

E-commerce Shipping Benchmarks Report

J U N E 2 0 1 9



2019 E-COMMERCE SHIPPING BENCHMARKS REPORT

Compare your performance with thousands of other Shippo users on metrics such as average order value, shipping spend, ability to ship internationally, and returns processes.

Few things grab the Shippo team's attention like trends in shipping. We're shipping nerds, after all -- it's what we do!

We've noticed something interesting, which is that apart from Amazon, whose 2-day Prime shipping program is a juggernaut for recruiting customers and a source of endless speculation among both analysts and watchers, it can be hard to find info on how other e-commerce brands handle shipping as a key part of the customer journey. So how do you find out what other businesses are doing when it comes to shipping and returns?

Shippo's latest report can help.

Our shipping platform helps more than 35,000 businesses get the most out of their shipping. Dozens of domestic and global carriers are connected to Shippo. Using our web app, Shippo customers shipped more than \$3B in gross merchandise volume in 2018 alone. Now, for the first time, we're sharing some of the data behind our customers' activities.

In this report, we've tracked how much e-commerce industries are spending on shipping, whether they ship internationally, information on returns, and some suggestions and best practices for other e-commerce businesses wanting to make the most of this critical customer touchpoint.

The benchmarks cited here are central to the concerns of businesses looking to thrive in a world dominated by Amazon. We hope you find them helpful.

THE NUMBERS

Industry	Shipping Spend (Shipping/AOV)	% Shipping Internationally	% Including Return Labels in the Box	Rate of Returns (Return Labels Used/Return Labels Generated)	Average Order Value
Jewelry	8.28%	16.70%	25.00%	7.37%	\$136.72
Medical & Rx	9.41%	8.42%	12.63%	7.42%	\$210.95
Electronics	9.61%	18.87%	22.64%	6.16%	\$267.79
Auto	10.16%	22.66%	26.62%	4.56%	\$263.82
Baby	11.44%	13.95%	20.06%	7.43%	\$97.31
Apparel	11.87%	16.94%	26.53%	9.09%	\$101.49
Games & Media	12.25%	13.58%	17.28%	6.01%	\$129.06
Sports & Outdoor	12.30%	14.03%	20.27%	5.39%	\$131.04
Pets	13.07%	11.80%	15.17%	4.95%	\$83.24
Arts & Crafts	13.65%	10.82%	16.64%	2.90%	\$119.66
Beauty & Skincare	13.71%	9.15%	13.64%	3.34%	\$354.12
Health & Wellness	13.95%	8.01%	11.87%	7.51%	\$285.76
Home & Garden	14.44%	11.09%	17.50%	4.09%	\$132.21
Toys	16.47%	13.68%	18.40%	5.60%	\$203.71
Food & Grocery	18.43%	5.03%	7.48%	1.23%	\$78.70
Books	18.76%	8.70%	12.32%	3.03%	\$82.95

WHAT'S TRACKED IN THIS REPORT

Shipping Spend: The total dollar amount merchants spent on shipping as a percentage of overall revenue. Calculated by dividing shipping costs by AOV.

Percentage of Industry Category Shipping Internationally: The percentage of merchants on the Shippo platform who ship orders cross-border or overseas.

Percentage Including Return Labels: The percentage of merchants who include return labels alongside goods purchased in their shipments to customers.

Rate of Returns: The rate of returns as a percentage of goods sold. Calculated by dividing the number of return labels used by the number of return labels generated.

Average Order Value (AOV): The average dollar amount spent each time a customer places an order. Calculated by dividing total revenue by the number of orders.

**This report is based on global sales data from Shippo customers from Jan 2018 to Dec 2018 and supplemented with interviews of Shippo customers and partners.*

HIGHLIGHTS BY CATEGORY

Shipping Spend - Size Matters

When it comes to the amount retailers spent on shipping, size does indeed matter -- retailers in Jewelry, Electronics and the Medical & Rx industries, which typically ship smaller or lighter packages, are spending under 10 percent of average order value on shipping, whereas retailers in industries with heavier and bulkier goods like Books and Food/Grocery are spending as much as 18 percent. Another potential correlation is that Average Order Value for these industries are often higher, driving shipping cost ratios lower.

Industries With Lowest Shipping Spend

Jewelry	8.28%
Medical & Rx	9.41%
Electronics	9.61%

Industries With Highest Shipping Spend

Books	18.76%
Food & Grocery	18.43%
Toys	16.47%

HIGHLIGHTS BY CATEGORY

International Shipping - Growing but Still Rare

Most shippers have a nascent to growing international customer base. Auto, Electronics and Apparel industries comprise the strongest industries sending their goods cross border, while Health & Wellness, Medical & Rx and Food & Grocery skew towards domestic U.S. buyers.

Industries With Highest Rate of Int'l Shipping

Auto	22.6%
Electronics	18.87%
Apparel	16.94%

Industries With Lowest Rate of Int'l Shipping

Food & Grocery	5.03%
Health & Wellness	8.01%
Medical & Rx	8.42%

HIGHLIGHTS BY CATEGORY

Including Return Labels - Not Quite the Norm

Apparel, Auto, and Jewelry retailers are the industries most likely to make returns readily available to their customers by including return shipping labels in the box.

Industries Most Likely to Include Return Labels

Auto	26.62%
Apparel	26.53%
Jewelry	25%

Industries Least Likely to Include Return Labels

Food & Grocery	7.48%
Health & Wellness	11.87%
Books	12.32%

HIGHLIGHTS BY CATEGORY

Rate of Returns - High but Not THAT High

We've seen [reports that cite e-commerce return rates as high as 20 percent](#), but that doesn't check out in our data. You'll still see the highest rate of returns in Apparel, as it's common for many customers to purchase items in multiple sizes with a plan to immediately return some or all of them.

Industries With Highest Rate of Returns

Apparel	9.09%
Health & Wellness	7.51%
Baby	7.43%

Industries With Lowest Rate of Returns

Food & Grocery	1.23%
Arts & Crafts	2.9%
Books	3.03%

HIGHLIGHTS BY CATEGORY

Average Order Value - A Key Metric of Retailer Health

According to Internet Retailer, consumers spent \$517.36 billion online with U.S. merchants in 2018, up 15 percent from \$449.88 billion spent the year prior. For online retailers looking to increase their revenue, Average Order Value is one of the most-watched metrics. We know that Amazon accounts for 40 percent of e-commerce spend, but here's a closer look at where else—and how much—consumers are spending by industry.

Industries With Highest AOV

Beauty & Skincare	\$354.12
Health & Wellness	\$285.76
Electronics	\$267.79

Industries With Lowest AOV

Pet Care	\$83.24
Books	\$82.95
Food & Grocery	\$78.70

WHAT CAN SHIPPING DO FOR YOU?

Boosting Customer Loyalty -- and Sales -- via Top Notch Shipping

At a minimum, boosting the average order value means encouraging customers to 1) buy more items and 2) buy items that cost more, but some retailers are finding that shipping can also play a role in helping to boost business metrics across the board.

“We’ve seen brands like Rainbow OPTX and iloveplum increase AOV by 24 percent and 97 percent, respectively, simply by offering guaranteed 2-day shipping, said Divey Gulati, co-founder at [Shipbob](#), who provides e-commerce fulfillment services for online stores. “Without providing a positive delivery experience, you risk damaging your reputation and losing future purchases. DTC brands that focus on providing that experience through their website will win business rather than having shoppers go to a marketplace where they may even end up buying from a competitor.”

Karl Siebrecht, the co-founder and CEO of [FLEXE](#), which provides on-demand warehousing, fulfillment, and logistics services to e-commerce brands, has a similar view, emphasizing that consistency and flawless execution can also translate to repeat customers: “An unexpected way in which shipping bolsters customer loyalty isn’t the most extravagant notion, but centers around consistency and reliability,” says Siebrecht. “As customers, we lead busy lives. When we make the choice to buy something online, we don’t want to think twice about when or how our packages will arrive. We just want it to happen. And, every time it does, it fosters more and more loyalty for our next purchase.”

Smart Small Businesses Make Their Size a Strength

Small businesses can actually turn their size into an advantage because they have a greater ability to understand their customer and product offering more intimately than e-commerce giants, explained Jesse Genet, founder and CEO of [Lumi](#), which helps e-commerce companies produce memorable and sustainable packaging. A sharper focus on the customer can enable them to be more agile and offer other incentives that offset the psychic cost of paying for shipping.

“When [customers] are buying from smaller, vertical e-commerce brands, their focus isn’t on shipping. They’re making a choice based on quality, sustainability, or ethics, and they’re less likely to price check Amazon,” says Genet. “They’re voting with their dollars to support a business and they’re less inclined to churn because they chose a brand, not just a product.”

IN THE WORDS OF SHIPPO CUSTOMERS

What is the most surprising thing you have learned about providing shipping options for your business?

Most people want free shipping but a lot of people will pay a lot more for 'higher end' shipping.

What is the most common feedback you hear from customers with regards to shipping?

They really want to track it every step of the way. They expect small shops to have the level of service as really big sites like Amazon.



Angelina Rennell
Founder at Beklina

What is the most surprising thing you have learned about providing shipping options for your business?

How complicated shipping is!



Theresa Lee
Founder & Designer at Future Glory

How do you keep your shipping costs low while still meeting customer expectations?

We have negotiated rates with both FedEx and UPS, which have both proved to be reliable carriers. We are always actively working on lowering rates further, if possible, but we have learned that an incredible customer experience will keep people coming back, regardless of the shipping costs they might incur.



Lillian Beitzel
Operations & Accounts Manager, Brooklyn Candle Studio

ABOUT SHIPPO

If you're looking to bring shipping in-house to help you with your operations, check out Shippo. Using our multi-carrier web app, you'll be able to access the benefits mentioned in this report.

With Shippo, you can connect with 55+ global shipping carriers across North America, Europe, and Australia.

If you're interested in having a consultation talk to help you decide how you should integrate shipping, let us know at sales@goshippo.com.