3 OnTrac

How Retailers Can Build Supply Chains That Thrive in the Post-Pandemic World



Speed Matters: 72% of Retailers Plan to Move to Two-Day Delivery



of retailers intend to leverage faster delivery as their primary differentiating strategy.

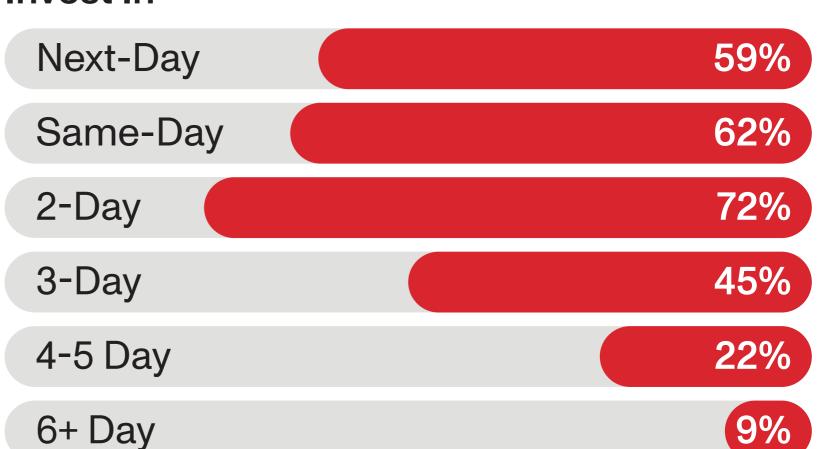


Almost three-quarters of retailers plan to invest in 2-day delivery over the next 2 years.

Standard Delivery Speed Currently Offered on Orders with Free Shipping



Delivery Speed Options Retailers Plan to Invest In

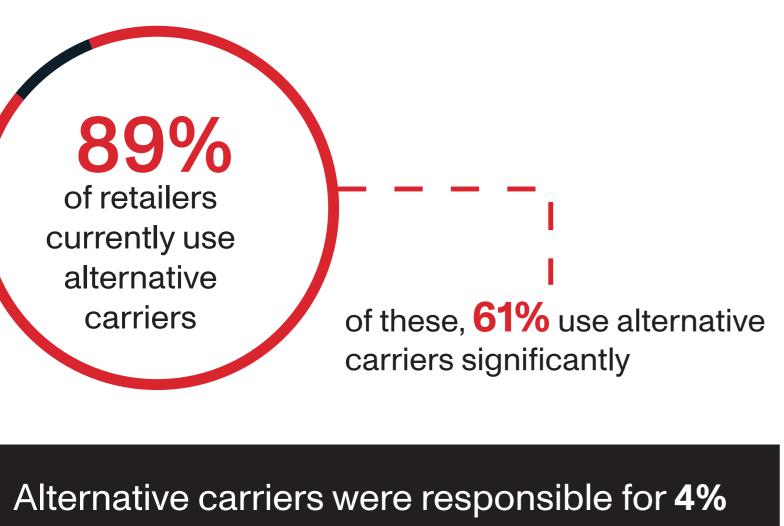


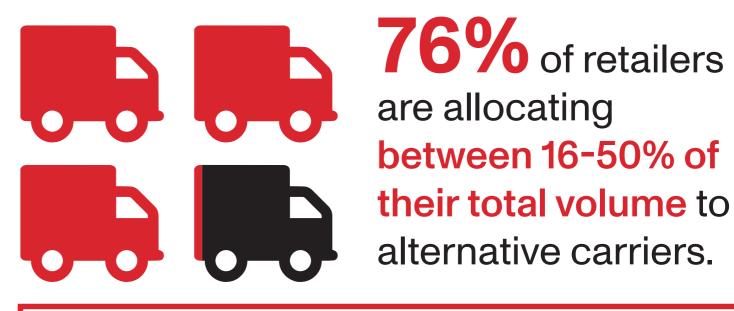
60% of retailers plan to offer 2-day shipping as their standard delivery commitment during the 2023 peak season.

_ _ _ up **11%** from 2022

2

Retailers are Relying on Alternative Carriers





Alternative carriers were responsible for 4% of parcel deliveries in January 2020.

The carrier diversity trend will continue: 53% will use alternative carriers in the next 12 months.

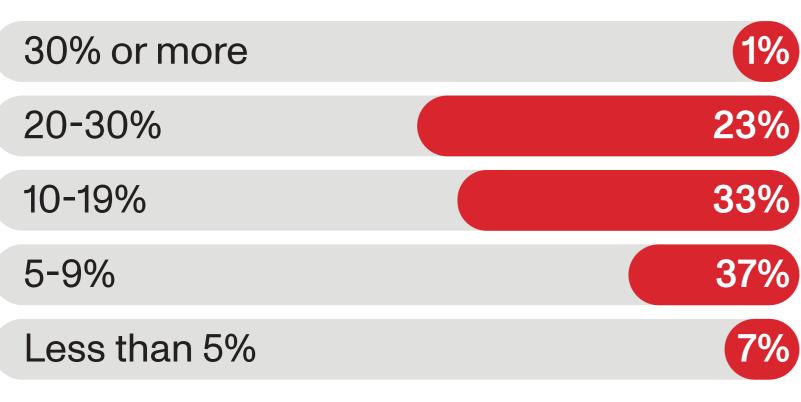
Surcharges and Rate Increases Are Making Shipping More Expensive



Retailers experienced an off-schedule price increase on top of general rate increases.

83% of retailers would switch from FedEx/UPS to get up to 20% cost savings.

Magnitude of Off-Schedule Price Increases



Cost Savings Required to Switch from FedEx/UPS



1

Retailers Have Already Implemented BOPIS

All retailers are using ship-from-store and 98% are using BOPIS, but significant operational and logistics challenges remain, largely stemming from the physical stores themselves.

Top BOPIS and Ship-From-Store Concerns

Increased operational and staff challenges to fufill orders



Strained store capacity due to high number of returns 26%

40%

55%

51%

3 OnTrac

How Can Retailers Adapt Their Supply Chains to Successfully Lead in a Post-COVID Environment?



Leverage Faster Delivery to Win Customers and Build Brand Loyalty

58% of consumers paid more for faster delivery.

69% paid more for next-day delivery

61% paid more for same-day delivery

53% of consumers would sign up for a loyalty program to get faster delivery.

How Much Consumers Will Pay for Faster Delivery

\$5+ For Same-Day Delivery

\$3+ For Next-Day and 2-Day Delivery

Likelihood of Trying a New Retailer That Provides Faster Delivery

Next-Day Delivery Same-Day

Delivery

45%

46%

Millennials

41%

Gen-Z

40%

2

Prioritize Fast and Free Home Delivery

Preferred Delivery Methods

85%

Home Delivery BOPIS & other forms of Click & Collect

Consumers' Planned Future Use of Home Delivery

95%

plan to increase or maintain their use of home delivery 81%

plan to make home delivery their primary shopping method 41%

plan to transition most of their shopping to home delivery within one year

3

Diversify Your Carrier Mix with a Proven Alternative

Alternative Carriers vs. National Carriers



Faster delivery that meets consumers' expectations.



Greater flexibility to secure capacity.



Cost Savings of around 10-35%.



Personalized support with dedicated account managers.

Why Leading Omnichannel Retailers Use Alternative Carriers

42% Faster delivery than UPS/FedEx

18% More 1-2 day delivery points

Cost savings

11% Better dimensional pricing

9% Fewer surcharges