



# UPS Smart E-commerce Report 2021

What Europe's shoppers  
want from e-commerce

March 2021



# Foreword

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Over the last 12 months life as we know it has transformed with challenges, obstacles and complexities impacting everyone. The retail and e-commerce sectors are no exception: businesses and consumers across the world have been forced to adapt how they interact. As nationwide lockdowns remain in place in many European countries and the effects of a new relationship between the UK and EU taking shape, 2021 is looking to be another milestone year for business, politics and society.

These challenges have brought the role of logistics into sharp focus. As one of the largest and most trusted global shipping & logistics companies, UPS has been helping retailers navigate this increasingly complex landscape. This has afforded us a unique insight into the challenges online retailers face and the potential opportunities arising from changing consumer habits.

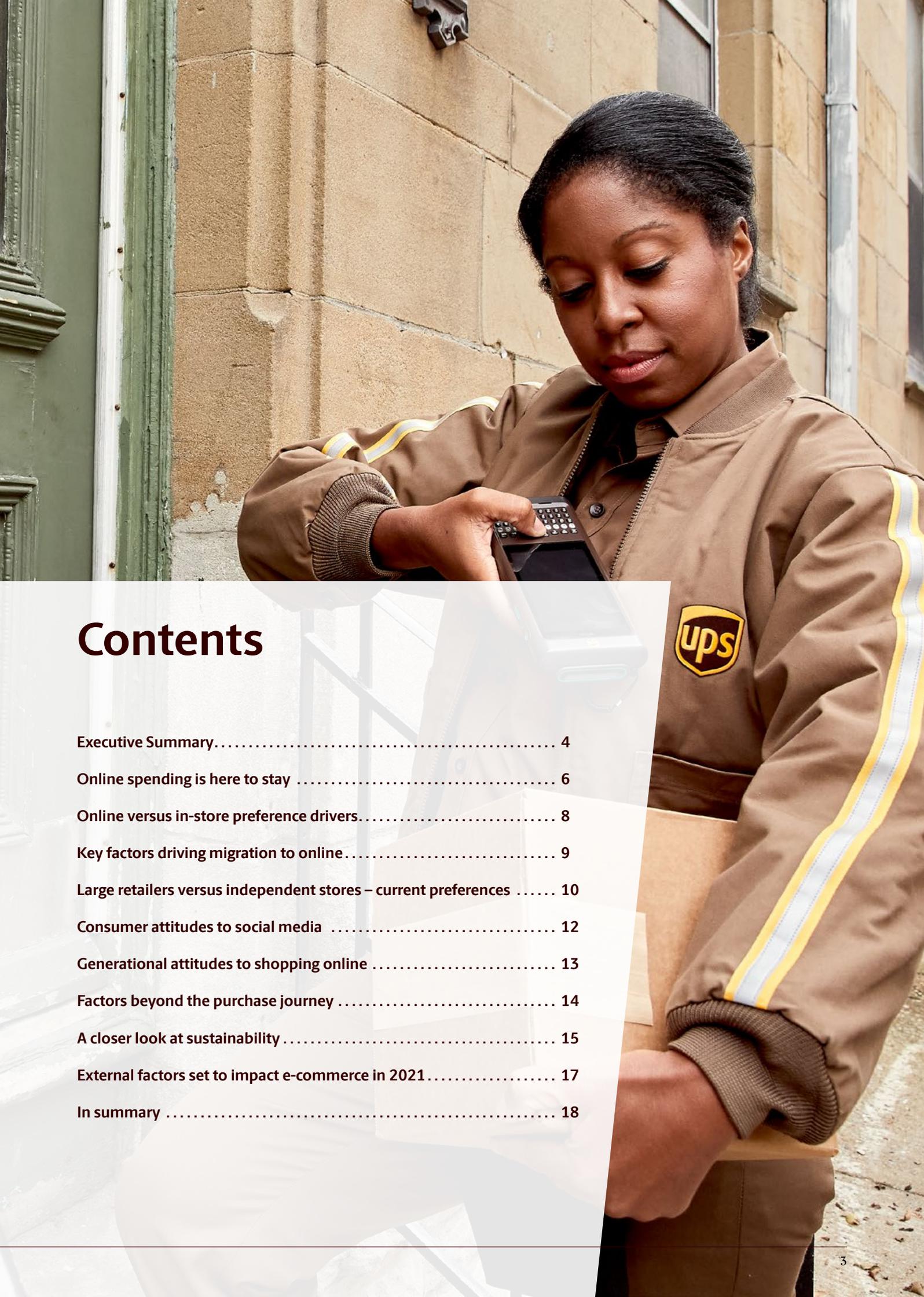
To further help retailers navigate this evolving landscape, in January 2021 UPS commissioned a survey of over 10,000 consumers across eight key European markets: the UK, France, Germany, Italy, Spain, Netherlands, Belgium and Poland. The resulting UPS Smart E-commerce Report has been designed to

provide business owners and decision-makers with a unique insight into the behaviours, attitudes and expectations of European online shoppers in 2021.

By reading this report you can:

- Understand current consumer drivers to online purchases with comparative attitudes to in-store spending
- Obtain insight on projected longer-term consumer attitudes towards online spending
- Learn how to retain customers with an assessment of what they consider the most valuable retailer services
- Evaluate how to meet the expectations of online shoppers in 2021 and beyond

At UPS we have been helping businesses navigate global commerce in evolving political, societal and geographical landscapes for over 113 years. This report combines our heritage of expertise with fresh consumer insights, making it an essential read for all those in the e-commerce sector.

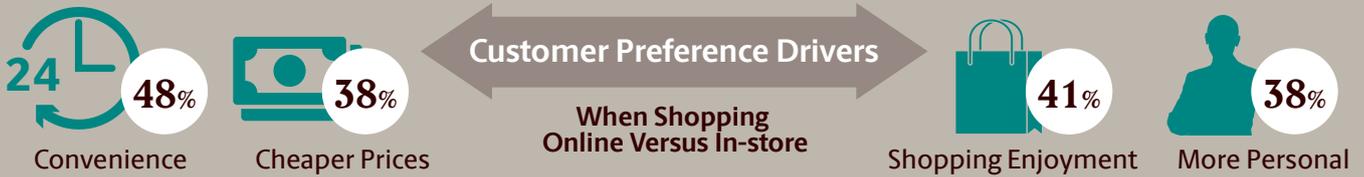


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# Executive Summary





### Reasons To Shop At Smaller Or Independent Stores



### Factors Beyond The Purchase Journey

A retailer's choice of delivery partner is the key decision factor for



41% say this will be a key driver in future purchases.

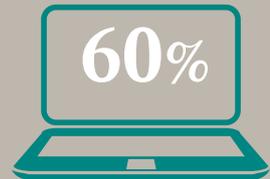
Those aged 25 to 34 are more likely to continue shopping 'all or mostly' online once restrictions lift



25 to 34



Over 55



of over 55s said they would like free deliveries on all online purchases, compared to

47% of 18-24s – a 13% difference.

### Sustainability is the most important driver for 75% of respondents

Actions consumers would like to see from different sized companies:



Sustainable packaging

Large 54%  
Small 50%



Minimum amount to qualify for free delivery

Large 44%  
Small 31%



Alternative delivery options (e.g. lockers.)

Large 47%  
Small 32%



Carbon footprint offsetting for deliveries

Large 48%  
Small 30%

### External Factors Set To Impact E-commerce In 2021

57% expect to reduce their overall spending in 2021 and beyond due to the pandemic and wider economic issues



66% feel buying from EU will be more expensive

64% believe goods will take longer to arrive

72% feel buying from UK will be more expensive

69% believe goods will take longer to arrive



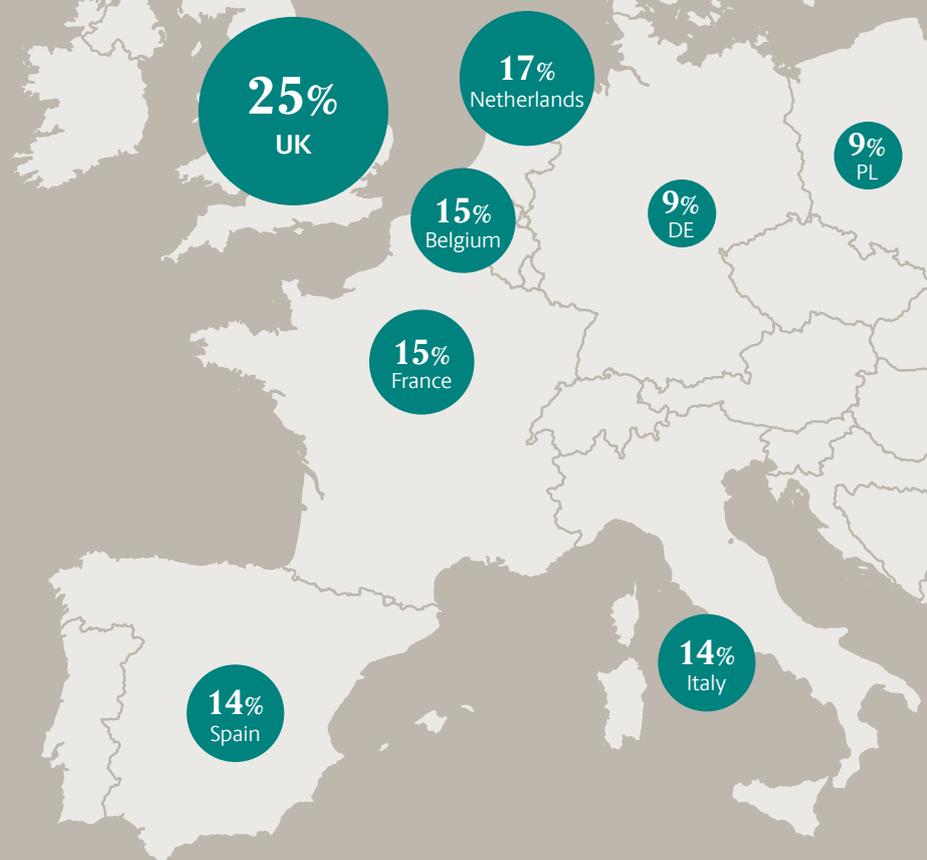
Goods Or Services Sent From EU To UK

Goods Or Services Sent From UK To EU

# Online spending is here to stay

In the survey, conducted in January 2021, European consumers were asked about the proportion of shopping done online versus in-store, prior to the first lockdowns in early 2020. This same question was posed in relation to experiences during the first lockdowns and again on their expectations post-pandemic.

Overall there has been a 50% increase in respondents intending to do 'all' or 'most' shopping online, from 10% pre pandemic to 15% post.



Intent to shop 'all' or 'mostly' online post-pandemic

It's no surprise there was a surge in online shopping during periods of lockdown. The data shows consumers predict a more blended approach to shopping long-term **with intent to do 'all' or 'most' shopping online rising from 10% pre-pandemic to 15% post-pandemic.**

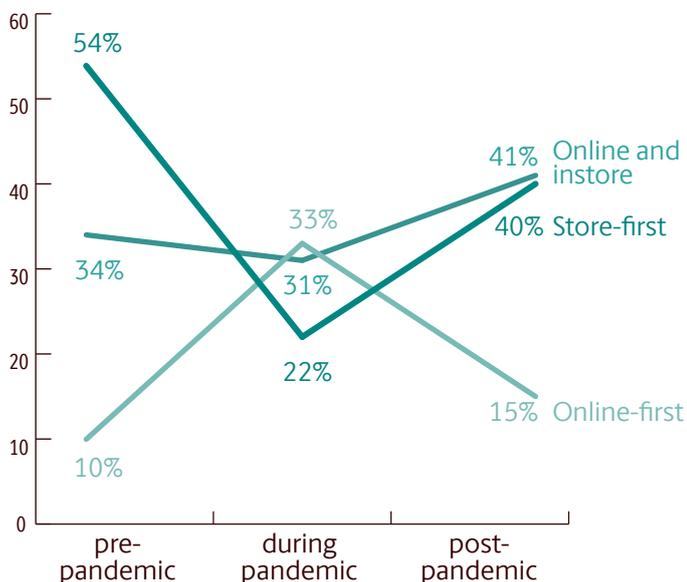
The biggest shift was in the UK, where expectations to buy 'all or mostly' online increased by 66% from 15% to 25%, while the smallest increase of just 29% from 7% to 9% was seen in Germany and Poland.

**Meanwhile, expectations to shop 'all' or 'mostly' in-store dropped 14 percentage points from 54% to 40% overall,** when comparing pre-pandemic habits with post-pandemic expectations. Age was seemingly not a key factor here with double digit drops across all age groups. When it comes to specific markets, the biggest declines were seen in Spain (19%), Italy (18%) and the UK (18%). The smallest decline was in Germany - where those choosing to shop "in-store only" or "mainly in-store" is expected to fall by 18% from 39% pre-pandemic to 32%.

As part of the survey, we asked consumers to specify online versus in-store preferences across specific retail sectors. **The biggest move away from the physical store occurs in household, cosmetics and grocery categories – all seeing an 8% drop,** when comparing pre-pandemic habits with post-pandemic expectations. These were followed closely by electrical and white goods (7%) and clothes/footwear (6%). The anticipated move away from physical stores wasn't matched by an increase in intent to buy 'online only', with rises of just one to three percentage points across all categories.

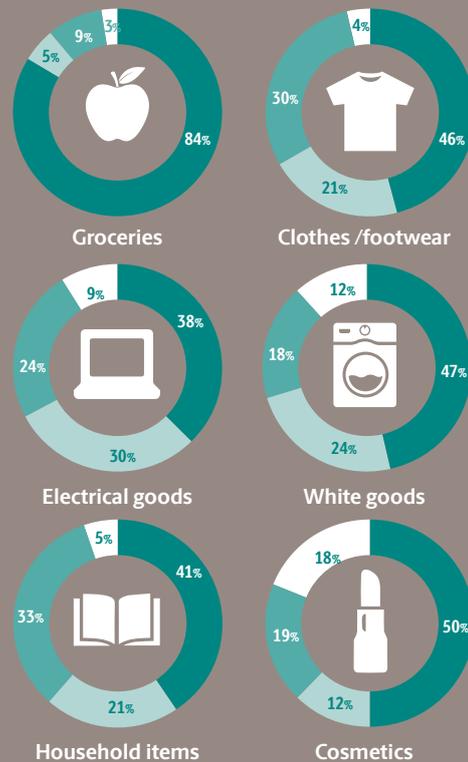
This suggests that the key to success is offering a fully integrated user experience - this means a seamless omni-channel experience which caters for those who prefer to shop online or in-store.

The Move To A Blended Approach To Shopping Post-pandemic

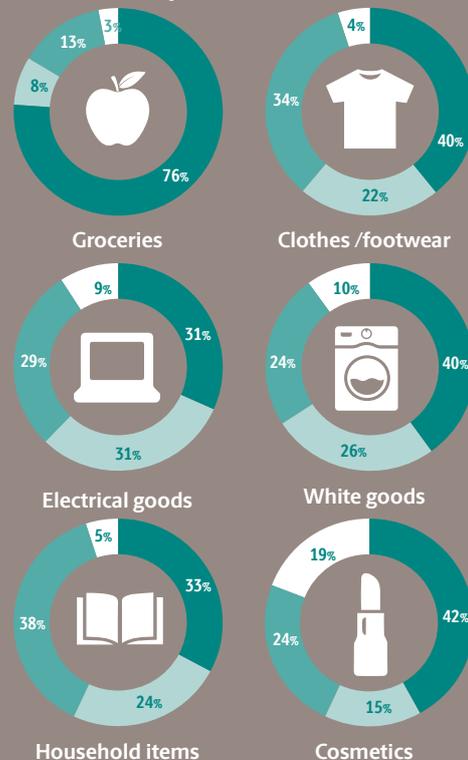


In every category consumers indicate they are more likely to consider shopping online than they were before.

Pre-March 2020



2021 and beyond



- Mostly in-store
- Mostly online
- Both in-store and online equally
- Don't know/Not applicable

# Online versus in-store preference drivers

## We asked European Consumers why they preferred to shop either in-store or online.

When it comes to shopping in-store, by far the biggest drivers overall were the enjoyment of going to the shops in-person (41%) and the perception that shopping in-store results in a more personalised experience (38%).

The importance of a more personalised experience was a more critical factor amongst the older generation of shoppers, with 46% of those aged 55 or over highlighting this as their number one reason for preferring the in-store experience, compared to 31% of those aged 25-34.

The perception that goods are easier to return in person was next highest overall with 29% of respondents citing this reason. Generationally, this factor was consistent across all age ranges with a variance of just 3% across all groups. **However, the significance of being able to return goods easily saw a much greater diversity in attitude with almost half of respondents in Spain (47%) citing this as a key driver, compared to just 18% in Belgium.**

In terms of reasons to choose shopping online instead, the clear front-runner was convenience with almost half (48%) of all respondents stating this. This was closely followed by finding good deals online (44%) and the ease and speed afforded by online purchasing (41%).

The cost of goods was a significant factor with 38% of respondents believing that goods online are usually cheaper. The role of price in driving preferences varied significantly by country. Notably, in Italy 61% of consumers said finding a good deal or sale item online would be their key driver for online shopping, with half (50%) stating the ability to find cheaper goods online was also a key reason. Conversely, in the Netherlands, just 26% felt goods being cheaper online was a main factor and only 37% cited the ability to find good deals online.

Across both in-store and online, loyalty programmes were low on the list of drivers, with just 11% (online) and 18% (in-store) stating these were deciding factors.

The survey findings show the strengths of e-commerce but they also show its limitations, namely the desire of consumers for a personal retail experience - something which they believe is more accessible in-store.

## Top 5 reasons respondents would choose to shop online instead of in-store



48%

It's more convenient to have items delivered to me



44%

It's easier to find good deals/ sale items online



41%

I find it easier and quicker to shop online



38%

Products are usually cheaper online

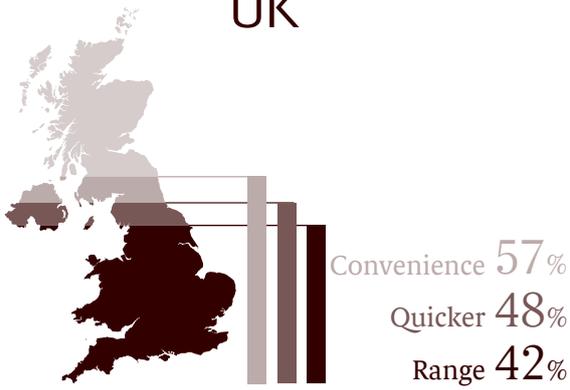


37%

There is a better range/ selection of products online

# Key factors driving migration to online

UK



Germany



Belgium



Poland



France



Spain



Italy



Netherlands



# Large retailers versus independent stores – current preferences

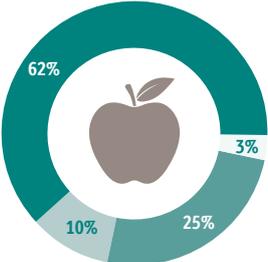
We asked European consumers if they preferred to shop with large retailers, smaller independent outlets or online marketplaces for different goods.

Large retailers were the clear preference across every retail sector with the highest response rate seen for white goods at 63%. This was followed by groceries with 62% of respondents selecting larger retailers as the preferred choice when making this type of purchase. Household items– such as books, furniture, crockery, bed linen and toys – saw the lowest proportion for large retailers at 46%.

The consumers we surveyed were most likely to want to buy groceries from smaller independent stores - 25% of all respondents have this preference,

however 62% still favoured larger stores. Clothes and footwear were next in terms of preference for the smaller outlets at 24%, followed by cosmetics at 23%. At 12% electrical goods were the item the smallest number of consumers preferred to buy from an independent retailer.

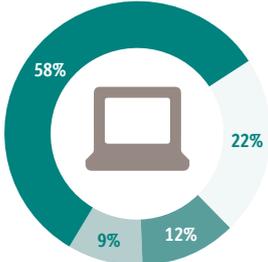
It was a different picture when it came to online marketplaces. Just 3% of respondents said they prefer to purchase groceries on such websites. Household items and electrical goods are the most popular items bought on online marketplaces, according to our survey, at 23% and 22% respectively. This is higher than for the smaller and independent stores, (22% and 12% respectively) but still dwarfed by the preference to shop with the larger chain stores (46% and 58% respectively) for these categories.



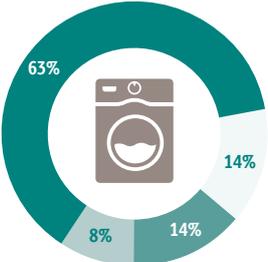
Groceries



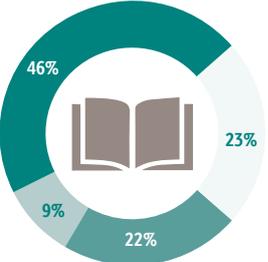
Clothes and/or footwear



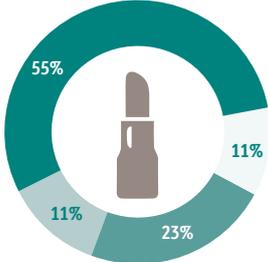
Electrical goods



White goods



Household items



Cosmetics

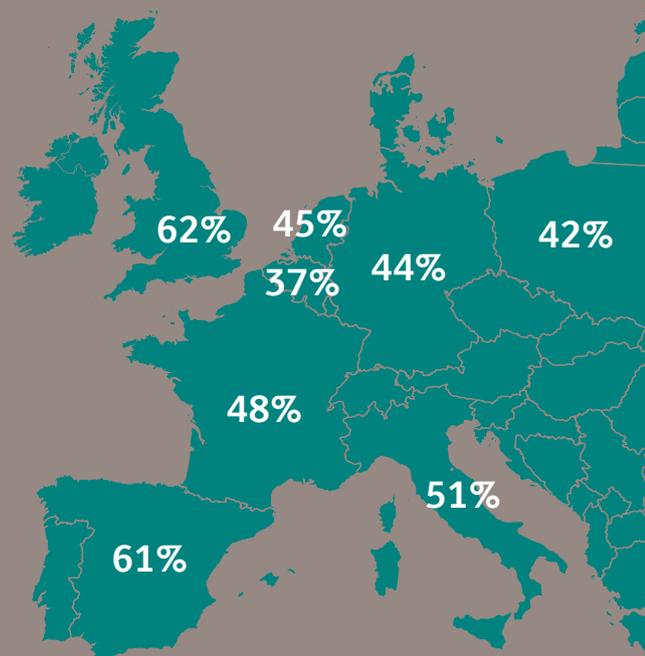
■ A large/ well-known and established retailer  
 ■ An online marketplace

■ A small, independent or local retailer  
 ■ Don't know/Not applicable

## Reasons we shop with small, independent retailers



## I like to help small or local businesses



We asked consumers about their key reasons to shop (either in-store or online) with smaller, independent retailers. **The clear winner here across all respondents was a desire to help small or local businesses with half (50%) of all respondents selecting this as a key reason to shop.** This desire was most prevalent in the UK (62%) and Spain (61%). It was above 40% in all other countries, except Belgium at 37%. In Belgium, the belief that smaller retailers provided better customer service was the main driver for people to shop there (43%).

As we saw with online versus in-store preferences, price was not one of the main drivers for shopping with small businesses, with just 7% of respondents listing this. **Overall, the perceived better customer service was the second most selected answer at an average of 40% across all the countries.** By age, 30% of those aged 18-24 stated it was a key reason to shop with a small or local retailer, rising to 47% of those over the age of 55.

**A more personalised customer experience was cited by 37% of respondents as a key reason to shop at smaller, independent retailers.** This belief was fairly consistent across age and gender demographics, but there was variation between countries. In Germany, 30% of respondents cited the personalised experience as a key driver, while in Spain this figure was 47%.

This further reinforces the message to retailers, whether online or physical, that personalisation is high on the list of purchase and preference drivers for today's consumers.

# Consumer attitudes to social media



57%

say independent brands have been better at communicating during the pandemic



52%

agree they are more likely to purchase from a retailer if they feel they can trust them based on their social media presence



60%

feel brands have over communicated during the pandemic



15%

expected rise in purchasing via social media channels in 2021

## An additional area we explored was consumers' reaction to retailers' social media activity, particularly since the start of the coronavirus pandemic.

We asked consumers to respond to statements regarding social channels, their messaging tone, frequency and whether this activity had impacted their views on those brands. Brand communications via social media are valued by consumers and show a link to purchase preference, **with 52% of the European consumers surveyed stating they are more likely to buy from a brand if they trust its social activity.**

This did not necessarily translate to consumers making purchases via social media however, with just 10% of respondents saying they purchase goods through a brand's social channels once a month or more. There was a higher uptake amongst the younger generations with 15% of 18-24 year olds and 16% of 25-34 year olds purchasing goods once a month or more, compared to just 6% of the over 55's.

Figures for purchasing goods via a social media marketplace, such as Facebook Marketplace or Instagram Shopping were slightly higher overall with 14% of respondents stating that they buy items once a month or more via these channels. **Just 15% of consumers surveyed indicated that they expected to use social media more frequently than before as a purchase method this year.**

**In response to the turbulence of 2020, 80% of respondents said they appreciated brands whose communications made clear they put customers and employees first during such testing times.**

This was most strongly felt in Spain, where 89% of respondents agreed, and lowest in Germany, where 75% agreed, showing this is of high importance for the overwhelming majority of consumers.

However, not all communications from brands have been received positively, with 63% of consumers in agreement that many brands have been delivering similar messaging and have not been unique in their approach to the pandemic. In fact, **60% felt that brands have been over-communicating during the pandemic.** This was most apparent in Spain where 77% of consumers feel brands have over-communicated but was less strongly felt in Germany with fewer than half of all respondents (47%) in agreement.

Notably, the European consumers surveyed indicated that smaller, independent brands were better than larger, more established brands at communicating during the pandemic with 57% agreeing with this statement. This figure was marginally higher amongst 18-24 year olds with 60% in agreement.

Whilst brands need to keep communicating with their customer base during turbulent times, these findings indicate that the messaging must be executed in an authentic way, such as focusing on people rather than profits, and not too frequently.

# Generational attitudes to shopping online

## Generational attitudes to shopping online

Another area we explored is how attitudes to shopping online change across generations. The key finding, perhaps unsurprisingly, is that **those aged 25 to 34, who are often seen as the first generation of 'digital natives', are more likely to continue shopping 'all or mostly' online once restrictions lift (23%) than those aged over 55 (10%).**

## What motivates the younger generation to shop online

**While on average, ease and speed were key drivers to shopping online for all age groups in all markets (41%), this figure was highest for those aged 18-24 year olds, with 48% stating this was a key reason.** The younger generation were also more likely to enjoy the experience of online shopping with 23% of 18-24 year olds citing this as a reason.

## Electrical goods the most likely to be bought online by Generation Z

We also drilled into future purchasing intent for specific product categories and found that, once pandemic restrictions lift, **those aged 18-24 are most likely to head online to buy electrical goods (37%), followed by clothes and footwear (30%).** Buying cosmetics online is a less popular choice amongst this age group (18%), however this rose to 22% for 25-34 year olds.

## Free delivery and returns are key to attracting those over 55

We then asked all respondents what they would like to see from large, national/multi-national businesses in the future and there was a clear message – free delivery and returns is key – mirroring the experience of buying on the high street. **60% of over 55s said they would like free deliveries on all online purchases, compared to 47% of 18-24s – a 13% difference.** Free returns was the main change many wanted to see from large businesses after the pandemic, with 58% of people overall wanting them for all online purchases; this was most important to the over 55s (62%).

When small businesses were included in the question, 62% of over 55s said they would like free deliveries on all online purchases, compared to 54% of 18-24s.

## Generational opinions on large versus smaller retailers

Across all age groups, the desire to help small or local businesses was the key driver for shopping local, however there were generational differences when it came to other leading factors. **For those aged 18-24, the next most popular reason was the perception that smaller retailers are more eco-friendly, with 35% citing this as a reason to shop local.** For those aged 55 or over, the perception of better customer service and a more personal experience was the second most popular reason with 47% citing this.

### 18-24 year olds:



**47%**  
Want to help



**35%**  
More Eco friendly

**Generation Z also had higher sustainability expectations of larger retailers with 55% wanting to see alternative delivery options compared to 43% of over 55's.** There was also a greater desire to see carbon footprint offsetting with 55% of 18-24 year olds wanting to see this compared to 44% of over 55's.

### Over 55's:



**53%**  
Want to help



**47%**  
Better customer service

# Factors beyond the purchase journey

The next section of the survey looked at other reasons for choosing to shop with a retailer, and how important these factors were.

Overwhelmingly, the reliability and trustworthiness of a retailer's delivery partner is a key factor in choosing to shop with them, as stated by 85% of all respondents. This was consistent across most demographics, with the lowest figure for this response coming from the 18-24 age group (76%). Additionally, respondents in Italy were most likely to think this was important as 90% said delivery partner was key in choosing who to shop with online.

This was also a strong factor when we asked consumers how their experiences of online shopping this year had influenced their future purchasing decisions. Overall, 41% said their experience had made them more likely to select a retailer who uses a reputable delivery company. By country, 59% of respondents in Italy agreed with this statement, compared to 32% in Belgium.

The second most important factor for the European consumers surveyed was sustainability, with 75% stating that retailers considering the environment and sustainability in their actions, products and services as 'very' or 'fairly' important to them. This was important to all ages of respondents, with only a seven-point variance from those aged 18-24 (71%) to those aged 55 or over (78%). There was a slightly higher variance between male (70%) and female (79%) respondents. Across the countries surveyed, respondents in Italy gave this highest consideration (82%), while Belgium gave it lowest consideration at 69%.

The least important factor to respondents at the time of commissioning the survey was how a retailer has responded to Brexit, where only 34% of respondents listed this as important. Perhaps unsurprisingly this figure was a higher 44% in the UK, although that was matched by respondents in Poland (also 44%). In contrast, a retailer's response to Brexit was of least importance in the Netherlands (28%) and France (29%).

The message to retailers here is clear – a desire to purchase online and supporting sustainability are all important to consumers and it's crucial for a retailer to have a reliable partner to deliver its goods.

## Key areas of importance when choosing a retailer to shop with



# A closer look at sustainability

**From the findings, we saw that most consumers expect retailers to consider the environment – so do these expectations of sustainability differ when shopping with large multinationals versus smaller, independent retailers?**

**While there were high expectations for both categories, there was a clear trend toward increased expectations of sustainability when it comes to larger, multinational retailers.**

Overall, younger responders wanted a range of sustainable or alternative delivery options - this was something important to 55% of those aged 18-24 and 43% of those aged 55+.

**The use of sustainable packaging was the biggest action consumers wanted from both retailer categories, with 54% expecting this from large retailers versus 50% for smaller stores.**

A desire to see sustainable packaging used by larger retailers was highest in Spain (64%) and the UK (63%), whereas these figures were slightly lower for smaller retailers with 59% in Spain and 56% in the UK. Those in Italy were the biggest advocates for a minimum delivery charge (56%) versus 31% of respondents in Germany.

Sustainable delivery options respondents would like to see from:

## Large Retailers



54%

Sustainable/  
environmentally-friendly  
packaging



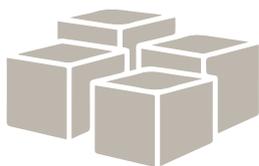
48%

Carbon  
footprint offsetting  
for deliveries



42%

Minimum delivery charge  
(i.e. to encourage fewer  
delivery journeys associated with  
free delivery items)



44%

Minimum number of  
items/value to qualify for free  
delivery (i.e. to reduce the total  
number of delivery journeys)



47%

Alternative delivery options (e.g.  
collection points,  
lockers, etc.)



47%

All delivery vehicles to be  
electric/low emission

**For larger retailers, carbon offsetting for deliveries was the second highest expectation from the consumers surveyed at 48%.** This was followed by alternative delivery options such as collection points or lockers, as well as electric or low emission delivery vehicles, both at 47%.

**For smaller retailers,** alternative delivery options was the second highest expectation when it comes to sustainability with 32%, followed by setting a minimum number of items/value in the order to qualify for free delivery at 31%. Carbon offsetting for smaller retailers was an expectation for 30% of those surveyed.

Looking ahead, we asked consumers how they would like both large and small retailers to behave differently in the future.

While the top response for large retailers was 'free returns for all online purchases' at 58%, the desire to see environmentally friendly packaging was a close second with 56%. For smaller retailers, environmentally friendly packaging was the top response with 48%. **Consumers also wanted to see large retailers lower their carbon footprint or undertake carbon offsetting (52%) whereas this was less expected of smaller retailers (35%).**

This tells us that not only are expectations already high amongst consumers when it comes to sustainability, but they will continue to grow. Retailers who are slow to make changes in this area may be left behind when it comes to consumer loyalty.

## Sustainable delivery options respondents would like to see from:

### Small Retailers



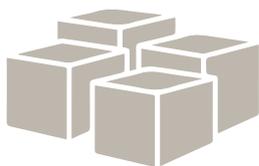
**50%**  
Sustainable/  
environmentally-friendly  
packaging



**30%**  
Carbon  
footprint offsetting  
for deliveries



**30%**  
Minimum delivery charge  
(i.e. to encourage fewer  
delivery journeys associated with  
free delivery items)



**31%**  
Minimum number of  
items/value to qualify for free  
delivery (i.e. to reduce the total  
number of delivery journeys)

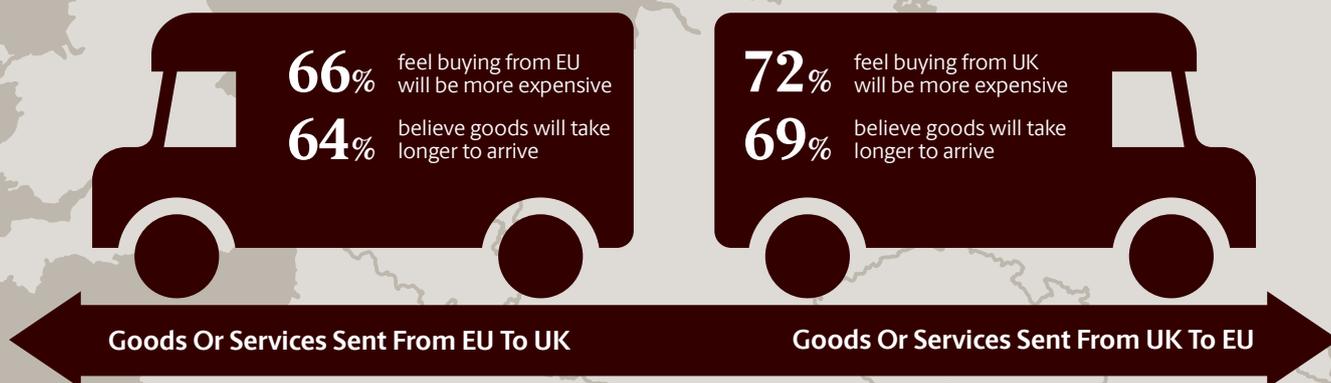


**32%**  
Alternative delivery options (e.g.  
collection points,  
lockers, etc.)



**28%**  
All delivery vehicles to be  
electric/low emission

# External factors set to impact e-commerce in 2021



**It would be impossible to examine European e-commerce for 2021 without touching on Brexit and the impact to consumers' views on trade between the UK and the EU. We therefore asked consumers about the impact they feel this will have and about their predicted spending confidence considering a turbulent economy.**

In general, all respondents felt this new relationship between the UK and the EU would have a negative impact on e-commerce.

**In the UK, 66% of consumers surveyed felt products and goods bought from the EU would become more expensive in 2021, with 64% believing they will take longer to arrive due to new customs requirements.** When it comes to the impact on brands, 52% of respondents felt smaller, independent and local brands would be more affected than larger, more established brands. However, 34% of consumers in the UK said they believe their choice of goods won't be reduced.

**In the seven EU markets surveyed, 72% said they expected buying from the UK to become more expensive in 2021, with 69% believing shipping goods from the UK will take longer.** Across these EU markets, 56% of respondents believe the effects of Brexit will be felt most by smaller, independent brands but the slight positive was that 40% said they believe they won't see a reduction in choice of goods.

In our survey, we asked consumers about their feelings towards job security and their expected spending power in 2021.

**Across all countries, 77% stated that they expect a global recession this year, while a third (32%) are experiencing job insecurity. In terms of the impact this will have on consumer spending power, 57% of respondents said they expect to reduce their spending overall.** Markets most likely to reduce their spending are Spain (76%) and Italy (71%), whereas in Germany and Belgium, anticipated spending appeared to be least affected, with 49% and 47% respectively.

The common view from the consumers surveyed is that Brexit will impact the e-commerce sector in 2021, as everyone adapts to the new relationship between the UK and the EU. With the added turbulence caused by the coronavirus pandemic and economic instability impacting job security, the consumer sentiment revealed by our survey indicates that 2021 will likely be a tougher year than most for retailers across the e-commerce sector.

# In summary

After a year that has brought significant change to the European retail sector resulting from the impact of global influences such as the coronavirus pandemic, to more continent-specific economic challenges like Brexit, the outlook for 2021 is again uncertain.

Despite this uncertainty, the survey data indicates habits around online shopping will remain in line with pre-lockdown trends and show signs of some growth. There is plenty of opportunity for online retailers of all sizes to gain new customers in 2021. To achieve this, our findings suggest that retailers may want to consider taking a more holistic view of the end-to-end customer experience, focusing on improving personalisation and ensuring ease and convenience, especially when it comes to returning goods.

As sustainability remains a key driver for consumers in the years ahead, a focus on supporting programmes such as zero-waste and recyclable packaging initiatives will also go a long way to converting, and retaining, new customers. This is the case regardless of the size or scale of your business, with expectations on these issues universally high - if somewhat higher for more established brands – and set to increase further.

Moreover, customer choice remains influenced by multiple external factors, from a brand's response to the pandemic to the tone and frequency of social media posts. Brand loyalty is hard to come by yet easily lost, with just a single negative experience likely to deter a future purchase. With consumers placing such high importance on their retailer's choice of delivery partner, it is more vital than ever that this remains a key consideration for retailers wanting to enhance customer experience.

## How UPS can help

At UPS we are dedicated to helping businesses grow, expand and enhance their e-commerce capabilities. From the introduction of our new Saturday Standard delivery service and day before delivery alerts to our network of nearly 40,000 UPS Access Point™ locations offering convenient collection and drop-off points across Europe, we help digital retailers offer a better customer experience from online store to door.

No matter if retailers are looking for domestic or international delivery, whether you ship parcels or pallets, we will help you find the best shipping solution specific to your needs.

To find out more about how UPS can maximise your e-commerce offering, please visit: [ups.com](https://www.ups.com)



## About UPS

UPS (NYSE: UPS) is one of the world's largest package delivery companies with 2020 revenue of \$84.6 billion, and provides a broad range of integrated logistics solutions for customers in more than 220 countries and territories. The company's more than 540,000 employees embrace a strategy that is simply stated and powerfully executed: Customer First. People Led. Innovation Driven.

UPS is committed to being a steward of the environment and positively contributing to the communities we serve around the world. UPS also takes a strong and unwavering stance in support of diversity, equity and inclusion.

The company can be found on the Internet at [www.ups.com](http://www.ups.com),

with more information at [www.stories.ups.com](http://www.stories.ups.com) and [www.investors.ups.com](http://www.investors.ups.com).

## Methodology

Online panellists were sent emails inviting them to participate in this survey. Each participant completed a custom online survey designed by [YouGov](http://YouGov.com) in conjunction with UPS. Data collection occurred between 7th - 18th January 2021. A total of 10,699 adults were surveyed from across the UK, France, Germany, Italy, Spain, Netherlands, Belgium, and Poland.