



MERCHANT 2023:

ECOMMERCE INSIGHTS



NEW ZEALAND
COURIERS

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Foreword

COVID-19 has fundamentally changed the way businesses operate, most notably in online trading. Since the start of the pandemic, nearly half of New Zealand businesses say they've increased online business. More customers are there too, with 88% of New Zealanders now shopping online.

While some merchants expected the online shift to be temporary – a necessity in a world of lockdowns and social distancing – the shift was well underway before the start of the pandemic. What we've witnessed is an acceleration of an existing trend, and one that is unlikely to turn back in the other direction.

It's critical that Kiwi businesses adapt and change with the times, and they need to know where to focus their investment for growth. This includes adapting to the latest trends, but also being agile, ready to accommodate customer needs and open to new ideas in a post-pandemic world.

Despite the shifting landscape, customer values are similar to what they've always been. From a merchant perspective, that means getting the fundamentals right: positive customer experiences and, when it comes to trading online, delivering parcels on time and undamaged.

Consumers consider the delivery experience a key part of the overall shopping experience; it reflects directly on the merchant. Choosing a courier company you trust to deliver packages quickly and safely is of utmost importance for your business, particularly as online spending is only expected to increase.

New Zealand Couriers facilitates over 34,000,000 parcel movements each year between people, merchants and organisations all over New Zealand, so we know a thing or two about getting deliveries right the first time.

New Zealand Couriers has created this report to help small-medium sized business owners understand the eCommerce opportunities for their business, where successful eCommerce businesses are investing their money for the best ROI and what to ask of their delivery partner to ensure the best results for their business growth.



Robert Levy

Head of Marketing
New Zealand Couriers

Introduction

Executive summary

For online shoppers, the delivery experience is a direct reflection on the retailer, so choosing trusted logistics and delivery partners is vitally important to attracting and retaining customers

Businesses are now spending more than ever on digital advertising to support eCommerce activities

eCommerce trends will certainly fluctuate, but it's clear that shoppers are now more open to a range of shopping options, including discovering more online marketplaces. Digital shopping options will be a mainstay for many businesses for years to come

New Zealand businesses across the board are sending more parcels, and expect to send more still in the future

While there is some uncertainty around exactly what post-pandemic shopping looks like, online trading is not going away any time soon. Half of all businesses are doing more online trading as a result of COVID-19 and are investing money into upgrading their operations

Who should read this report?



Small-medium business owners and operators (both eCommerce and brick and mortar)



Those looking for strategies for eCommerce growth



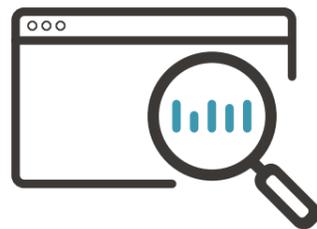
Decision-makers interested in the implications of changing customer behaviour



New Zealand businesses exploring options for delivery partners

Methodology

This report is compiled with data from two studies commissioned by New Zealand Couriers and administered by Kantar, New Zealand, as well as supplementary sources.



Online survey

Kantar questioned 331 New Zealand-based businesses in a 20 minute online survey between 15-28 November 2021



Kiwi businesses

All businesses surveyed sell products online, and sent at least 20 parcels per week for the 12 months prior to November 2021

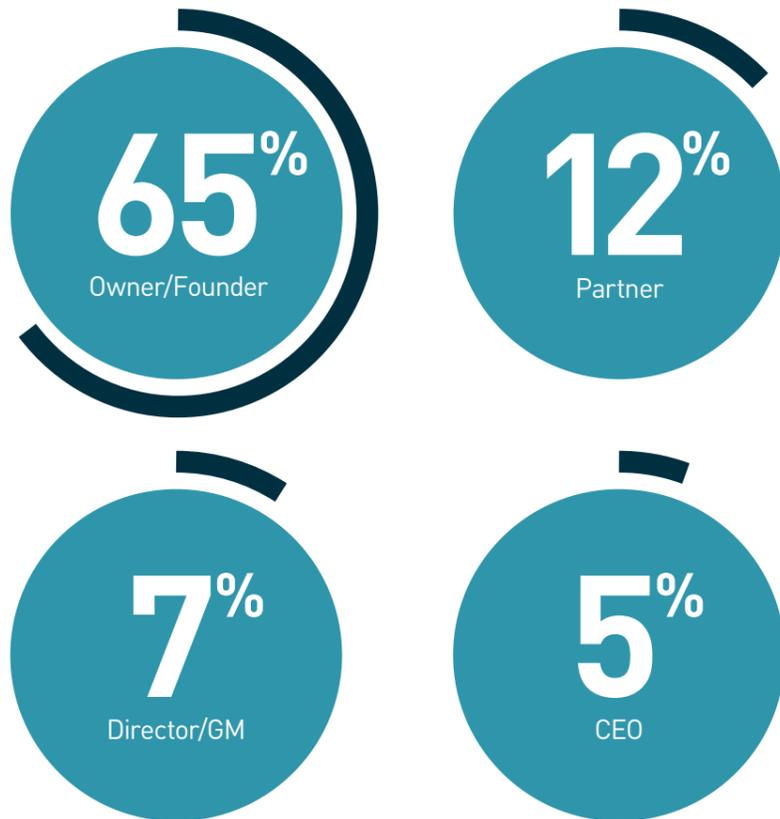


Interviews

More in-depth case studies and quotes are from interviews with 10 New Zealand businesses who rely on eCommerce for part or all of their business. They are from a mix of small, medium and large businesses that send anywhere from 20 to 1,000+ parcels per week

Respondent profile

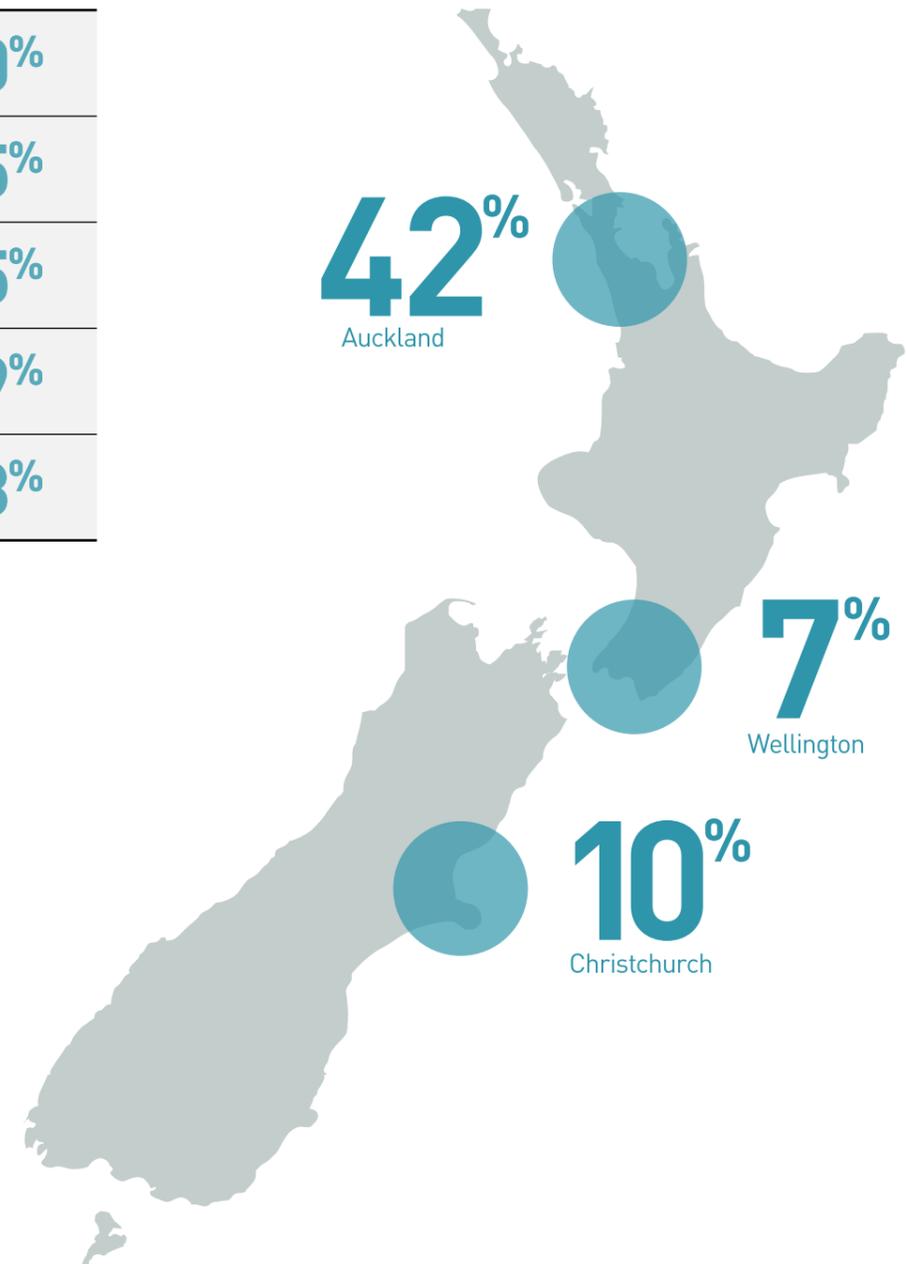
Role



Age

30-34	10%
35-39	15%
40-44	15%
45-49	19%
50-54	13%

Location of business

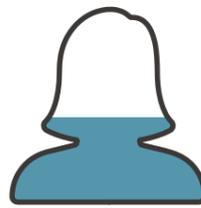


Respondent profile

Gender



54%



44%

*2% Preferred not to say.

Industry



32%

Retail



13%

Wholesale



10%

Manufacturing

*Industries above reflect the largest proportions industries. 45% is made up of other industries, including agriculture, warehousing, healthcare, media, education and other services.

Customer location

Local	11%
National	51%
National and International	36%
International only	2%

Annual spend on delivery services

< \$5,000	16%
\$5,000-\$20,000	23%
\$20,000-\$50,000	18%
\$50,000-\$100,000	10%
\$100,000-\$500,000	14%
\$500,000+	7%

*11% Did not know or preferred not to say

Respondent profile

Years in business

< 5 years	24%
6-9 years	23%
10-19 years	26%
20+ years	27%

Products sent to customer

Clothing, shoes or accessories	17%
Household supplies	17%
Food/Beverages	14%
Sports or outdoor products	14%
Home furniture/appliances	13%

*Industries above reflect the largest proportions industries. Remaining 25% is made up of products including books, electronics, office supplies, health/beauty and other products.

Respondent profile – Interviews

10 eCommerce and product fulfillment professionals

1-1,000+ employees
(Sole traders, SMEs and large corporates)

20-1,000+ parcels per week
(Range of parcel volumes sent across respondents)

45 minutes
(Respondents interviewed via Zoom or Teams)

A hand holding a credit card over a smartphone on a wooden surface. The credit card is dark with a gold chip and the word 'VISA' is visible. The smartphone is white with a teal screen. The background is a light-colored wooden surface.

OVERALL TRENDS

Overall trends

Online trading is here to stay and New Zealand merchants who don't offer it are missing out on serious sales.

Our survey found that half of all Kiwi businesses have increased online trading since the onset of COVID-19, driving a massive surge in the number of parcels sent.

Retail NZ reported that non-store trading had grown 133% in the years from 2010-2019*, showing that online shopping was important to Kiwi consumers even before COVID-19. This isn't a passing fad.

COVID-19 has certainly impacted the way Kiwis shop



* Retail NZ, Retailing Now: High-level overview of NZ's retail sector, February 2022

** New Zealand Couriers eCommerce Insights Consumer Report 2022

*** Salesforce, State of the connected customer, 4th Edition

Overall trends

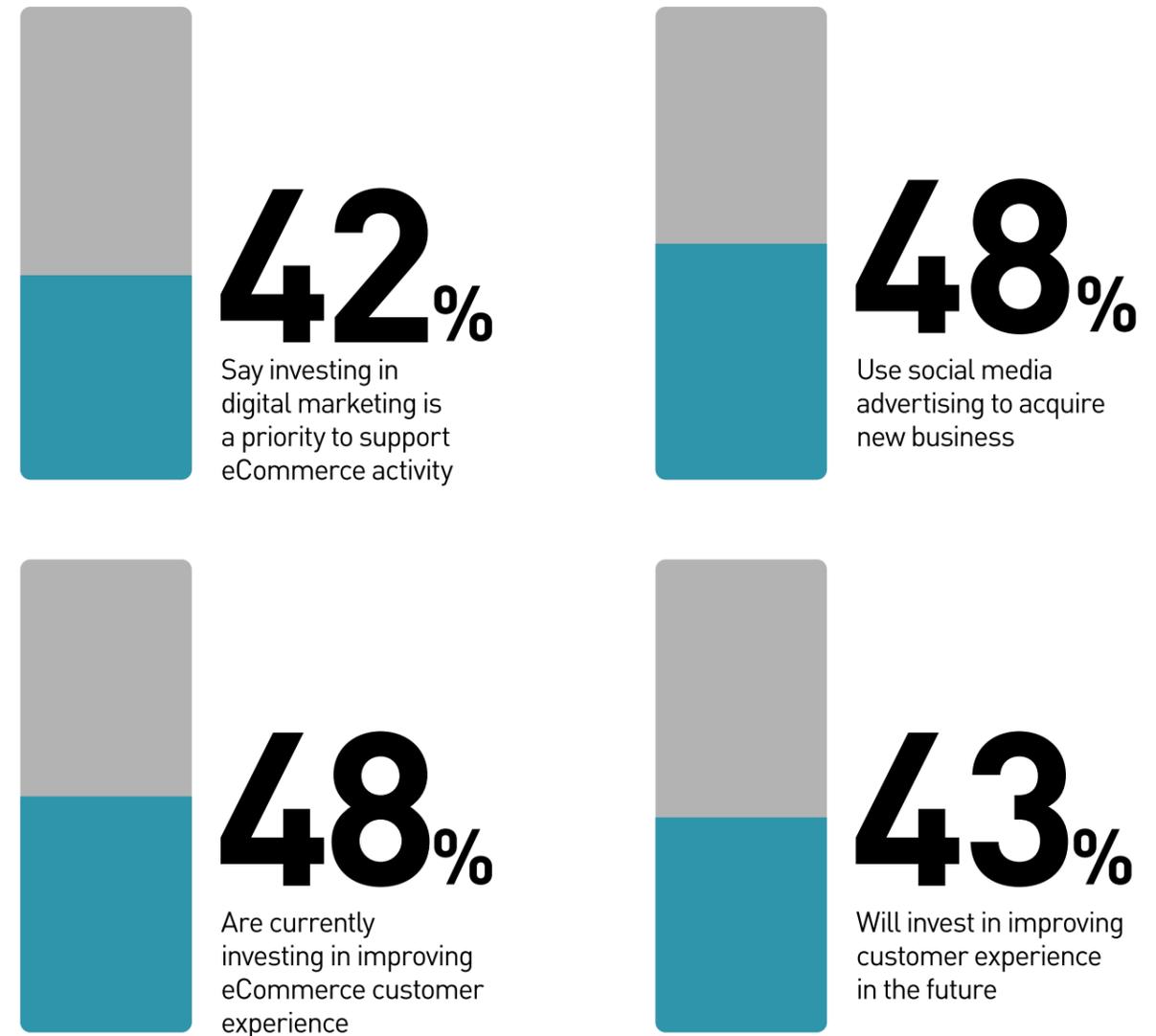
Online selling trends

The increase in online trading has seen merchants in New Zealand adopt new digital strategies to attract new business.

However, despite more businesses moving into the online world, the most common business priority is the same as it's always been – investing in a good customer experience.

While the online customer experience is very different to the face-to-face commerce that many Kiwi merchants are used to, online platforms offer a huge opportunity to interact with customers and attract new ones.

Where New Zealand eCommerce businesses are investing



Overall trends

Delivery Experience

Businesses see the delivery experience as a key part of their overall customer experience, and customers agree.

The things merchants value most in a delivery company reflect what New Zealand consumers want, which is to have parcels delivered as expected, on time and undamaged.

For small businesses, pricing and on time delivery are especially crucial.

Having a range of premium delivery options is important because businesses know customers are willing to pay for them. In particular, customers want to be able to get same day delivery, secure delivery of high value goods and oversized/heavy freight delivery.



Customer experience is very important to new entry businesses because to maintain customers and continue to grow is very hard... If I know the parcel is going to arrive, it's less stress from the customer perspective.

Stella Wang Online Manager
Kmart



What businesses want in a delivery company



Overall trends

Delivery Experience

Merchants across Aotearoa outsource delivery, but the delivery experience can make or break a businesses reputation.

Consumers have been understanding of delivery delays throughout the pandemic, but as we move beyond lockdowns and restrictions, they're much less forgiving.

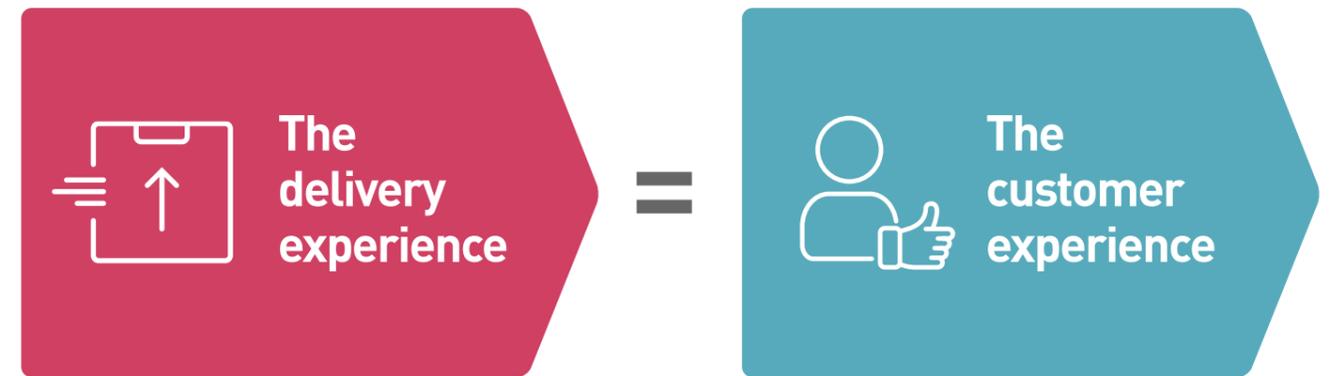
Business owners are still dealing with the material impact of COVID-19 day-to-day, however the average consumer is feeling it less and has begun to see COVID-19 as an excuse to hide behind.

A rise in contactless deliveries has heightened the need for **security** and **transparency**:

- Packages need to be kept safe and secure throughout the delivery process, including being left in a safe place

- Kiwi consumers want to be kept informed around the status of their delivery; proactively communicating delays makes all the difference

- If a package is not able to be delivered, clear instructions for collection or redelivery are crucial



Business tip:

Work with delivery partners who have a history of getting items where they need to go on time.



Unless an eCommerce business enjoys a virtual monopoly, to remain competitive it is essential they can trust their freight partners to meet customer delivery expectations.

Rob Levy Head of Marketing
New Zealand Couriers



KEY TAKEAWAYS

OVERALL TRENDS

- 1.** In a post-COVID New Zealand, keeping your business moving forward means investing in more and smarter ways to trade online
- 2.** The great migration online means that New Zealand businesses need reliable eCommerce solutions now more than ever, from point of sale through delivery logistics
- 3.** The delivery experience is an integral part of the overall shopping experience and materially affects return business
- 4.** Both consumers and business owners want the basics done right when it comes to delivery – parcels delivered on time, undamaged and for a reasonable price



MERCHANT PREFERENCES

Merchant Preferences

Delivery

The three most important factors to Kiwi businesses when it came to delivery were competitive pricing, parcels not getting lost or damaged and parcels arriving when they say they will. Consumers share these values.

Merchants also value accurate, up-to-date parcel tracking and a delivery company offering a range of service options. These are particularly crucial for larger businesses that have limited interaction with individual customers beyond the delivery.

Though automation is becoming more prevalent and is a big time and money saver for businesses, New Zealand merchants also expressed a desire to form a relationship with their delivery partners. They value a human-centered approach to resolving issues.



If something does go missing, if a parcel is lost, we have a relationship with our key account manager so we can get it all sorted and get to the bottom of it... having someone to investigate that for us is really important from our point of view

Large Vape Retailer

Sends more than 100 parcels a week



Merchant Preferences

Delivery attributes

While the top attributes are similar among all demographics, there are some slight differences with competitive pricing and on time delivery being more important for small businesses.

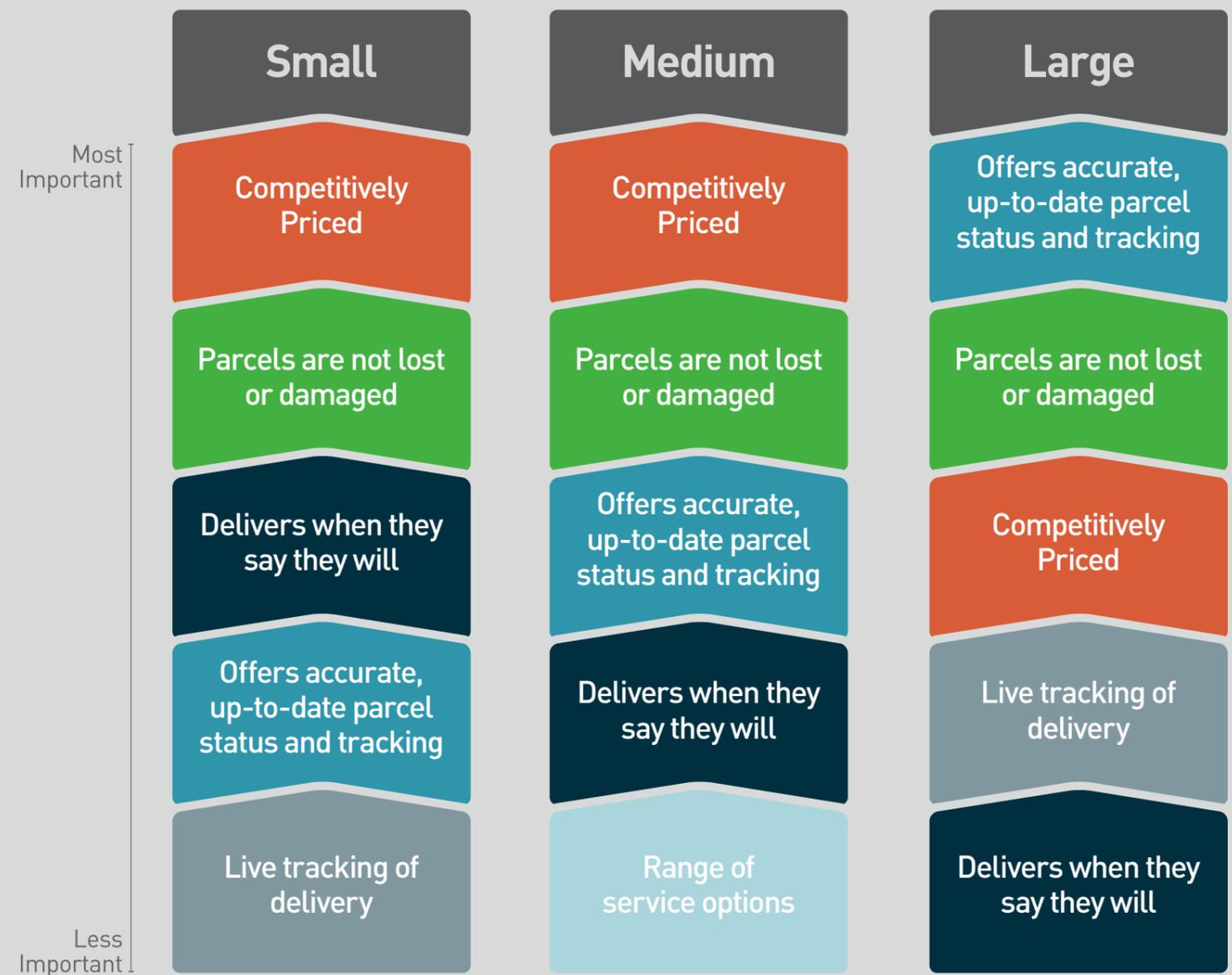
Live tracking of delivery is also more important for those sending a higher quantity of parcels.

How we define business sizes

Small businesses	1 - 20 people
Medium businesses	21- 50 people
Large businesses	51+ people

Business tip:
Faster isn't always better, as long as your customer knows when to expect their parcel.

Most important delivery attributes by business size



Merchant Preferences

Delivery

Beyond reliability and price – retailers value flexibility when it comes to a delivery partner.

Mammoth retailer Kmart uses a variety of freight partners to meet the needs across the country that can flexibly integrate with its existing business systems and offer real-time updates on deliveries.

Contactless delivery became a necessity due to COVID-19, which customers embraced, however post-lockdown, Kiwi merchants are starting to receive complaints about parcels left outside, damaged or stolen.

Businesses must work with delivery partners to give their customers more options for convenient and secure delivery.



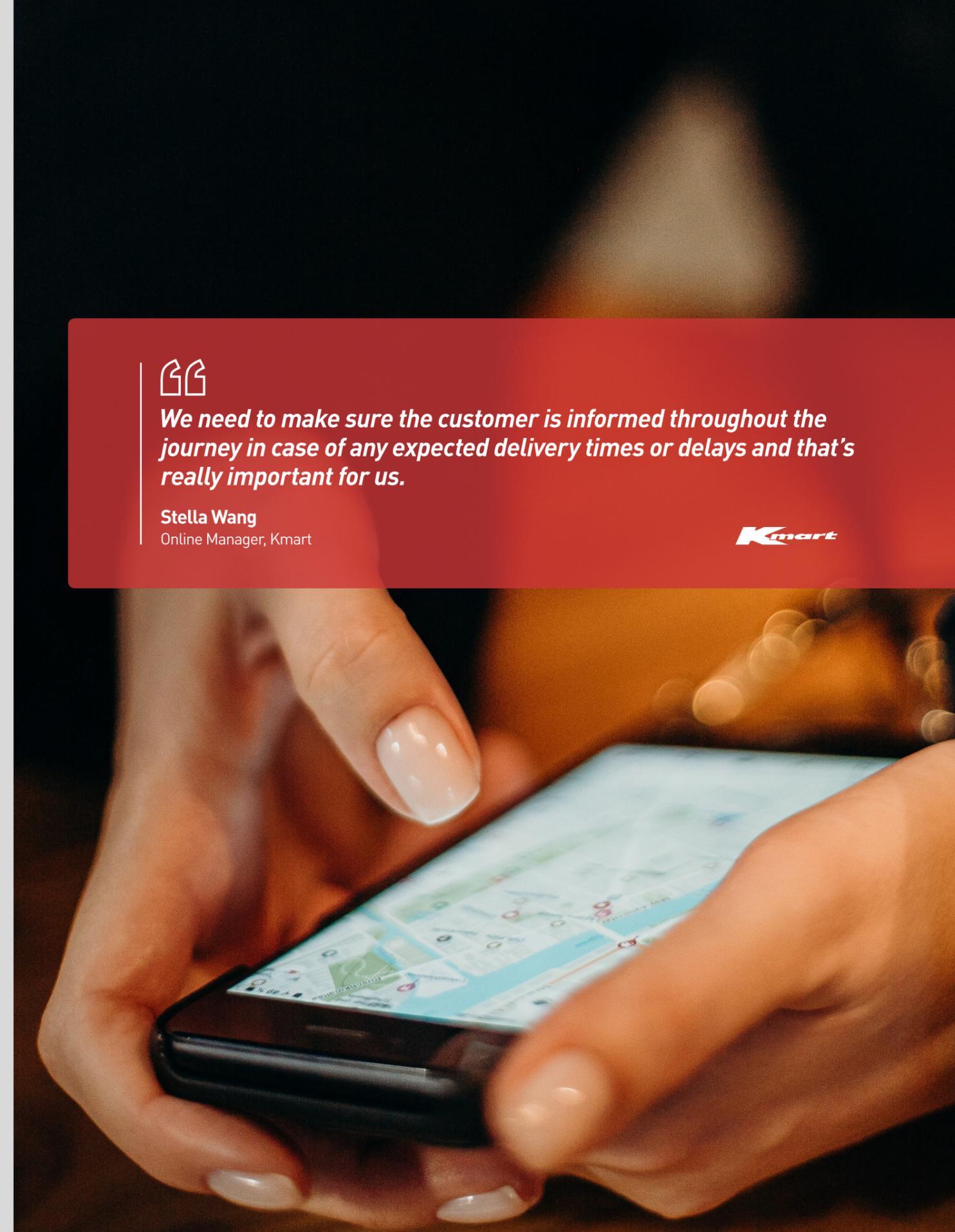
Business tip:

In addition to tracking capabilities and updating the customer on a parcel's status, a delivery partner that offers flexible delivery – like being able to nominate a safe place to leave a package or change the date and time of delivery – can bolster your brand's reliability.



We need to make sure the customer is informed throughout the journey in case of any expected delivery times or delays and that's really important for us.

Stella Wang
Online Manager, Kmart



Merchant Preferences

Selling Platform

For Kiwi businesses without their own online shop, Trade Me is the most popular platform for selling products. 50% of merchants sell through Trade Me, nearly double the number that use Facebook Marketplace (26%).

The Trade Me user base is fiercely Kiwi, so for businesses looking to sell to New Zealanders it can be a useful platform. However, maintaining trust is difficult when working with Trade Me as it is a shared platform that anyone can access to sell item.

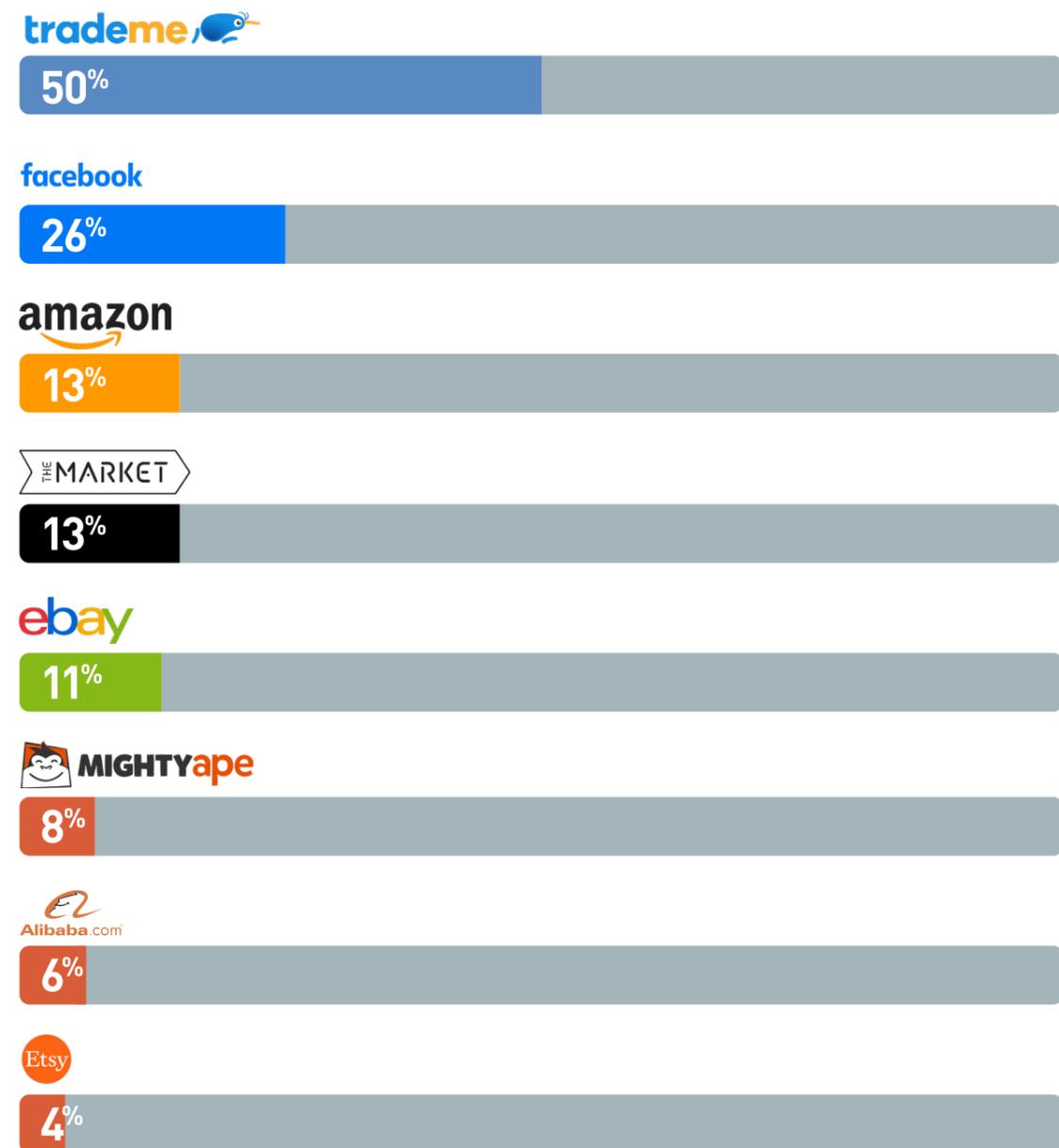
With Trade Me as a middleman in the customer relationship it can also be harder to create brand awareness and predict customer demand.



We've been on Trade Me for six years and although we have to pay a yearly fee, we don't have to maintain a website. However, challenges we face are when our products are not on the front screen of our customers search results. If you want the product to be displayed on the first page, you have to pay extra.

Trademe retailer
Sends 50+ parcels a week

Existing marketplace platforms used for selling (%)



Merchant Preferences

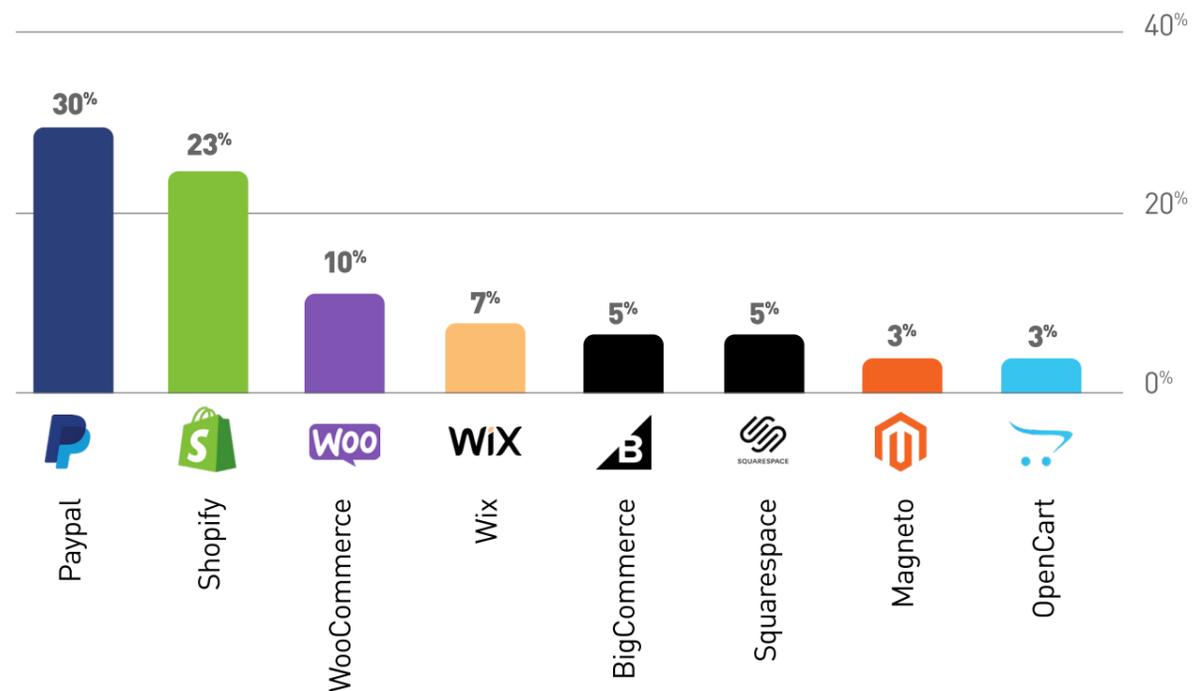
eCommerce Platform

For New Zealand businesses with their own online stores, PayPal and Shopify are comfortably the most popular ecommerce partners.

eCommerce giants are continually raising the bar in providing cheaper, easier integrated automation that allow businesses to streamline the way they work.

But merchants still need to be able to speak to a real person, particularly when they have issues. Customer support is a key reason to choose one supplier over another.

What platforms are Kiwi merchants using?



Business tip: Consumers are showing more willingness to shop across multiple platforms, so businesses need to decide which ones suit their needs and budgets as well as remaining agile and adapt to emerging trading platforms

Merchant Preferences

Think global when selling local

The size of the local Trade Me audience is a major advantage when it comes to reaching Kiwi customers. It's the 7th most popular website in New Zealand, with 17.5 million visits from NZ per month.

While platforms such as eBay and Amazon have more website visits in total, the vast majority of users are from outside New Zealand.

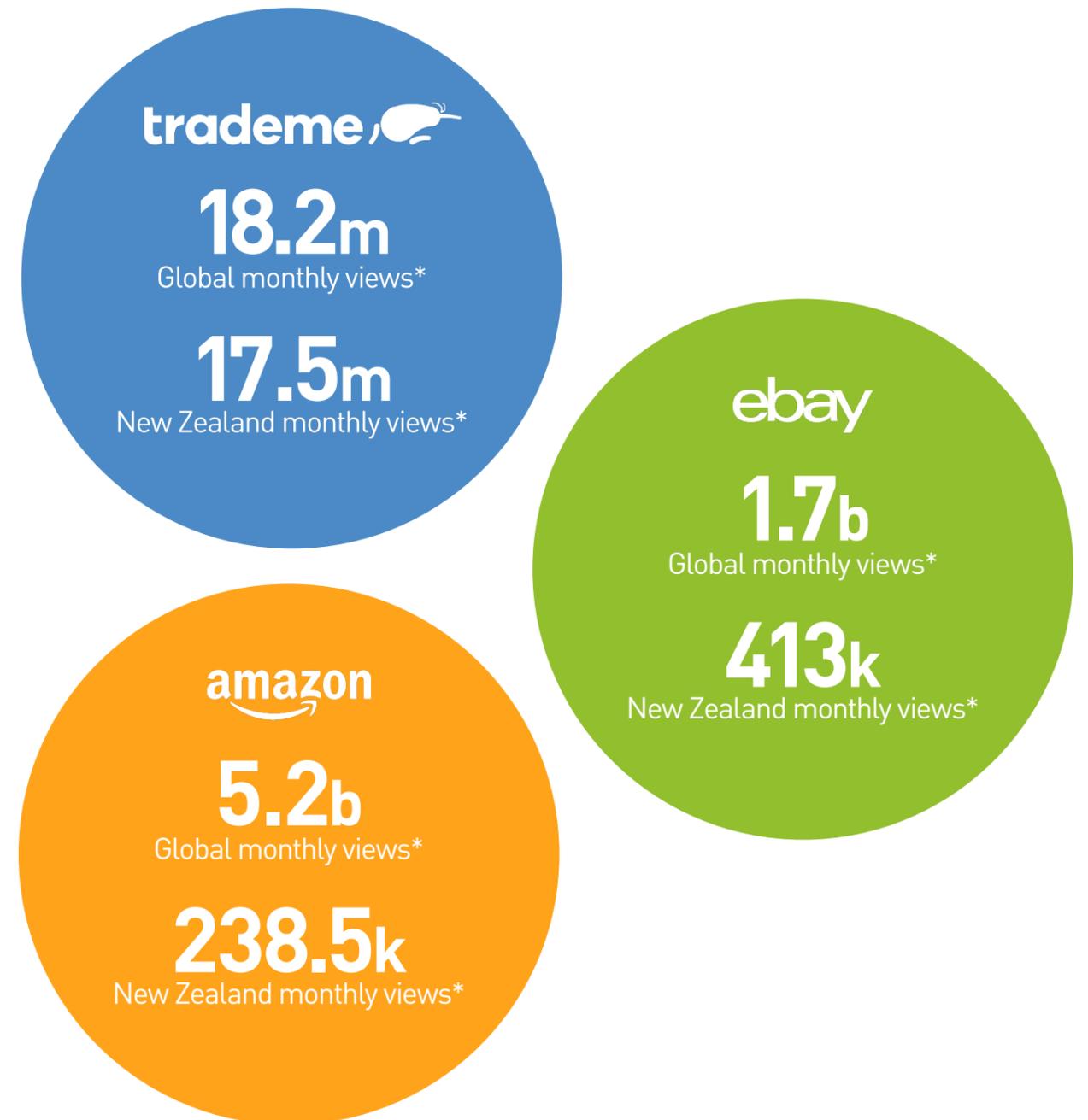
Larger Kiwi online retailers, however, advise having a global mindset from the start when it comes to eCommerce.

Global eCommerce partners are often better resourced, more specialised and more cost effective than smaller, local companies.



We started with Voyager web hosting and then had to change to Microsoft and Amazon, we used Pay Station owned by TradeMe a local payment gateway, we now use Shopify and PayPal, we developed our website using a local IT company but now use an international software provider. It's about resources to support our growth, they offer better cost and reliability.

Bin Lin CEO at Digitalmax
New Zealand Couriers customer



* Webretailer, The Worlds Top Online Marketplaces 2021

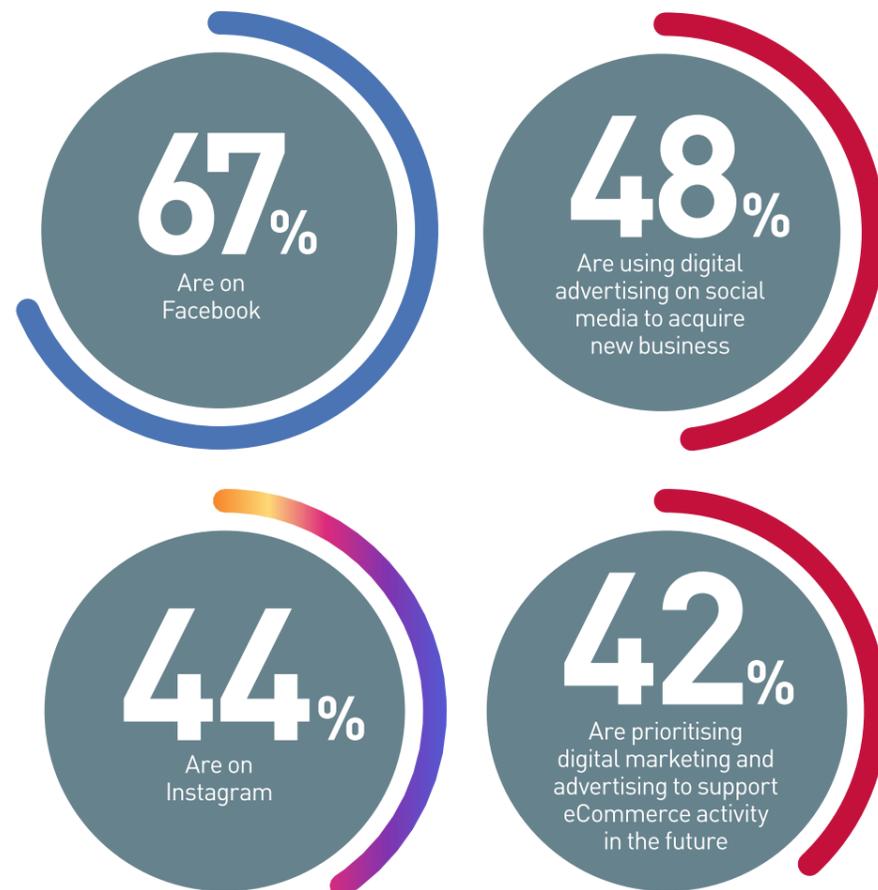
** Webretailer, Online Marketplaces in Australia and New Zealand: eBay and Trade Me Lead

Merchant Preferences

Social Media

The shift online has seen many New Zealand businesses turning to social media to increase awareness of their brand and sell products directly through social platforms.

Of the Kiwi businesses we spoke to:



* Social Advertising Trends 2022 NORAM

Standing out in a sea of brands

Globally, 34% of businesses said that increased competition was their biggest external challenge to social media advertising*. With more and more brands moving to social platforms, it is becoming increasingly difficult to stand out from the crowd.



Ideally, businesses can find a way to combine data and human creativity to generate interesting ads. This is the future of social media marketing, and it will give businesses the competitive advantage they need to be heard in a noisy market.

Zane Lomas Digital & Product Marketing Manager
New Zealand Couriers



Business tip:

Invest in creative social media advertisements with sophisticated targeting to reach the right audience and cut through competitor noise.

Merchant Preferences

Order Fulfilment

Merchants who use fulfilment partners need to be able to trust logistics will be handled as they would themselves and they need a delivery partner they can trust to get goods where they need to be on time.

Reliability remains among the most important factors when it comes to choosing and reusing a delivery partner.

Not all businesses need faster shipping - some would even prefer deliveries that took longer but cost less.

The biggest opportunity for logistics partners is to streamline processes and reduce costs.



For us it takes four seconds to dispatch a parcel and for most business, to do it manually would take two minutes. Automation can be a gamechanger for business efficiency.

What's more important is how you quickly you adapt and respond to the new technology and new demand. Those changes, or inability to change, can kill you within a year.

Bin Lin CEO, Digitalmax
New Zealand Couriers customer

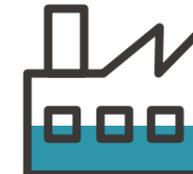
In-house



Almost two thirds
Of New Zealand businesses are fulfilling orders in-house

VS

3PL fulfillment



31%
Use third party-logistics providers.

Changes in expectations due to COVID-19

37%

Of medium-sized businesses were challenged by a high volume of orders due to COVID-19

21%

Of all businesses felt the pressure of increased customer expectations due to COVID-19



Business tip:

In a post-pandemic world, it is more important than ever to utilise tools to automate and streamline your order fulfillment process. Doing so will keep customers happy and will save your business time and money.

Merchant Preferences

Sustainability

Only 23% of Kiwi merchants believe customers will pay more for CO2 emissions offsets and only 35% believe they'll pay more for environmentally friendly packaging.

With these numbers it's not surprising that most businesses don't consider sustainability to be an important factor when choosing a delivery partner, but 72% of consumers want brands to use sustainable packaging.*

However, consumers don't want to pay for it. Only 18% say they're willing to pay extra for sustainable service offerings.*

While Kiwi businesses clearly understand what their customers are willing to pay more for, incorporating sustainable practices as a standard requirement, without directly charging a premium, can be beneficial for encouraging customer loyalty.

Sustainable development may be more appealing to businesses seeking investors. With 71% of global businesses** stressing the significance of sustainability to their company's financial success, reputation and brand equity.

Sustainability is gaining traction around the world and may be more important to Kiwi consumers than merchants realise.

* Data from Shopify, *The Future of eCommerce Report, 2021*

** McKinsey & Company, *The ESG premium: New perspectives on value and performance*

We have embedded four eco-friendly plastic principles into the New Zealand Couriers model

1. Eliminate the plastics we don't need
2. Innovate to ensure the plastics we do need are reusable, recyclable or compostable by 2025
3. Re-circulate the plastic produced, by significantly increasing the amounts of plastics reused or by ensuring it is made into new packaging
4. Increase the recycled content in our plastic packaging

KEY TAKEAWAYS

MERCHANT PREFERENCES

- 1.** There are many established online marketplaces and eCommerce integrations available for your website, and new ones are emerging all the time. The right platform will depend on your businesses unique needs and goals.
- 2.** eCommerce, logistics and other partners are entrusted by Kiwi businesses with part of a merchant's customer experience. Reliable partners are invaluable as they are often indistinguishable from your brand.
- 3.** In order to outsource any tasks to partners, merchants need to be able to trust they will do what they say they will.



EFFECT OF CHANGING CONSUMER BEHAVIOUR

Effect of changing consumer behaviour

What consumers want vs what merchants think they want

While the retail landscape has shifted in the internet age, consumers still value the same thing in delivery companies – reliability.

Kiwi merchants have a fairly accurate perception of what premium delivery options consumers are willing to pay extra for. This is possibly because they have similar delivery priorities.

The premium services Consumers/Merchants would pay extra for:

	Consumers	Merchants
Same day delivery	64%	69%
Secure delivery for high value goods	68%	67%
Oversized/heavy freight	64%	64%



Business tip:

Consumers are willing to pay more for faster and safer delivery and businesses know this.

* New Zealand Couriers eCommerce Insights Consumer Report 2022



Effect of changing consumer behaviour

What's driving the shift to online?

88% of Kiwis now shop online.

Many expert predictions see this as an acceleration of long-term trends rather than a temporary adjustment during the COVID-19 pandemic.

Consumers now purchase items online that they didn't previously, including groceries, health and hygiene products and home essentials. Global eCommerce revenue is expected to grow to US\$3,453.3 billion by 2024.*

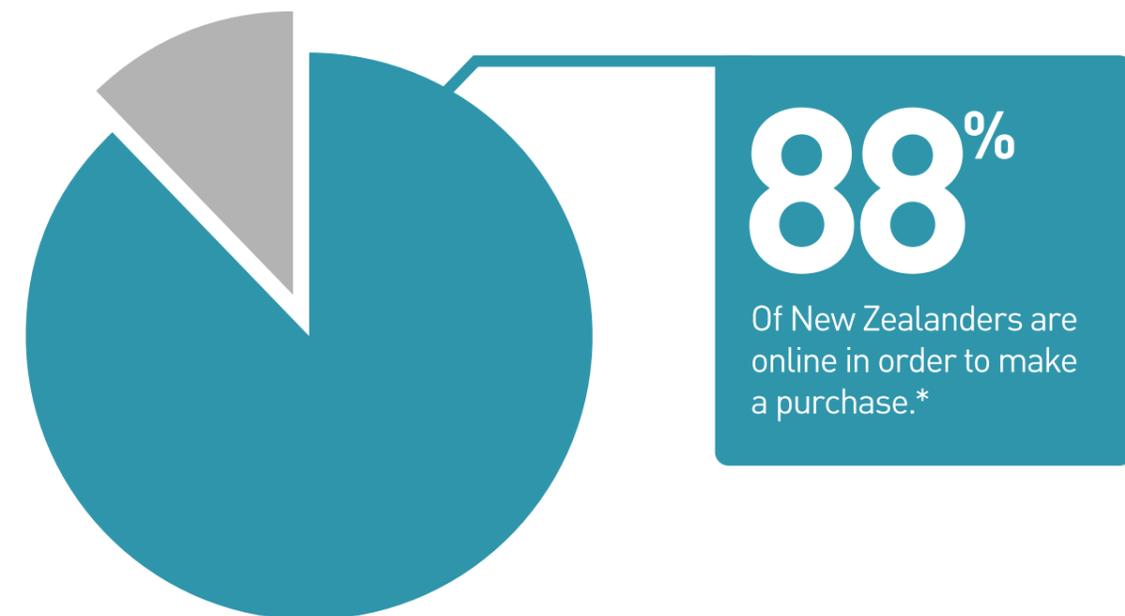
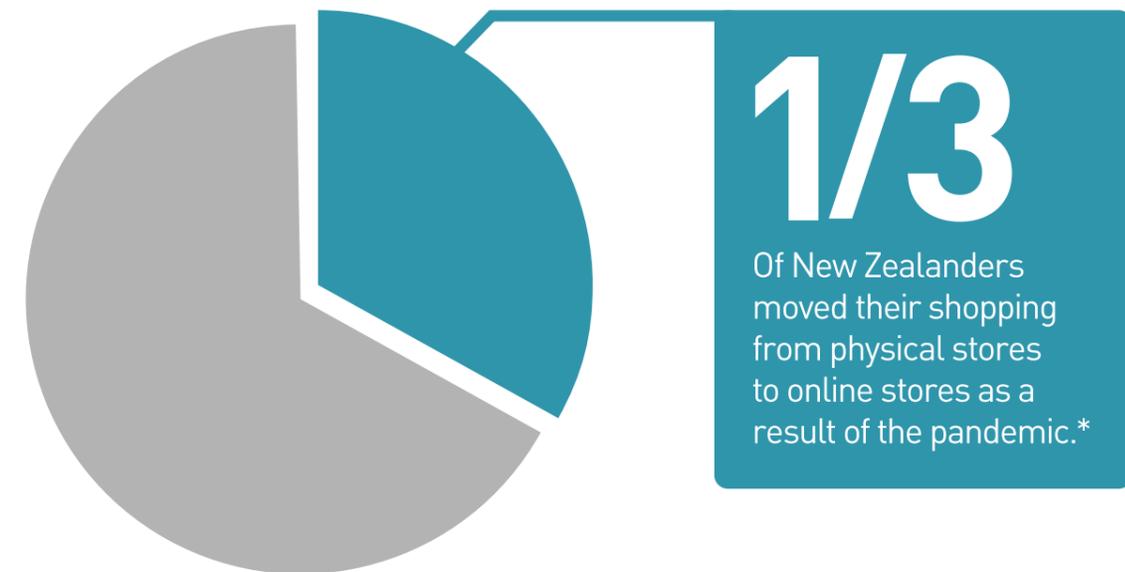
Pandemic-fuelled online shopping is here to stay

Our research found that half of Kiwi businesses reported that they now do more online trading as a result of COVID-19. Though boosted by pandemic lockdowns, the growth in the availability and convenience of online shopping is here to stay and customers are sure to continue choosing online marketplaces.



With online shopping here to stay, the speed and reliability of delivery is what will set merchants apart when its customers are choosing where to buy from.

Rob Levy Head of Marketing
New Zealand Couriers



* Shopify global eCommerce guide

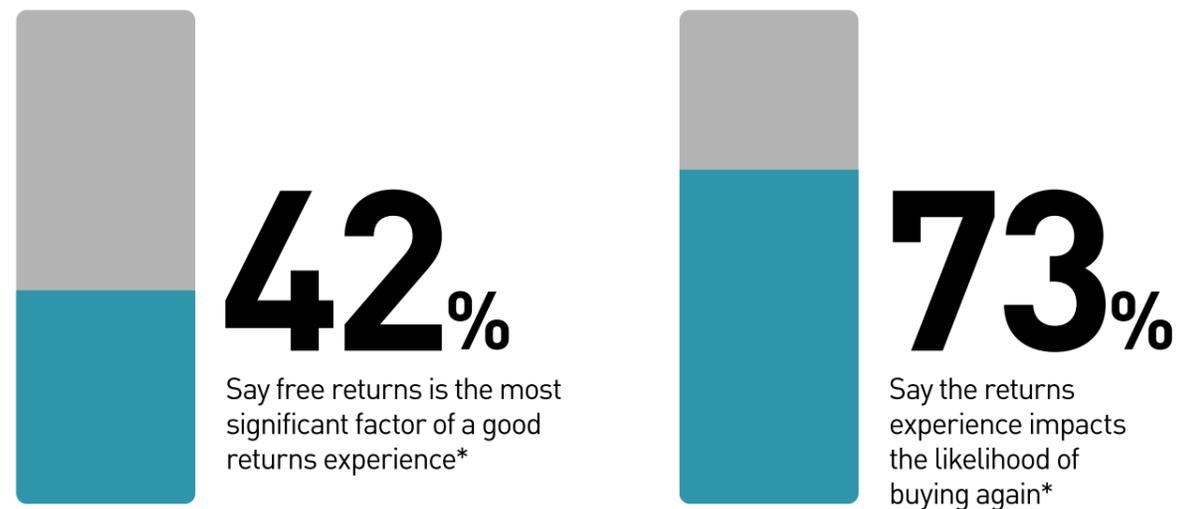
Effect of changing consumer behaviour

Winning the online consumer

Shoppers need to be satisfied with parcel delivery before confirming a purchase: 87% of Kiwi consumers check the cost, time frame and tracking details first*.

Returns policies matter too. A free returns policy isn't as important as free and fast delivery, but it's still a top consideration for 30% of Kiwis when they're shopping online*.

The returns experience is critical, and has a real impact on the chances of a customer returning to buy from a retailer again. Free returns is the most significant aspect of a satisfactory returns policy.



* New Zealand Couriers eCommerce Insights Consumer Report 2022

New Zealand Couriers offers

1. Step-by-step tracking
2. Online redelivery scheduling
3. A variety of delivery options
4. Email and text Parcel Notifications
5. Safe place nomination for deliveries



Business tip:

Customers want control of how their parcels are delivered. Offer them options on delivery timeframes and returns.

Effect of changing consumer behaviour

Payment options

eCommerce platforms that make payment methods seamless and easy will enable a better customer experience at the checkout. Kiwis' top three preferred payment methods are*:



Credit Card



Bank Transfer



E Wallet, Apple Pay, Android Pay etc.



Business tip:

Show customers an itemised breakdown of all costs before they are asked to input payment details.

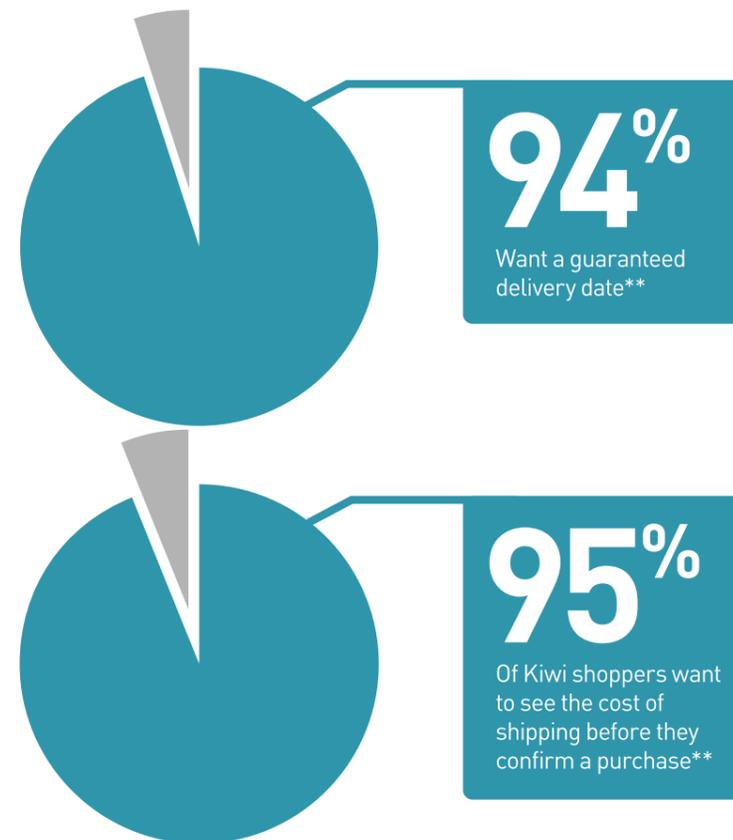
* Shopify Plus – The Global eCommerce Playbook

** New Zealand Couriers eCommerce Insights Consumer Report 2022 pg 17

Building consumer trust

Customers want to see cost breakdowns in their delivery, so having transparency at the checkout is key.

Break down the cost of shipping, provide a guaranteed delivery date, and include prices for alternative delivery options.



Effect of changing consumer behaviour

How delivery impacts customer loyalty

Two thirds of consumers say they know the company that delivered their last package. Just over a third have a favourite delivery company.*

Delivery companies, and therefore merchants that use them, can expect to be remembered for the service they gave.

35% of Kiwis say they want to be able to choose their delivery company.*

Larger retailers have learned that giving regular updates on a parcel's journey can help quell customer frustration around delivery and keep them coming back for repeat orders.



There is a lot of uncertainty around how things are going for a parcels journey... we need to make sure the customer is informed throughout the journey in case of any expected delivery times or delays and that's really important for us.

Stella Wang Online Manager
Kmart



What drives repeat customers?



Business tip:

Choose a delivery partner who will update you and your customers promptly about the status of their parcels and if any delays can be expected.

KEY TAKEAWAYS

CHANGING CONSUMER BEHAVIOUR

- 1.** While the pandemic created a shift toward shopping online for more and different products, customer priorities remain the same. They still want to know that their items will get to them
- 2.** Both businesses and consumers want the same things. Choose a delivery partner that gives you flexibility and transparency so you can pass this on to your customers.
- 3.** Make all costs clear to customers at the point of sale and update them on the status of deliveries and any potential delays as soon as possible.

Investment priorities for Merchants

Kiwi businesses know that customer experience is still key to obtaining and retaining customers and will be investing accordingly over the coming months.

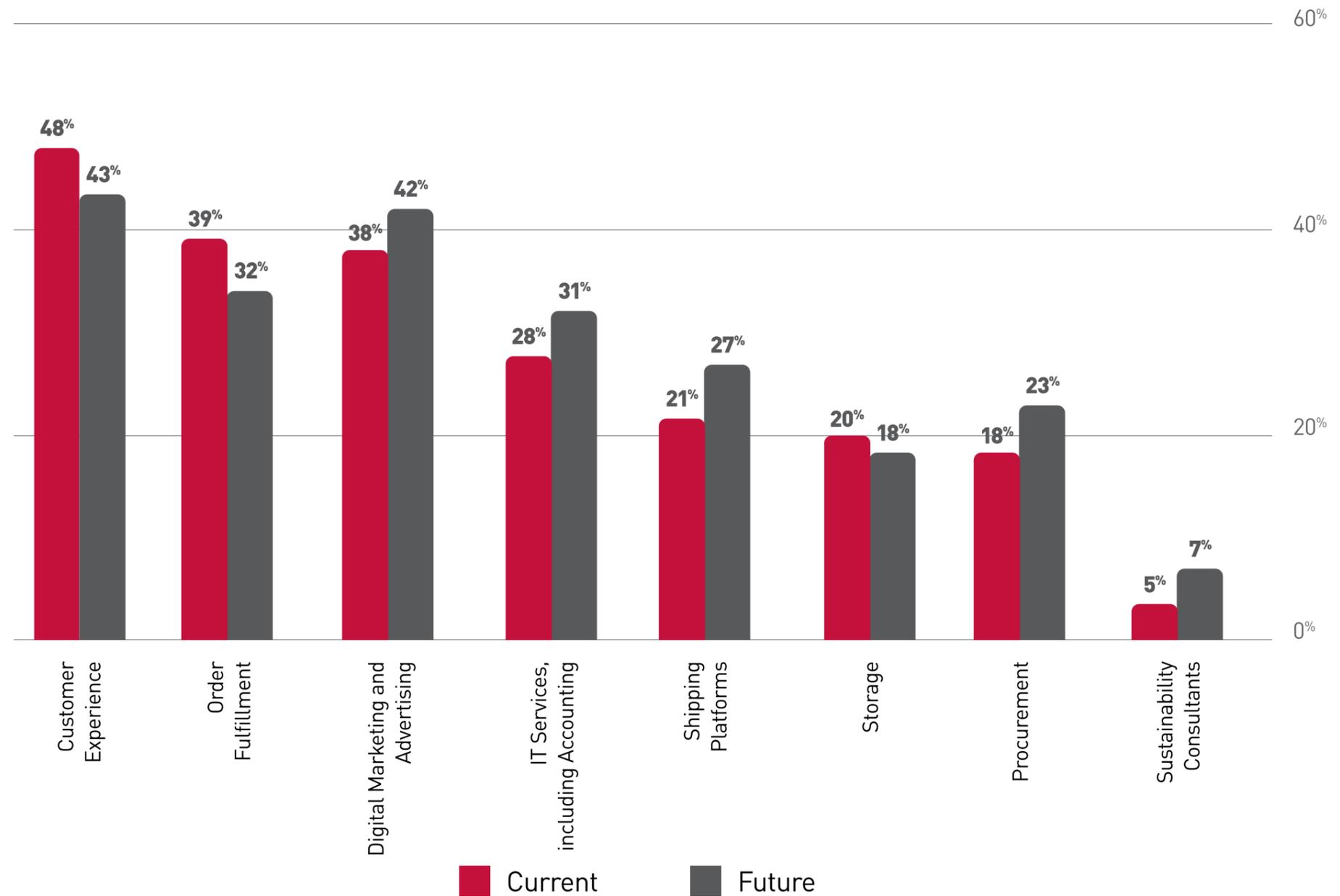
The focus on investing in digital advertising also reflects the growing knowledge that consumers are spending more time online.



Business Tip:

Avoid falling behind by investing in a seamless eCommerce experience and digital marketing strategies

Current/Future areas businesses prioritise investment to support eCommerce





STRATEGIES THAT WORK

Strategies that work



Choose a **delivery partner** that reliably gets parcels where they need to go



Ensure customers are **kept updated** on the status of their parcel and any potential delays



Invest in **digital marketing** to attract and retain customers as consumers increasingly move online



Work with service providers on ways to **automate parcel dispatch**



Utilise **eCommerce platforms** that serve both your business needs and customer desires

Brand building

Building your reputation

When we spoke to New Zealand businesses, they were keenly aware of how important a strong brand presence was and how the delivery experience directly affected their brand's reputation.

Online Manager at Kmart New Zealand, Stella, notes that though the Kmart brand is well known and respected, many customers are new to shopping online with them.



A lot of people hadn't done online shopping before – so it's more important to us to give the best customer experience from the first time they get onto the page,

Stella Wang Online Manager
Kmart



The courier service directly reflects on our service. Our business success is highly reliant on them.

Kennedy Manager
Excellent Screen Printers



Top three tips for building brand awareness:

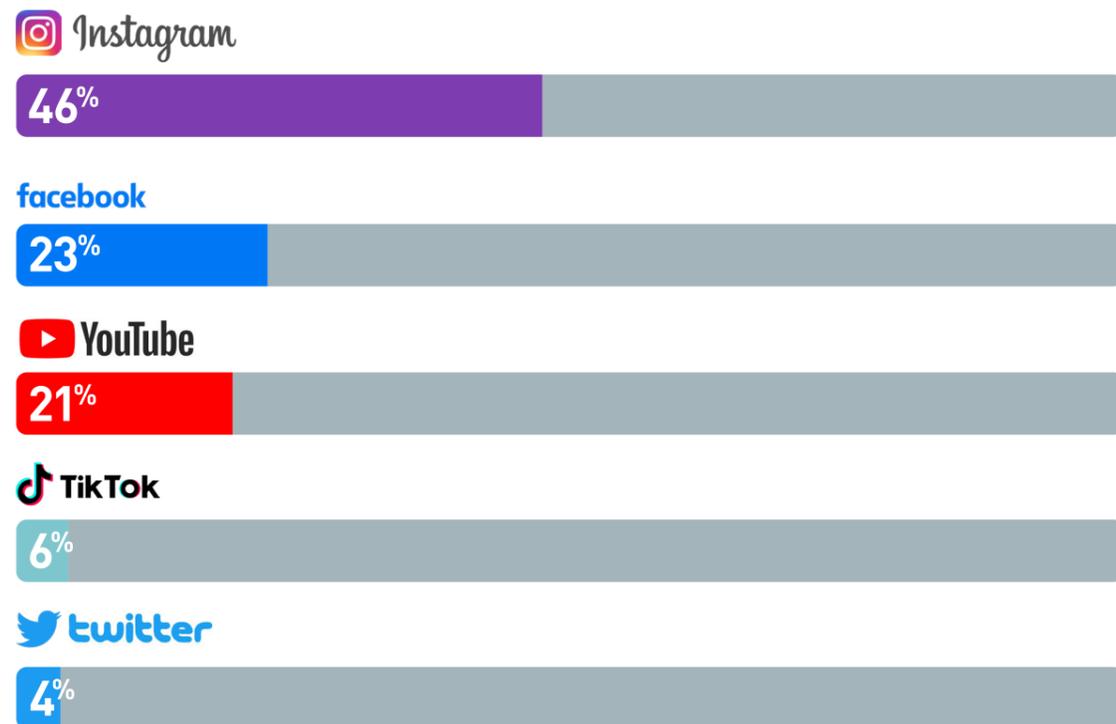
1. Tailor your marketing strategy around your business goals, whether that is getting more eyes on your website or more people sharing your brand on social or anything in between
2. Take an omnichannel approach so that your brand stays top of mind for consumers
3. Mix traditional advertising methods like TV and radio with the mass reach capabilities of digital to maximise the effect of your marketing

Digital advertising

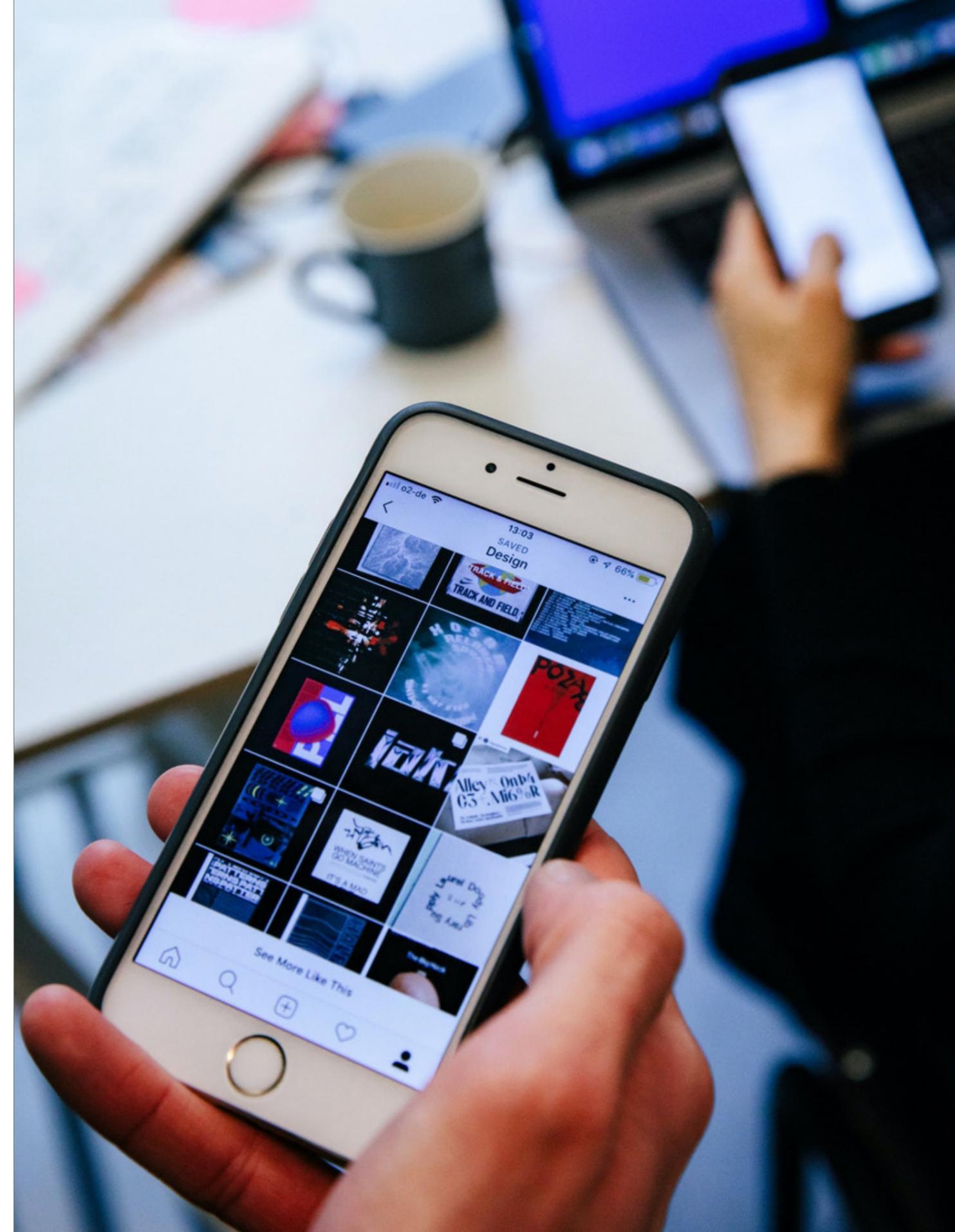
Invest in social media

Businesses are investing more in digital advertising and social media, this is where the eCommerce customers are.

Which social platform has the best return from paid advertising? *



* Smartly.io X Insights Social Advertising Trends 2022; NORAM



Social Media ads

Instagram overtakes Facebook

Instagram appears to be overtaking Facebook as the most effective social media advertising platform:

46%

Of advertisers say they get the best return from Instagram

44%

Say they spend most of their social advertising budget on Instagram

19%

Say they spend the most on Facebook

87%

Said they would increase their Facebook advertising spend from 2021 to 2022 compared to 76% last year

76%

Say they'll increase their Instagram adspend - up significantly on the 38% that said the same a year ago



Top three tips to leverage your digital advertising:

1. Utilise audience data to find out what your customers want and where they hang out online, then meet them there
2. Compelling creative elements in your ads and correctly targeting your audience are both important – don't neglect one or the other
3. Video content on social media platforms has been trending for years now and isn't going anywhere. Consider using video to engage with your customers in a new way

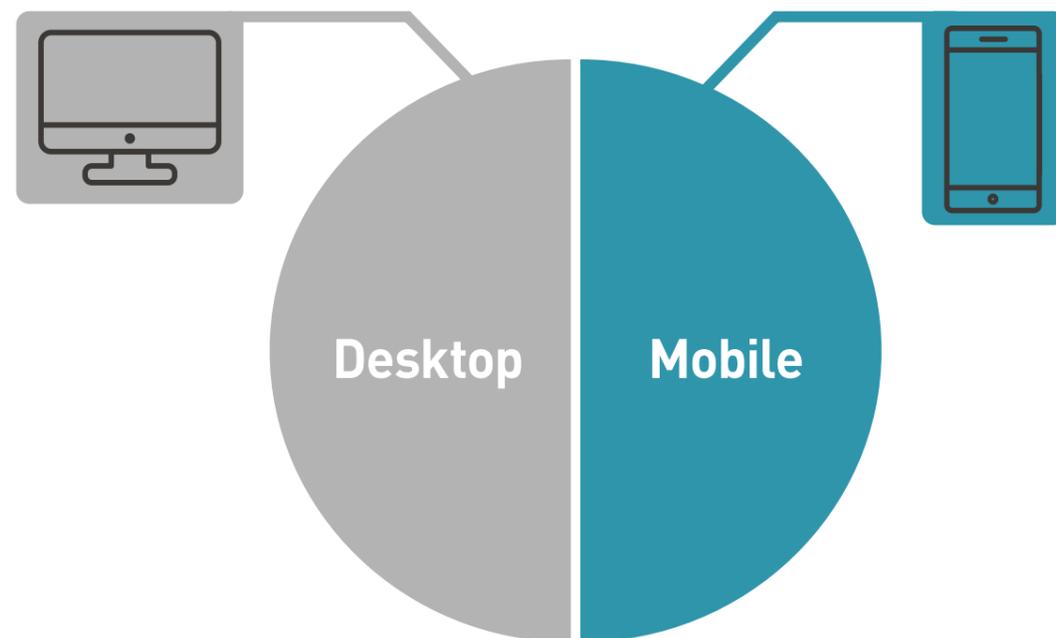
Product page optimisation

Online experience is customer experience

Once your brand building and advertising have brought people to your website, keeping them engaged with your products is the next step. If your business has its own eCommerce website, the product pages are crucial to making sales.

Half of online purchases in New Zealand are made through a mobile phone or tablet, so ensuring a smooth experience on the mobile version of your website is imperative as well.

Device split for online purchasing is 50/50



Top five tips for an engaging product page:

- 1. Clear navigation:** Make sure it is easy for customers to find what they're looking for
- 2. Detail Information:** Include as many specifics about your product as possible, including pricing details
- 3. Customer reviews:** A review from a third party goes a long way in generating customer trust in your brand
- 4. Prominent branding:** Customers want to know where they are buying from and what that brand stands for
- 5. Optimised website:** A website that is too slow to load, too difficult to navigate or just doesn't look right will turn customers away, even if they like the product

Avoiding cart abandonment

Delivery deal breaker

Cart abandonment is common for eCommerce businesses, with most people reporting they abandoned their cart due to extra costs being too high*.

For Kiwis, delivery can be a deal breaker too, with 41% saying they would abandon their cart if the delivery cost was too high and 26% saying a lengthy delivery time would cause them to abandon their cart**.

Seamless Checkout

Transparency and efficiency is key when it comes to creating a seamless checkout experience for customers.

95% of Kiwi consumers expect to see all pricing before they check out and 94% of them say they want a guaranteed delivery date**.

Average cart abandonment rate



70%

Desktop



86%

Mobile



81%

Tablet

Top reasons for abandonments during checkout:

Extra costs too high

55%

Account is required

34%

Checkout is too long

26%

Unclear pricing

21%

Don't trust the site

17%

* Shopify - <https://www.shopify.com/nz/blog/shopping-cart-abandonment>

** New Zealand Couriers Consumer 2022 eCommerce Insights

Easy returns

Return experience

42% of New Zealanders say that free returns is the most significant factor of a good experience and 73% say the returns experience affects their likelihood to buy again from a retailer*.

Customer interaction

In an online world, where interactions can feel less human, the customer experience can make or break your business. Across the APAC region, 57% of businesses say that customer experience is a top investment priority for them**.

This includes everything from how users navigate and engage with your website to how issues can be resolved when they arise. Globally, 90% of consumers say that quality customer service is directly tied to their sense of brand loyalty**.

Make sure that contact information for your business is readily available and consider including things like a live chat or 24/7 service to help customers feel like you are readily available to meet their needs.



Transparency is becoming more important. Knowing there is a delay has dramatically reduced the amount of customer care time.

Bin Lin CEO, Digitalmax
New Zealand Couriers customer



Top four tips for converting online browsers into repeat customers:

- 1. Transparency** Make shipping and returns information easy to understand and locate on your website
- 2. Simplicity:** Make it quick and simple to make a purchase
- 3. Trust:** Don't hit your customers with extra fees at the checkout, instead be upfront with costs from the get-go
- 4. Service:** Make sure customers know how to contact you and be ready and able to resolve any issues with empathy

* New Zealand Couriers Consumer 2022 eCommerce Insights

** UserTesting 2022 CX Industry Report

*** Microsoft Global State of Customer Service

Order Fulfilment

Automation for growth

New Zealand Couriers customer Digitalmax is 100% online. They have 50 staff in New Zealand and need to deliver thousands of parcels every day.

For Digitalmax, automating the order fulfillment process was integral to keeping up with demand from customers and growing the business.

“For us it takes four seconds to dispatch a parcel and for most business, to do it manually would take two minutes. Automation can be a gamechanger for business efficiency.” - Bin Lin, CEO, Digitalmax.



Until we switched to GoSweetSpot we were using a manual system and that was really cumbersome.”

Kennedy Manager, Excellent Screen Printers
GoSweetSpot is a freight aggregator for New Zealand Couriers



Benefits of automating your order fulfillment process:



#1

Improved accuracy

Orders automatically go where they are supposed to go without risk of human error.



#2

More time

Automation frees up staff resources to assist in other areas of the business where they can be better utilised.



#3

Efficient logistics

Systems can be tailored to integrate with your business' wider logistics like inventory management.

How can brands use this to their advantage?

The recent boom

Ecommerce is showing no signs of slowing down and Kiwi merchants are increasingly investing in ways to attract and retain customers online. Competition for the online customer is heating up, and the customer experience is a critical factor in winning new customers and enticing existing customers to return.

For Kiwi customers, the delivery experience is part of the overall shopping experience. A bad delivery experience can sour their view of your brand, so it's vital that expectations around delivery are met.

Communication, security, price, returns policies and delivery options are all important factors in the delivery experience. But most of all, customers want their packages to arrive when they say they will, in the condition they expect them to be in. Reliability is the key.

Knowing this, merchants that sell online not only need invest in a seamless shopping experience for customers, but they need to have a delivery partner they can rely on. Their own reputation is entrusted to the company they use to deliver their items, which represents a significant risk, but also a significant opportunity to stand out for all the right reasons.

Robert Levy

Head of Marketing
New Zealand Couriers

Four things you can do right now to help your eCommerce business:



#1

Order Fulfillment

Look at your current order fulfillment process and see if you can streamline or automate any of it so you can process more orders, faster.



#2

Delivery Partners

Audit your current delivery partners: assess whether parcels are getting where they need to go in a timely and safe manner.



#3

eCommerce Storefront

See if your eCommerce storefront is working for your customers – is the buying and returns process simple and transparent?



#4

Digital Advertising

Invest in digital advertising to reach more customers online – where they are already spending an increased amount of time.

Predictions for the next 12 months: Retail NZ, CEO

Businesses of all sizes need to be prepared

With the borders open and the pandemic slowly losing its grip on Aotearoa, the retail sector has witnessed a much-needed consumer spending recovery following an unusual two years. It's not all back to businesses as usual, though, and spending is now declining compared to last year.

The lasting disruption to supply chains means kiwi businesses continue to contend with global supply shortages, shipping delays, and higher costs. Outsourcing to third-party partners and diversifying your supplier base to reduce risk has never been more important. In a post-COVID world, businesses must trust their partners to deliver on their promises so they can focus on their businesses' core capabilities.

In the coming year, businesses can expect shifts due to potential legislation changes, specifically the Fair Pay Agreements Bill and the Retail Payments Act which will substantially impact the retail industry. The Fair Pay Agreement will establish the process for negotiating pay and conditions between employees and employers across entire industries or occupations. Retail wages on average are substantially above minimum wage at \$26.65 an hour, but Fair Pay will likely put pressure on wages, translating into higher consumer prices, increased automation, reduced employment opportunities and, potentially, reduced operating hours.

The Retail Payments Act will allow merchants to provide better customer experiences at a fair and affordable cost by lowering interchange fees. We have already seen a decrease in interchange fees, and once reviewed, the legislation will initiate pricing standards allowing time for regulated parties to comply.

We are in a significant inflationary period. The costs of running a business and obtaining stock are going up, and there is no end in sight. The impact of inflation will be felt across the economy, with businesses and consumers feeling the squeeze. We predict inflation will remain a key concern for businesses in the next 12 months as they try to cope with rising costs.

Small businesses will continue to face difficulties competing with their larger counterparts with more resources. Small businesses must establish solid brand experiences and create loyalty that allows them to stand out from competition. The businesses who adapt quickly and change are the ones that will thrive in the coming year. The data is indisputable: businesses prioritising the customer experience have thrived. A focus on consumers' changing behaviour—more people buying online, looking for environmentally responsible products, and convenient delivery - has become critical to success. Investing in dependable eCommerce solutions will be critical as businesses adjust to new legislation and economic fluctuations as we continue to recover from the pandemic.

We predict the next 12 months will be a pivotal time for kiwi businesses to invest in e-commerce and digital marketing. Businesses of all sizes need to be prepared for inflation, rising costs, and changing consumer behaviour. Those who can adapt and change quickly will reap the rewards, while those who do not may struggle to compete.



Greg Harford

Chief Executive Officer
Retail NZ



You need a business growth partner you can trust

Thank you for reading our Ecommerce Insights: Merchant report.

We hope you found it informative and it will help you grow your eCommerce business.

We are committed to the success of your business which is why this comprehensive report dives deep into the New Zealand eCommerce market and shares insights from merchants just like you.

Take control of your online distribution and delivery experience

We're here to help. Get in contact with us and we'll be more than happy to get your business delivering to its full potential.

We know how important it is for your business to run smoothly, and we'll do everything we can to help make that happen.

Don't hesitate, now is the time to optimise your delivery experience.

Make ecommerce distribution effortless today

[Request a call with us >](#)



“Our customers are constantly telling us one of the reasons they keep coming back to us is that they're getting very prompt delivery”

Damien Green Director, Brands.co.nz



“They understand our business and our industry and we can rely on them to deliver what our customers need, when they need it.”

Dene Osborn Distribution Centre Manager, Repco

**NEW ZEALAND
COURIERS**

we've got it sorted ✓

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