communication throughout.

2. Executive Summary

The key numbers

We have identified 3 key focus areas as a result of our research. These are sustainability, omnichannel & consumer choice.

1. Sustainability

2019's key metric was "green delivery", and that has not changed in 2020. There have been myriad articles about sustainability in delivery, but looking at the actual delivery options of the top 100 retailers in The Netherlands, little has changed. Still less than 10% of these businesses clearly offer any sort of "green delivery" option to their consumers.

In 2019 almost a quarter of the top 100 (24%) offered same-day delivery, which has decreased to a mere 15% in 2020. It's possible that the coronavirus pandemic impacted the need for same-day options due to the increased number of people working from home. Many new last-mile players offer sustainable "same-day" solutions, so we expect to see this number rise in 2021.

More positive news is that more companies made pickup points a *free* standard delivery option (with a minimum spend) in 2020. More than half (52%) of companies that offered pickup points as a standard option, did so for free.

2. Omnichannel

Omnichannel was the big surprise in 2020. There was an almost 200% increase in the number of companies offering a free "click & collect" option. The benefits of "click & collect" have long been documented (*1), but in 2019 only 13% of the top 100 offered this. In 2020, this number shot up to almost 40%.

There was also a 10% increase in businesses that allow returns via a parcel and/or service point of one or more delivery services, and free home delivery was still offered by more than three-quarters of the businesses we researched.

3. Consumer Choice

Consumer urgency to receive their packages fast, seemed to decline in 2020. This was also evident in the increase in both the number of businesses that did not provide an expected delivery time (70% vs 60% in 2019), and those that did not allow consumers to choose their delivery date (56% vs 51% in 2019).

We noticed an almost across-the-board decrease in the amount of date and time flexibility that a consumer was offered.

It seems that in this pandemic-influenced year, date and time choices were, understandably, not a priority. Omnichannel and flexibility made big moves, and more companies are showing awareness of the importance of sustainability. Most, however, are still not yet offering their consumers the choice to "go green".



3. Delivery Landscape

How it looked in 2020

The year 2020 will go down in the books as the year of COVID-19 with the associated consequences from a social, welfare and economic perspective. In the Dutch retail landscape, we saw both sides of the coin: on the one hand, the mandatory closure of shops was a huge blow, even leading to some bankruptcies.

On the other hand, we saw the growth of the online channel increase enormously and 27% of consumers indicate that they will continue to buy more online after the pandemic than before (*2). What impact has this had on carriers and how will it change the landscape?

Even before there was a pandemic, the landscape for parcel carriers was already changing rapidly. A few years ago, we saw a few local challengers enter the market with specific services for, as an example, same-day and next-day (evening) delivery, last year a large foreign player joined the mix. The closing of stores gave existing and new bicycle carriers a boost by helping retailers to ship orders from stores relatively easily.

At the same time, we saw traditional carriers struggle with the massive increase in volume, for which their capacity was simply not prepared. Some carriers have therefore opted to charge an extra surcharge during the holidays - a period when the volume is normally already very high (*3).

In addition, we have seen a number of initiatives in which retailers themselves have chosen to have their own store personnel deliver online purchases. This is not expected to have a lasting impact on existing carrier and shipping options. The compulsory closure of some stores with a pickup/service point (*4) will also have a temporary impact on the landscape, the impact of which is not yet known at the time of writing this index.

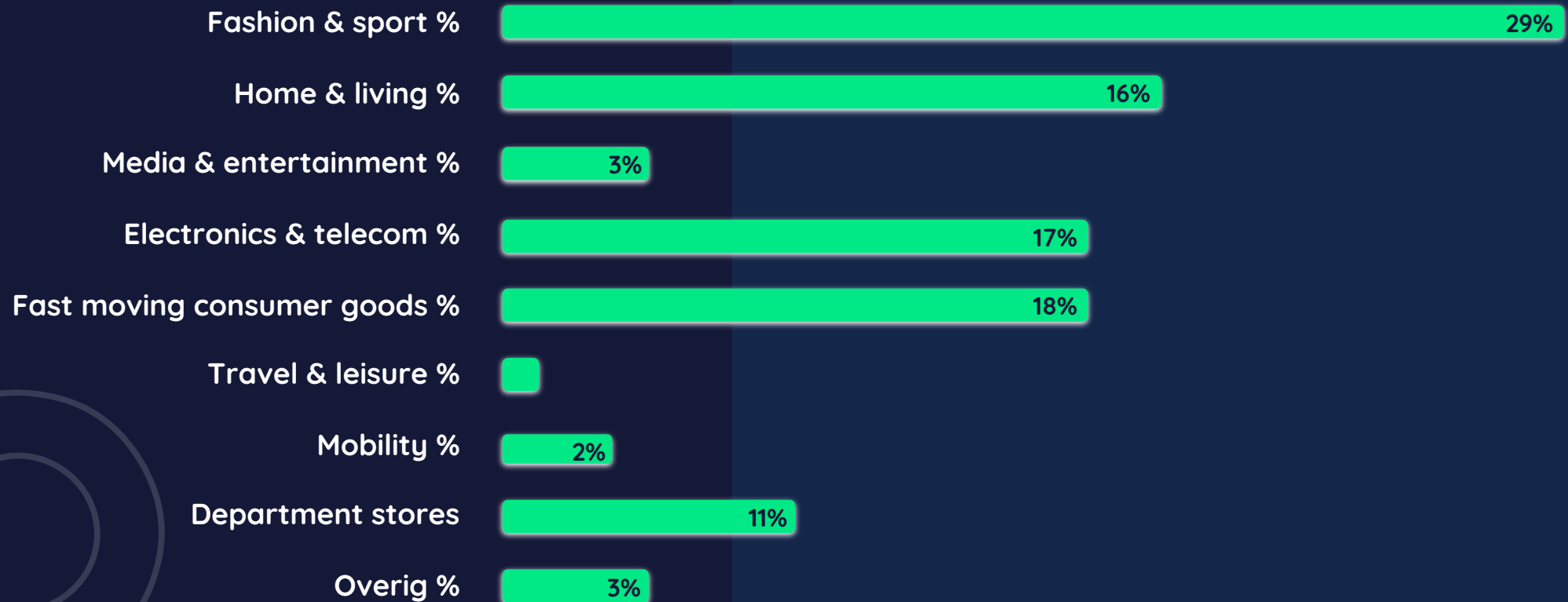
4. Method

How we conducted our research

Twinkle annually ranks the largest online sales organizations based on turnover. In this way the Twinkle100 offers an overview of e-commerce in the Netherlands. Based on the Twinkle100 2020, we examined the delivery of the 100 top online sellers in the Netherlands. In the study we used the same categories as the Twinkle100. The category 'fashion & sport' is the largest. 29% of the sellers fall under 'fashion & sport'. The other categories are: 'fast moving consumer goods' (18%), 'electronics & telecom' (17%), home & living' (16%), 'department stores' (11%), 'media & entertainment' (3%), 'mobility' (2%) and 'travel & leisure' (1%). Sellers who cannot be placed in one of these categories belong to 'other' (3%).

We went through the entire ordering process at each of these 100 retailers. During this process we have noted which delivery options these 100 retailers offer, what the delivery times are and what their return policy is. Through this research we can identify some areas for improvement when it comes to customer friendliness and sustainability in the delivery process of the Dutch online retailers.

The sectors



5. Results | 2020 vs. (2019)

90%
(91%)

of the 100 top sellers in the Netherlands **do not offer** the customer a choice of "green delivery."

At
52%
(44%)

of the sellers where the customer can have their order delivered to a collection point, this service is **free of charge**.

25%
(25%)

of the retailers **allow customers to decide** for themselves in **which time slot** they want to receive the order.

At
39%
(40%)

of the retailers it is **not possible** to have the order sent **directly to a collection point**.

16%
(24%)

of retailers use the term "**express delivery**" and offer a faster delivery time than their standard delivery time. For this delivery option, the **customer pays more**.

44%
(48%)

of the sellers **allow the customer to decide** on **which day** they would like to receive the order (nominated day).

22%
(21%)

always charge shipping costs for home delivery.

8%
(21%)

of sellers in the "**Fashion & Sport**" category offer "**Same day delivery**"

29%
(31%)

of retailers **deliver a printed return label** with the order.

78%
(77%)

say they **deliver to your home for free**. (This usually only applies if the customer **spends a minimum amount in the webshop**.)

70%
(60%)

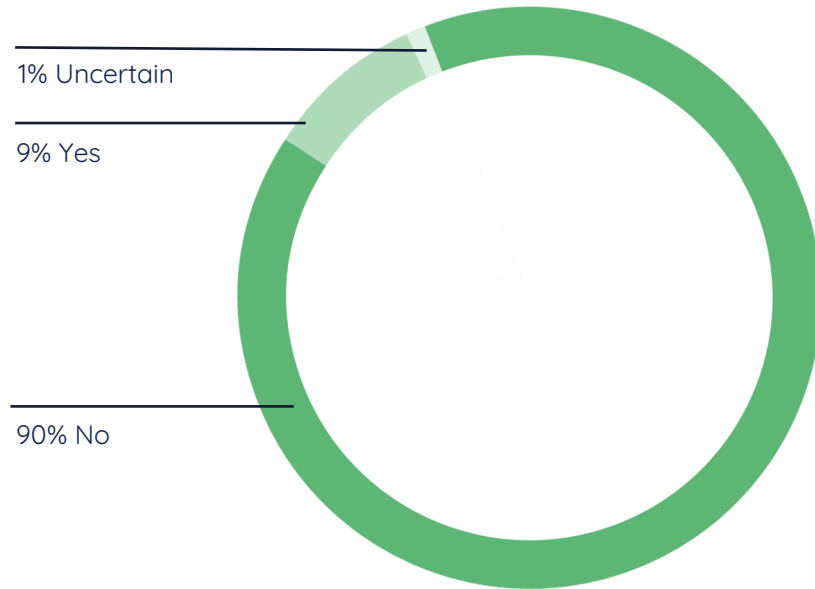
of the retailers **do not indicate the expected delivery time** of the order.

74%
(67%)

offer the option to **return via a parcel and/or service point** of one or more delivery services.

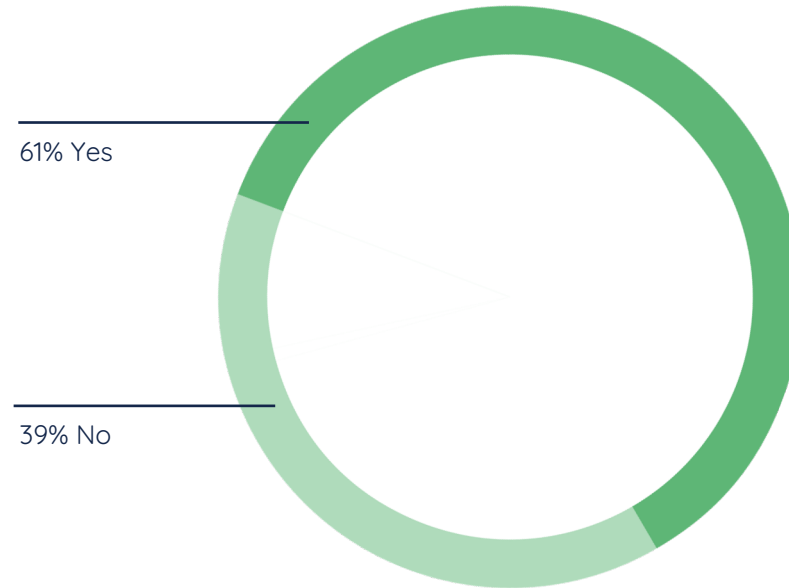
7. Results

Green delivery acknowledged, not prioritized



Only 9%

of the 100 top sellers in the Netherlands **offer the customer a choice of "green delivery"**.



At 39%

of the retailers it is **not possible** to have the order sent **directly to a collection point**.

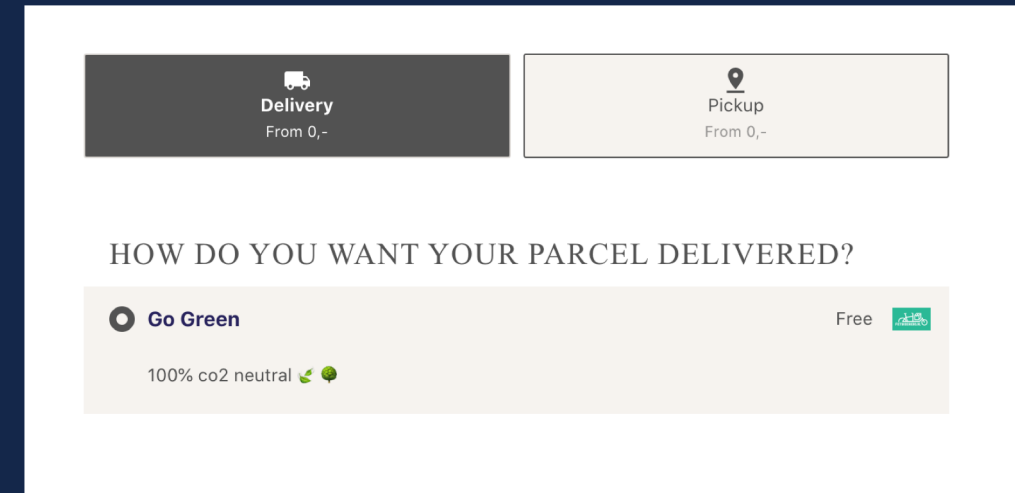
Very little room for sustainability

We define 'green delivery' as an effort on the part of the retailer to get a package to the customer in the most sustainable, and transparent way. For example, it is sustainable to transport multiple orders together, or to offer delivery options that are less polluting than standard methods.

Some retailers indicate the most sustainable delivery option by placing a leaf icon next to the "greenest" method available. In the image on the right you see how one of the brands in the category fashion & sport' indicates their most sustainable delivery option.

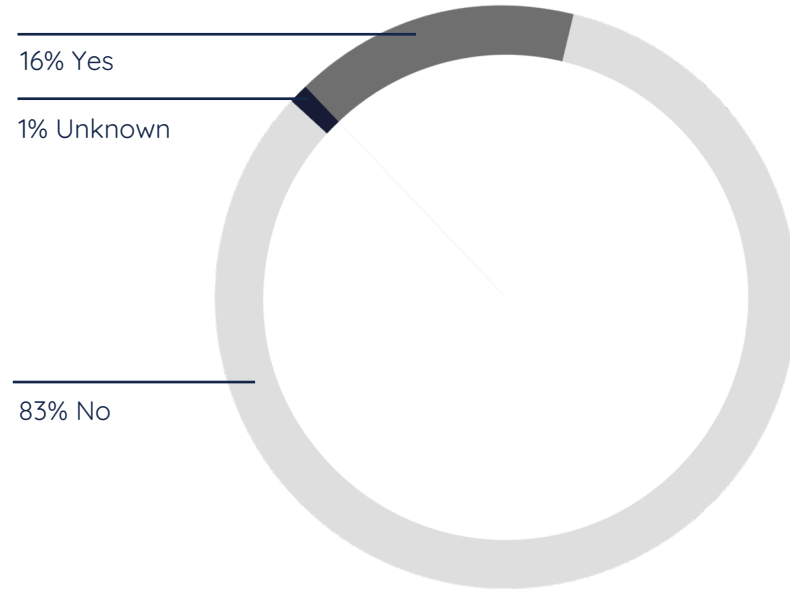
Our research shows that for the second year in a row, the option to have a product delivered sustainably was almost non-existent. 90% of the 100 top sellers in the Netherlands do not offer the customer a choice for 'green delivery'. In 9% of retailers we do see the choice for sustainable delivery. This was especially prevalent when ordering food or groceries online.

In general, more and more brands & retailers are working on sustainability and reducing their CO2 emissions. In last-mile delivery, we see new initiatives from carriers, for example in making the fleet more sustainable, delivery by bicycle, encouraging click & collect and of course making the underlying supply chain greener. However, in 2020 these options were often not presented as such to the consumer at the checkout, while 40% of consumers are willing to pay extra for green delivery (5)



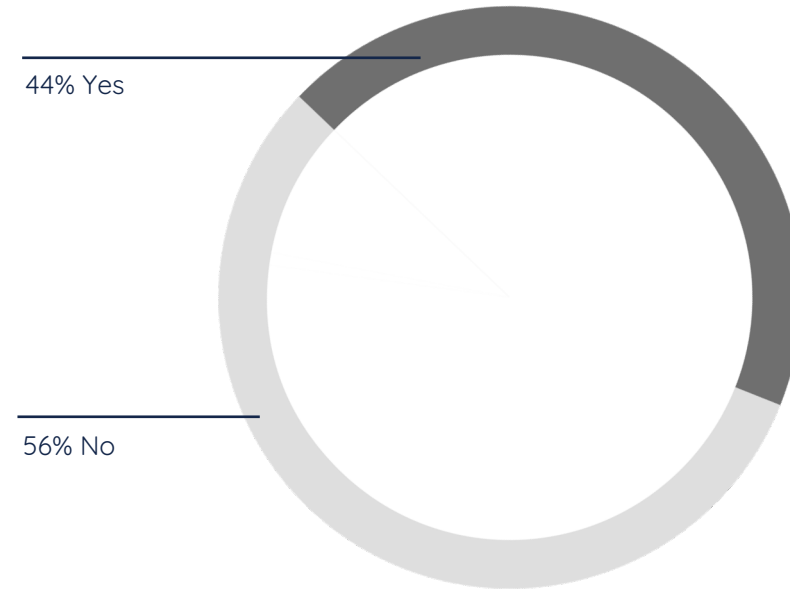
Example Paazl Checkout Widget

Consumer choice less important



16%

of retailers use the term **"express delivery"** and offer a faster delivery time than their standard delivery time. For this delivery option, the **customer pays more**.



56%

of the sellers do not allow the customer to decide on which day they would like to receive the order (nominated day).

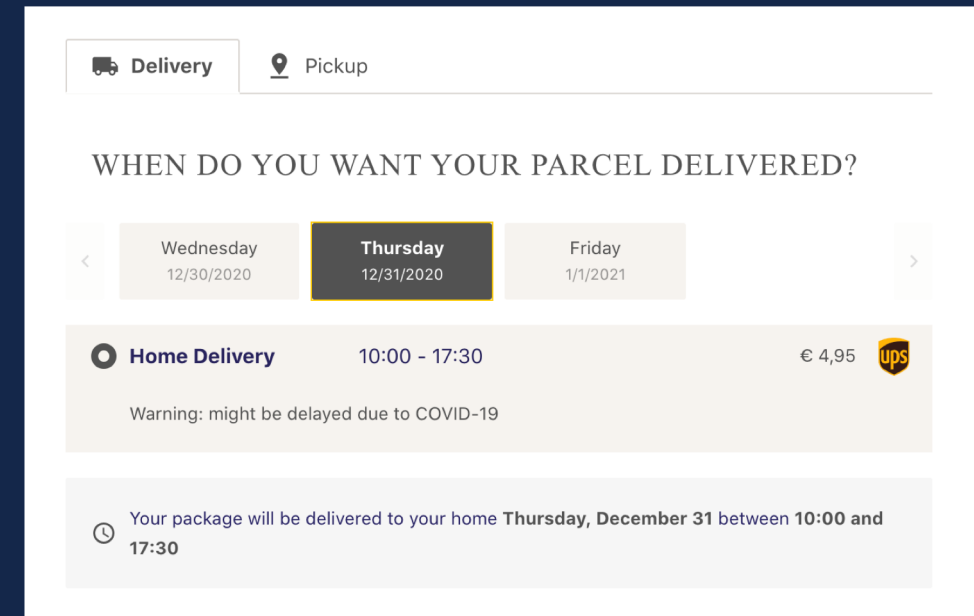
Omnichannel

While it is impossible to know for sure, it appears as though the 2020 Coronavirus pandemic had an effect on the delivery information that was made available to consumers, and the options that they had when ordering their products.

We saw a decrease in the following choices & information made available to consumers - express delivery, same-day delivery, estimated time-frame and Saturday delivery. All of the above options and delivery information are usually in place to add convenience to consumers' purchase process, so that there is an increased chance of them being at home when a package is delivered. In 2020, this was less important with the sweeping lockdown and work-from-home measures that were experienced across the Netherlands.

“Standard” delivery has moved more and more towards “next-day”. 66 of the top 100 offer “next-day” delivery. For the consumer, the most important question is often, “When will I receive my order?” When next-day delivery is stated, with a clear cut-off time for orders, then misunderstanding is avoided. Baymard included this topic their research on delivery speed vs. delivery information (*6).

In the example below, the consumer has the option to choose home delivery or pickup point, followed by their preferred delivery date, and then time-slot. Evening delivery is offered with an additional cost. They have also indicated potential delays due to capacity issues – ensuring the consumer is aware of any issues.



The screenshot shows a Paazl checkout widget with two tabs: "Delivery" (selected) and "Pickup". Below the tabs, the heading "WHEN DO YOU WANT YOUR PARCEL DELIVERED?" is displayed. A date selector shows three options: "Wednesday 12/30/2020", "Thursday 12/31/2020" (highlighted), and "Friday 1/1/2021". Below the date selector, a "Home Delivery" option is selected, showing a time slot of "10:00 - 17:30" and a cost of "€ 4,95" with a UPS logo. A warning message states: "Warning: might be delayed due to COVID-19". At the bottom, a confirmation message says: "Your package will be delivered to your home Thursday, December 31 between 10:00 and 17:30".

Example Paazl Checkout Widget

Omnichannel - the future is flexible



78%

Claim to offer free home delivery*

22%

always charge shipping costs for home delivery.



At 38%

of the sellers, the customer can buy online and collect their orders in-store for free

*With regard to shipping costs, we generally see that delivery is only offered "free" when the customer spends a minimum amount in the webshop.

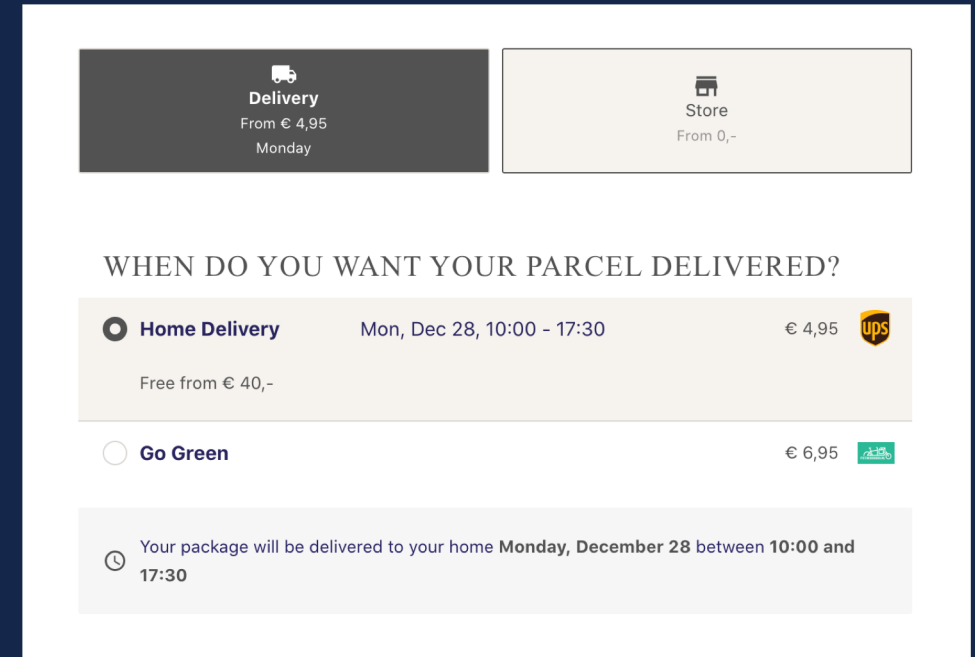
Free delivery (with a catch)

Free delivery is offered everywhere nowadays. 78% of the top 100 offer to deliver your package for free, BUT, there is (almost) always a catch. A minimum order amount is often required to qualify for free delivery.

Some interesting recent statistics about free delivery include:

- **Almost 90%** of consumers view free shipping as the top incentive that would encourage them to shop online. more often. (*7)
- **86%** of consumers abandon their shopping cart because of the cost of shipping (*8)
- **93%** of shoppers claim they will take action to qualify for free shipping by adding items to their cart. (*9)

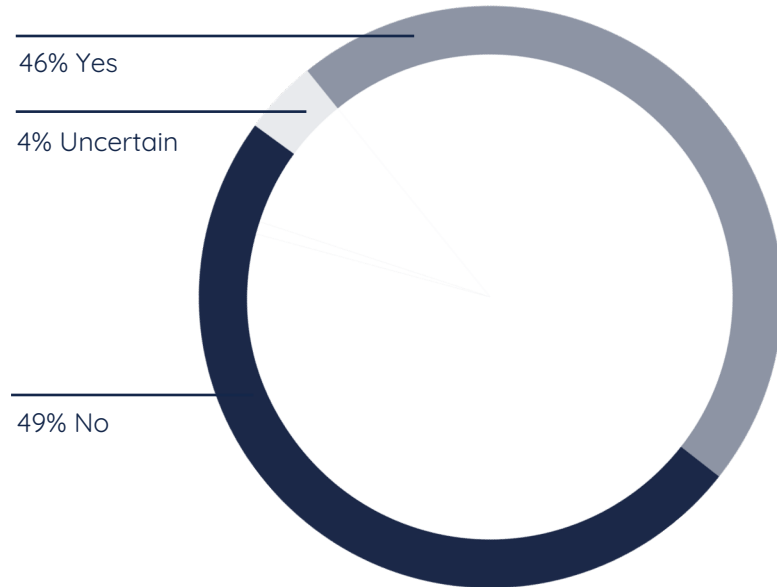
In the example to the right, the merchant shows the option for free home delivery and indicates a minimum order value. The other option for “Click & Collect” shows the option to choose a window, and to then select a 2 hour time-slot to collect.



The screenshot displays a checkout interface with two main delivery options at the top: 'Delivery' (From € 4,95, Monday) and 'Store' (From 0,-). Below these, a section titled 'WHEN DO YOU WANT YOUR PARCEL DELIVERED?' offers two choices: 'Home Delivery' (selected) and 'Go Green'. The 'Home Delivery' option specifies a date and time window (Mon, Dec 28, 10:00 - 17:30) and a cost (€ 4,95) with a UPS logo. It also notes 'Free from € 40,-'. The 'Go Green' option is marked with a green leaf icon and a cost of € 6,95. At the bottom, a summary box states: 'Your package will be delivered to your home Monday, December 28 between 10:00 and 17:30'.

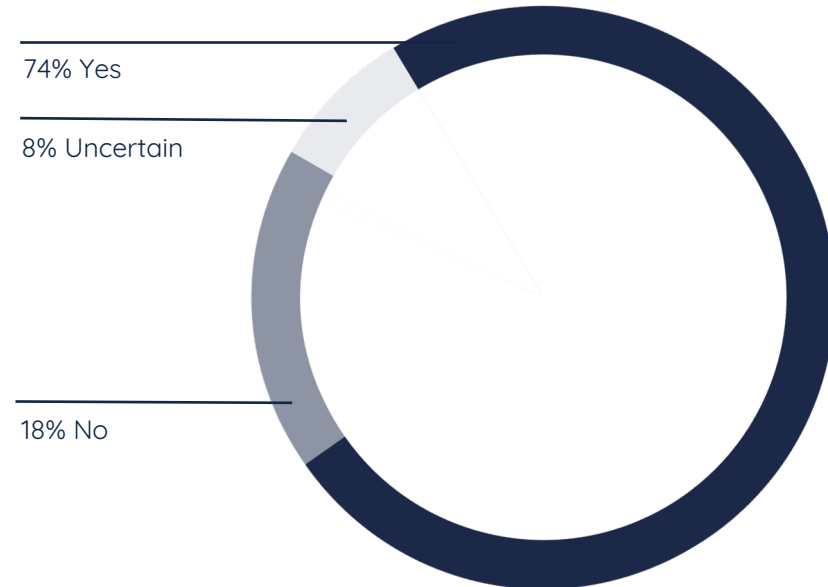
Example Paazi Checkout Widget

Returns – inevitability or opportunity?



49%

do not offer the option to return in a store.



74%

offer the option to return via a parcel and/or service point of one or more delivery services.



Returns

The Netherlands holds the title of the country in Europe with the highest rate of e-commerce returns (13%) (*10). This is unsurprising as 62% of consumers say returning their online orders is easy. (*10)

Our research shows a 10% increase in the number of businesses that allow you to return your purchase via a parcel and/or service point of one or more delivery services. Fewer businesses have made it possible to return in store than in 2019, but this could also be the (temporary) result of many stores being closed due to lockdown measures.

From a sustainability angle, almost 70% of retailers did not include pre-printed return labels in the box, and more companies required consumers to pay for their own returns.

The amount of time that a consumer has to process their returns

varies significantly. The legal minimum “cooling-off” period is 14 days, which is what many retailers offer, but many make specific exceptions for the holiday season, extending this to 30 days or more. The most we saw in our research of the Top 100 retailers was 365 days to return a purchase.

We also saw the rise of specialist returns companies to help retailers with the often complicated “reverse” logistics associated with the returns process.

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Conclusion

2020 was a year like no other. The world of e-commerce surged as we all moved indoors and dedicated most of our shopping time to online purchasing. The enormous boom sent shockwaves through the delivery ecosystem and pushed the (already strained) traditional delivery chain to the extreme. Capacity problems plagued major carriers and forced many retailers and brands to turn to carrier flexibility for help.

We saw a host of new players entering the market, many of which focused on one of our planet's biggest problems – sustainability. And despite the positive impact these companies will have on the ecosystem in the longer-term, we are yet to see the bigger brand and retailers adopting their services. Pickup points have been touted as a more green option for delivery and we saw a positive upswing in their availability as a standard delivery option in the Netherlands.

Consumers saw the information that was available to them during the delivery process decrease somewhat, but few would have noticed a significant impact while they were mostly working from home. Omnichannel e-commerce delivery improved, with returns via service points increasing as did the option to buy-online-pickup-in-store for free.

The impact of the COVID-19 pandemic will almost certainly affect the delivery landscape in 2021, as well as consumer behavior in general when it comes to online shopping. We hope to see a greater number of businesses offering their consumers the choice of a more sustainable delivery option, and in doing so, taking responsibility for educating their customers on the impact of their delivery choices.

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