



UPS Capital®



## SMB Shipping Pulse Check

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The growth of eCommerce in the United States is undeniable, with US eCommerce sales estimated at \$1,034.1 billion in 2022, a 7.7% increase from 2021.<sup>1</sup> As this upward trend continues, online shoppers are placing increased emphasis on the overall shipping experience. With “fast” and “reliable” serving as today’s shipping table stakes, small-and-medium businesses (SMBs) need to offer customized shipping options and delivery experiences to differentiate and deliver an exceptional customer experience.

**The SMB Shipping Pulse Check: How Shipping Experience is Driving CX report** commissioned by UPS Capital revealed important insights into how small businesses handle their shipping experiences, the hurdles they face, and how reliable and personalized shipping options can help improve the customer experience. These findings are coupled with perspectives of online shoppers, highlighting the significance of providing a positive shipping experience.



Five hundred eCommerce SMB decision makers and 1,000 online shoppers across the United States were surveyed to better understand how the shipping experience impacts the overall customer experience and what small businesses are doing to mitigate shipping issues and deliver a better customer experience. The statistics cited below are findings from the surveyed pools of SMBs or online shoppers and not the general populace of the United States.

# Online Buyers Care About the Shipping Experience



90% of online shoppers state that their shipping experience accounts for at least half of their overall online shopping experience.

Yet, just 79% of SMBs agree.

With the majority of online shoppers evaluating the shipping experience as a key component of CX, it's unsurprising that half (51%) of those surveyed are likely to leave a negative review on a retailer's website if they are unsatisfied with the resolution of a shipping or delivery issue, such as lost, delayed, damaged, or stolen packages. **This should concern SMBs, as 91% of the surveyed online shoppers state that negative reviews influence their buying decisions.**

There is no doubt that the shipping experience plays a crucial role in the overall customer experience and perception of an SMB - 79% of SMBs agree that the shipping experience accounts for at least half of the entire eCommerce customer experience. But what specifically contributes to a negative shipping experience?

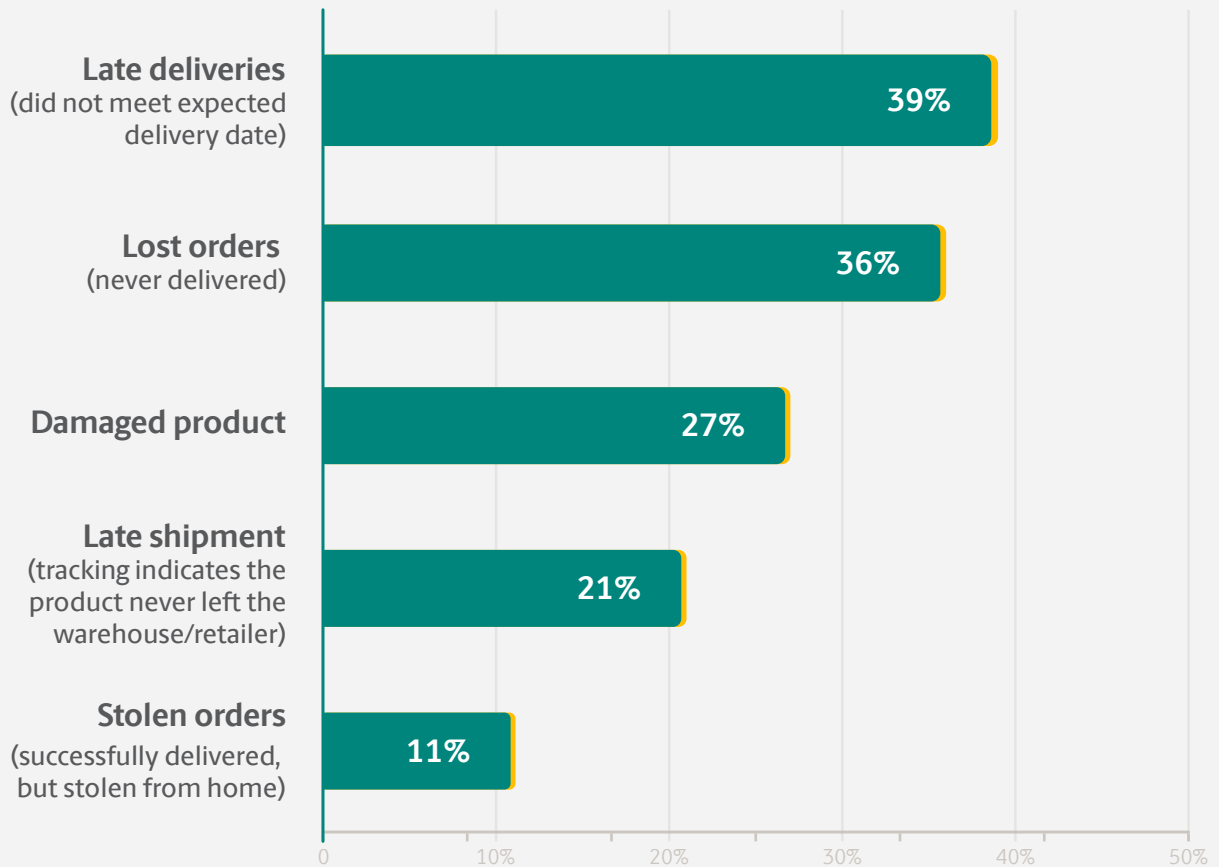
## Contributing Factors of a Negative Shipping Experience

In the past year, 71% of online shoppers surveyed have contacted customer service due to shipping and/or delivery issues regarding online orders. **The most common issues include late deliveries, lost or stolen orders, damaged products, and late shipment.**



## Online Buyers Care About the Shipping Experience

### Top 5 Shipping & Delivery Issues that Cause Online Shoppers to Contact Customer Service



Online shoppers are not the only group feeling the burn of shipping-related issues. For SMBs, reliability of carriers (41%) and rising threats of porch piracy or package theft (26%) are among the top factors negatively impacting their business.

To further complicate an SMB's ability to provide positive shipping experiences to their customers, **nearly a third (27%) of SMBs report finding it difficult to manage shipments and ensure a consistent, positive shipping experience across multiple marketplaces and carriers.** With so many marketplaces available, it's critical that SMBs learn to navigate various shipping requirements and customer expectations across platforms.

# Where SMBs are Selling Online



SMBs are growing their business by scaling sales across different marketplaces. UPS Capital found that 81% of SMBs report selling on multiple marketplaces, with 42% selling on four or more marketplaces.

**SMB decision makers list the following aspects of the shipping and delivery process as the most difficult to manage across multiple marketplaces:**

## Number of Marketplaces SMBs Currently Sell On

Only sell through their website	19%
1-2 Marketplaces	14%
2-3 Marketplaces	25%
4+ Marketplaces	42%

**41%**

### Shipping requirements

(i.e., delivery timelines)

**38%**

### Processes regarding lost or stolen deliveries

(i.e., insurance claims, sending new product)

**31%**

### Return policies

**28%**

### Providing delivery status updates

(i.e., late or completed deliveries)

**26%**

### Marketing

**20%**

### Fulfillment requirements

(fulfilled by SMB vs fulfilled by retailer)

## Where SMBs are Selling Online

When asked how SMBs manage multiple marketplaces, 34% reported taking a siloed approach, individually managing orders from each marketplace. While a siloed approach was most common amongst B2B SMBs (40%), an omnichannel approach — managing orders from each marketplace through an integrated technology platform — was most common amongst B2C SMBs (41%).<sup>ii</sup>

### Marketplaces SMBs Sell on and Their Target Customer

eCommerce Platforms and Marketplaces	Leveraged to sell to consumers (B2C)	Leveraged to sell to businesses (B2B)
Amazon	83%	39%
BigCommerce	15%	33%
eBay	46%	32%
Etsy	23%	27%
Facebook	46%	27%
Instagram	27%	25%
Pinterest	18%	19%
Shopify	29%	27%
Target	30%	17%
TikTok	18%	17%
Walmart	36%	24%
Weebly	12%	18%
Wix	16%	18%
WooCommerce	12%	18%

#### INSIGHT

SMBs primarily use Amazon (83%) and Facebook (46%) as B2C marketplaces while Amazon (39%) and BigCommerce (33%) are most popular when selling to B2B customers.<sup>iii</sup>

Selling on multiple marketplaces can help SMBs expand reach and scale their business, but managing shipping-related issues across several platforms can be costly.

# A Heavy Investment: Shipping-Related Customer Experience and Issues Management



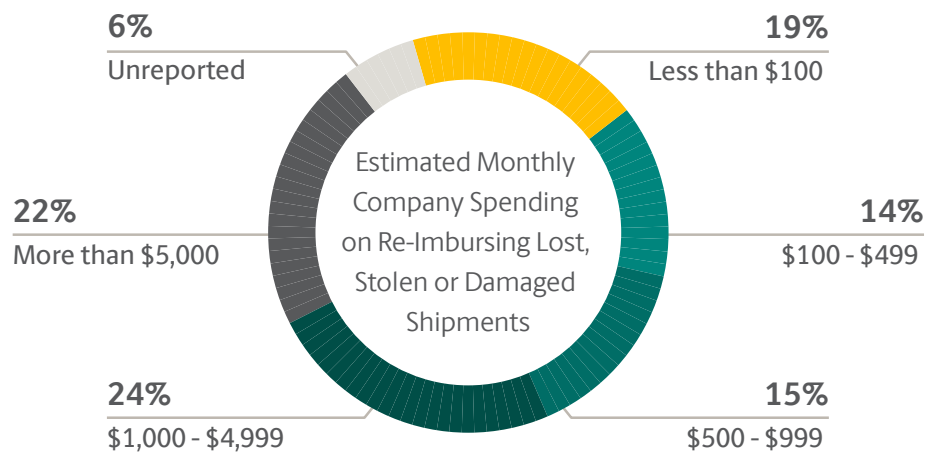
## Factors Driving eCommerce SMB Shipping Issues

SMBs report the following factors as having negative impacts on their business:

	ALL SMBs	B2C SMBs	B2B SMBs
Reliability of carriers	41%	47%	38%
Increasing pressure from customers to deliver on 2-day shipping	36%	29%	27%
Rising threats of porch piracy or package theft	26%	32%	23%
Rising threats of fraud	25%	30%	23%
Increasing pressure from customers to deliver on shipping optionality	24%	15%	27%

## Estimated Monthly Company Spend on Reimbursing Lost, Stolen or Damaged Shipments

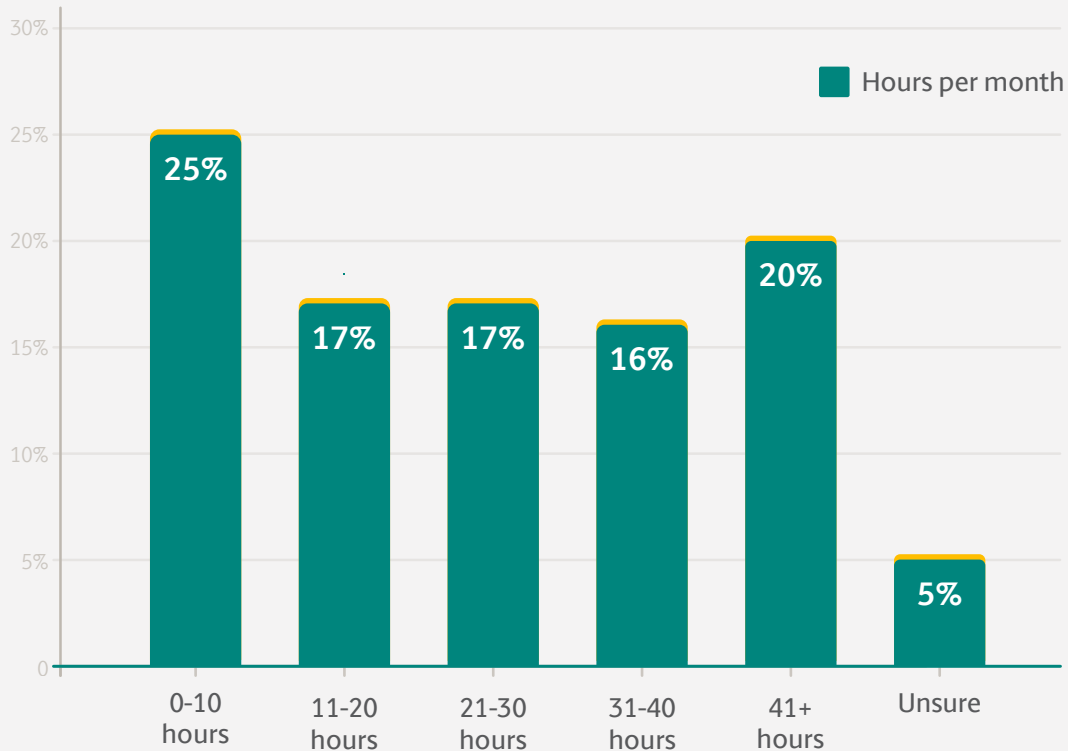
One-in-five (22%) SMB decision makers surveyed estimate that their company spends more than \$5,000 a month on reimbursing lost, stolen or damaged shipments. This includes both the cost of sending an additional item, and the cost of re-shipment.



## A Heavy Investment: Shipping-Related Customer Experience and Issues Management

In addition to the financial resources necessary to reimburse lost, stolen, or damaged shipments, 20% of SMB decision makers report spending more than 41 hours (one full work week) per month handling problems arising from shipping issues. **This amount of employee time can cost a company between \$461.66 to \$2,271.81 per month depending on the position and salary of the employee.**<sup>iv</sup>

### Estimated Time Spent Managing Shipping – Related Issues



The responsibility of managing shipping, including late, lost and damaged packages and customer issues that arise from those mishaps, is spread across a wide range of job levels and salary ranges.



## A Heavy Investment: Shipping-Related Customer Experience and Issues Management

### Employee Levels That Regularly Manage Shipping Issues or Customer Issues Related to Shipping



Half (50%) of the SMBs surveyed report that employees responsible for managing customer issues related to shipping are mid-manager level or above. With no surprise, most (91%) SMB decision makers believe that employees' time could be better spent on growing and improving the business by focusing on other areas instead of spending significant time on shipping-related issues.



#### INSIGHT



B2B businesses spend more than twice as much a month managing problems that arise from shipping issues (stolen, damaged, or missing packages) and **spend more than \$5,000 a month** on reimbursing lost, stolen or damaged shipments compared to B2C. Yet compared to B2C companies, B2B businesses report having **half<sup>v</sup> the number of employees with roles dedicated to resolving shipping-related issues.**






With time and money being spent on resolving shipping and delivery issues, SMBs are turning to features like advanced shipping analytics to address these challenges more effectively and efficiently.

# Growing Need for Advanced Shipping Analytics



To help mitigate the cost and time spent on resolving shipping-related issues, 84% of SMBs are interested in paying for premium access to predictive analytics that would help prevent shipping issues.

**Specifically, the surveyed SMBs are interested in the following advanced shipping data points:**

	<b>44%</b> <b>Multi-Carrier Tracking</b>
	<b>41%</b> <b>RFID Monitoring of Precise Location in Transit</b> (tech enabled tracking and communication systems)
	<b>39%</b> <b>Multi- Carrier Claims Data</b> (i.e., see what routes or carriers are producing the most claims)
	<b>39%</b> <b>Signature Required / Adult Signature Required</b>
	<b>37%</b> <b>Shipment Delays, including weather or disruption events</b>

When it comes to the customer experience, the majority of SMBs see a correlation between increasing shipment visibility and their business' overall customer experience — with **71% reporting that providing customers access to advanced shipping analytics would improve their business' overall customer experience.**

# Winning Over Customers Through the Shipping Experience



Online shoppers are looking for more control over their shipping experience, with 87% reporting that they would be more likely to shop with an SMB if they could personalize their shipping experience (i.e., pick which day packages arrive, elect shipping insurance, or easily track packages in real time).<sup>vi</sup>

**The shipping experience is a critical part of the overall customer experience and presents an opportunity for SMBs looking to stand out amongst competitors and win over customers.**

For SMBs seeking to meet online shopper demand with differentiated delivery offerings, the following customized shipping and delivery options should be considered:

## Customized Delivery Offerings that Online Shoppers are Interested In:

52%

### Delivery speed

Option to expedite or select standard shipping timelines

51%

### Delivery date

Option to select a specific date/day of the week deliveries are made

45%

### Return options

Option to return online orders in various ways (i.e., In-store drop off, QR-code enabled return, pre-printed return label, etc.)

42%

### Time of delivery

Option to pick a specific delivery window (i.e., 5 – 8pm)

29%

### Location of delivery

Recommendations on local, secure delivery locations (i.e., FedEx/UPS store, local shipping business, retail store)

22%

### Required signature

Option to add a required signature to ensure proper delivery

22%

### Sustainable shipping

Option to choose a more sustainable shipping method






## Winning Over Customers Through the Shipping Experience

While the majority of SMBs see the value in providing online shoppers with more control and customization of their shipping experience, 24% of those surveyed report struggling with the logistics required to offer shipping optionality. SMBs should evaluate their current shipping capabilities and source partners who can support delivery date optionality and other customized delivery offerings.

### Key Takeaway

A quick win for SMBs to begin differentiating their shipping experience is to offer shoppers the option to self-insure their orders, as 53% of online shoppers report that they see options to insure their orders less than 25% of time.

## Customer Service Expectations of Online Shoppers When Experiencing a Shipping-Related Issue

	<b>49%</b> Resolve issues within 2 – 3 business days
	<b>46%</b> Provide free, expedited shipping on lost or damaged orders
	<b>42%</b> Replace stolen orders at no cost to me
	<b>36%</b> Provide real-time tracking on late or reshipped products
	<b>26%</b> Offer store credit

Providing customizable shipping and delivery offerings is a clear way to win over customers, but that's not the only aspect of the shipping experience SMBs need to focus on.

# How SMBs Insure and Protect eCommerce Shipments



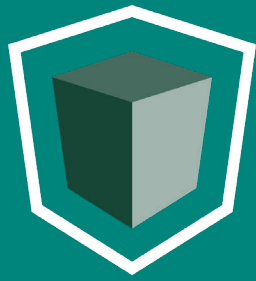
Most SMBs (87%) take steps to protect eCommerce shipments, yet 41% of those surveyed acknowledge there may be better options outside of the choices below, or would be interested in learning about alternatives, to reduce the business impact of lost, damaged, and stolen packages.

## How SMBs Insure and Protect eCommerce Shipments

- 28%** | **Self-insure**  
(set aside a portion of revenue in a savings account and tap into it when damages and loss occur)
- 25%** | **Rely on carrier liability or carrier protection**  
(i.e., limited protection not equal to the value of good being shipped)
- 15%** | **Have a policy with a third-party shipping insurance provider**
- 11%** | **Get protection via an online shopping marketplace**  
(Option to pick a specific delivery window i.e., 5 – 8pm)
- 6%** | **Get protection via an external shipping system**  
(such as 3PL/freight broker protection)
- 13%** | **Don't take any steps to protect or insure their shipments**
- 2%** | **Other insurance method**

**Because online shoppers feel that shipping accounts for half of the overall customer experience, it is crucial for SMBs to have the right resources and partners in place to provide a consistent and reliable shipping experience across multiple marketplaces.** While carrier liability may offer some protection, it's important for SMBs to consider the benefits of offering true insurance to safeguard their business and customers against shipping- and delivery-related issues.

Actual shipping insurance can provide a higher level of protection and peace of mind, ensuring that any unexpected incidents are fully covered. By evaluating their carrier's reliability and adopting customizable optionality offerings, SMBs can further enhance their shipping experience and meet the demands of buyers. **Ultimately, investing in the shipping experience can be key to helping SMBs deliver a better overall customer experience while also protecting their business and reputation.**



# InsureShield® Shipping Insurance

by UPS Capital Insurance Agency, Inc.

With InsureShield® shipping insurance from UPS Capital Insurance Agency, Inc., businesses can avoid the drag of slow claims on their finances and protect their bottom line — all while providing a better post-purchase experience. InsureShield policies offer comprehensive coverage and a variety of solutions for large and small businesses alike. With proper resources like shipping insurance and a deep understanding of present and emerging risks, businesses can get the support they need to reduce the impact of everyday shipping issues.

For more information, please visit [upscapital.com](https://upscapital.com)

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## Methodology:

The SMB Shipping Pulse Check: How Shipping Experience is Driving CX report is based on a February 2023 survey conducted by Dynata of 500 U.S. SMBs owners – 350 B2B and 150 B2C - and decision makers who leverage eCommerce platforms and marketplaces to sell and ship physical goods, generating at least a portion of their revenue via eCommerce, with revenue from \$750K - \$100M. This report also includes findings from a survey conducted by Dynata of 1,000 U.S. consumers aged 18+ conducted in February 2023.

<sup>1</sup> [https://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

\* How do you currently manage shipping orders you receive across multiple marketplaces?

	B2B	B2C
Siloed approach	40%	19%
Omnichannel approach	27%	41%
Hybrid approach	30%	35%
My business doesn't sell on multiple marketplaces	3%	5%

\*\* Which eCommerce platforms and marketplaces do you currently use to sell to consumers, or other businesses (B2B)? Please check all that apply.

	eCommerce Platforms and Marketplaces	Write (X) if you currently use to sell to consumers	Write (X) if you currently use to sell to businesses (B2B)
All	Amazon	83%	39%
B2B		83%	36%
B2C		81%	46%
All	BigCommerce	15%	33%
B2B		19%	37%
B2C		5%	21%
All	eBay	46%	32%
B2B		47%	32%
B2C		45%	32%
All	Etsy	23%	27%
B2B		24%	29%
B2C		20%	24%
All	Facebook	46%	27%
B2B		48%	27%
B2C		41%	27%
All	Instagram	27%	25%
B2B		30%	28%
B2C		20%	16%
All	Pinterest	18%	19%
B2B		20%	22%
B2C		12%	13%
All	Shopify	29%	27%
B2B		27%	29%
B2C		32%	21%
All	Target	30%	17%
B2B		34%	18%
B2C		19%	14%
All	TikTok	18%	17%
B2B		21%	18%
B2C		8%	14%
All	Walmart	36%	24%
B2B		39%	24%
B2C		29%	23%
All	Weebly	12%	18%
B2B		14%	20%
B2C		6%	13%
All	Wix	16%	18%
B2B		17%	20%
B2C		13%	14%
All	WooCommerce	12%	18%
B2B		14%	18%
B2C		6%	19%

\* Calculations made based on the national average hourly wait in June of 2021 and mean hourly wage of general and operations managers in May of 2021.

Sources: <https://www.statista.com/statistics/216259/monthly-real-average-hourly-earnings-for-all-employees-in-the-us/>; [https://www.bls.gov/oes/current/oes\\_nat.htm#11-0000](https://www.bls.gov/oes/current/oes_nat.htm#11-0000)

\* Reflecting on the employees that spend significant time on shipping-related issues that arise from stolen, damaged, or missing packages, how could employee time be better spent in context of growing and improving the business?

	B2B	B2C
Focused on critical business growth areas	53%	35%
Optimizing current workflows and processes	50%	45%
Upskilling employees	39%	43%
Enhancing customer experience efforts	39%	43%
Managing their department	33%	37%
N/A, their role is dedicated to resolving shipping – related issues	6%	17%

\*\* UPS Capital Report: Personalized Shipping Experiences: The Next Frontier for eCommerce (March 2022)