

# eCommerce Market Sentiments Report 2025

Insights to drive the growth  
of your online shopping business.



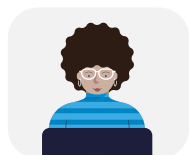
NZPost



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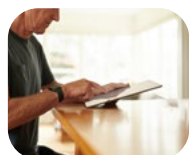
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### Looking offshore for value

Increasingly Kiwi shoppers are looking offshore for bargains. We look at the countries and stores they are buying from and the factors behind this international growth.

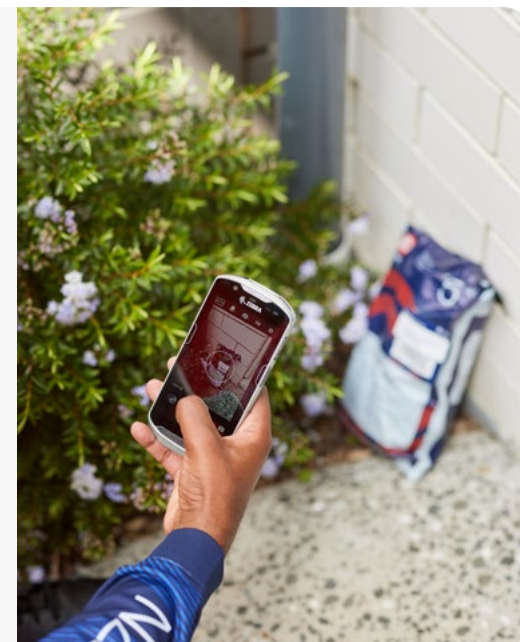


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In depth study

### Optimising your delivery strategy

In this first of its kind study, we explore the value shoppers place on delivery and offer practical strategies to reduce cart abandonment and to drive additional revenue.



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In depth study

### Sustainability in a tough economy

In tough economic times is sustainability still a priority for shoppers? We explore the difference between shoppers' preferences and actions.



# Kia ora and welcome

## to the 2025 eCommerce Market Sentiments Report

Throughout 2024, we kept a close eye on Kiwi online shopping habits, sharing regular data, trends and insights through our eCommerce Spotlight series. In our latest research report we unpack how shoppers and retailers are feeling and how that's shaping the eCommerce landscape. We hear directly from over 600 online shoppers and 250 retailers about their shopping behaviours in 2024 and what their expectations are for 2025.

It's clear that value was once again the name of the game. Shoppers adapted to tough economic times by hunting down bargains, jumping online more often, and exploring alternative products, suppliers and increasingly, overseas options. In the first of three in-depth sections, we unpack **Kiwi shoppers' global shopping behaviours**, including what they're buying internationally, where from, and why.

With cost-of-living pressures—like inflation, high mortgage rates, insurance and rates hikes, and job insecurity—shoppers became even more selective in their spending in the last year. While overall spending was up in 2024, it looked very different, with shoppers buying more often but spending less each time. Despite a growing number of positive signals, most shoppers aren't expecting things to be too different in 2025.

Retailers, on the other hand, are feeling more upbeat about the year ahead. After putting in the hard work in 2024 to sharpen their offers and promotional capabilities, many are heading into the new year with more confidence. Pricing pressure and increased global competition (from the likes of Temu) forced local retailers to lift their game—offering better customer experiences and more value in ways that really matter. This will hold them in good stead in the year ahead.

At NZ Post we strive to be the leader in the eCommerce and delivery space, innovating our thinking and investing in research that adds real value to local online retailers. We know how important delivery is in the customer experience and a retailer's ability to attract, retain and grow customers. In our latest Market Sentiments report, we undertake an in-depth – and first of its kind – research study into **Optimising your delivery strategy**, looking at the delivery options and the value shoppers place on each. We explore different price points and the changes in behaviours they drive. This research is packed with insights and practical advice we know retailers will be able to use to set their delivery pricing strategies, turning delivery into a real competitive edge.



In the face of improving economic conditions, there are many opportunities for online retailers to keep growing in the changing world of eCommerce. Throughout the report we provide a series of insights and handy hints that support retailers to realise these opportunities.

We sincerely hope this report is a catalyst for your growth in 2025 and beyond.





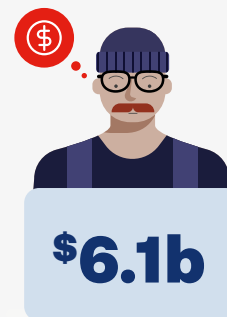
# Online Shopping in 2024 – by the numbers

Before diving into our shopper and retailer insights, let's recap 2024's online shopping numbers. These numbers are based on card transactional data supplied by Datamine and are a summary of our eCommerce Spotlight Review of 2024.

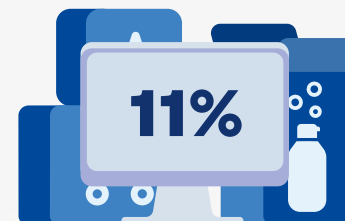
**Kiwi shoppers spent over \$6.1 billion online in 2024, 5% more than in 2023. Despite the tough economic conditions, which saw overall retail spending decline by 1.7%, shoppers undertook online transactions – here and offshore – with record frequency.**

2024 was a year characterised by high inflationary pressure, lower purchasing power, job cuts and business closures. Shoppers responded to the difficult conditions by adapting their spending patterns, using online to make their money go further. As a result, we saw shoppers buy online more often – with nearly 8 million more transactions than in 2023. This saw transaction volumes at levels even higher than what we saw in COVID lockdowns. The increased frequency of online spending didn't however translate to better bottom-line results for online retailers, as shoppers spent less per transaction. Shoppers prioritised essential spending, lower-cost alternatives and discounted products. Retailers responded with discounts, promotions and other margin-reducing rewards.

Kiwi shoppers continued to favour local online retailers, with 72% of online spending with NZ-based businesses. However, low cost overseas retailers like Temu and others are increasingly disrupting local spending patterns in some sectors by enticing Kiwi shoppers. Online transactions from offshore retailers grew at a faster rate (+16%) than domestic transactions (+12%), compared to 2023. However, the online average spend per transaction (average basket size) for offshore retailers fell at a faster rate (-10%) than domestic retailers (-6%). These numbers suggest Kiwi shoppers are increasingly looking overseas for lower priced products. We explore this significant trend in our first in-depth study, Looking offshore for value.



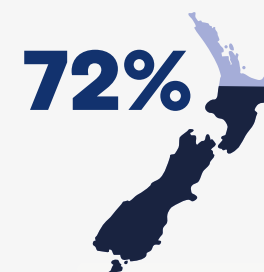
total online  
spending in 2024  
↑ 5% on 2023



of all retail spend  
in 2024 was online  
↑ from 10.1% in 2023



total instore  
spending in 2024  
↓ 2.5% on 2023



online spending  
with local retailers  
The same as 2023

# Online Shopping in 2024 – by the numbers (continued)

## Key drivers of online shopping in 2024

There are three key drivers of online shopping growth:

1.

The number of shoppers online



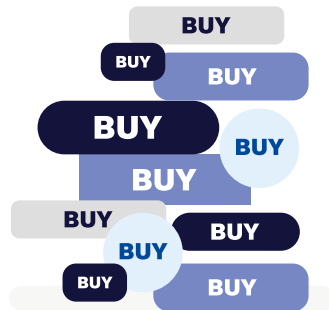
**2.2m**

online shoppers  
in 2024

~50% of the population aged 15+

2.

The volume/frequency of purchases (transactions)



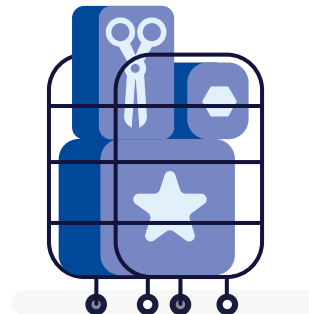
**64.1m**

online transactions  
in 2024

↑ 13% on 2023

3.

How much shoppers spend each time they make a transaction (Basket Size)



**\$95**

average transaction  
size in 2024

↓ \$7.66 on 2023

## The average Kiwi online shopper in 2024

**\$2,593**

spent online in 2024

↑ \$165 on 2023

**28**

online transactions  
during the year

↑ 3.6 transactions on 2023

**\$90.20**

spent on average each time  
they purchased

↓ \$6.40 on 2023



Read the full summary  
of 2024 online shopping  
numbers and trends in our  
[eCommerce Review of 2024](#).

# In depth study

## Looking offshore for value

IPC Cross-Border Ecommerce Shopper Survey 2024

Over the last five years we've seen that Kiwi shoppers have remained loyal to local online retailers. Even when they knew they could potentially get better prices overseas, many chose to shop closer to home, often to support the local economy or to avoid the high costs and longer waiting times for international deliveries.

Things are shifting, and fast.

According to the 2024 IPC Cross-Border eCommerce Study, Kiwi shoppers are increasingly turning to overseas retailers for better deals, more variety, and – thanks to faster and cheaper shipping – greater convenience.

### Where are they shopping?

Traditional overseas destinations like Australia, the US and UK are continuing to see a decline in the Kiwi dollar coming their way. China is the main reason for this, continuing to attract more and more Kiwi shoppers. However, we're also seeing Kiwi shoppers look beyond the obvious destinations for bargains and/or unique products. Japan, India, Canada, South Korea, Germany and France collectively make up 20% of the countries Kiwi shoppers bought from in the last year.

Of 1,035 respondents surveyed:



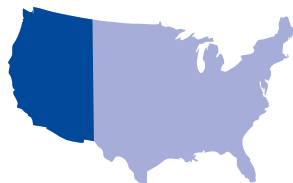
**54%**

purchased from China in the last year  
↑ 1pt compared to 2023



**54%**

purchased from Australia in the last year  
↓ 3pt on 2023 and ↓ 8pt on 2 years ago



**30%**

purchased from the US in the last year  
↓ 3pt on 2023



**18%**

purchased from the UK in the last year  
↓ 3pt on 2023

China's rise shouldn't be a surprise however, given the explosive growth of low-cost shopping platforms like **Temu**.

**Temu has rocketed to the top of the shopping list, with 35% of Kiwi shoppers in the survey saying that's where they made their most recent international online purchase.** A year ago that number was 21% and just two years ago, Temu didn't even feature on the list.

**38%**

of shoppers in the survey said  
Temu was the online retailer they  
used the most in the last year  
↑ 128%



Asked about which online retailer they use the most – locally or internationally – 38% of Kiwi shoppers, who recently ordered a product from an international retailer, said Temu. This is nearly 3 times more than the nearest competitor, Amazon. The massive increase of 128% on last year makes this one of the most popular apps used by Kiwi shoppers internationally.

## In depth study Looking offshore for value (continued)

While some of Temu's rise can be attributed to a switch from New Zealand online retailers, growth is also driven by shoppers switching loyalties from big global stores like Amazon and AliExpress. Even China's other shopping powerhouse, Shein, which had shown strong growth in recent years, has seen its popularity go backwards to make way for Temu's hyper-growth.

Temu's meteoric rise isn't just a Kiwi thing. Shoppers right around the world are embracing it, driven by its huge variety of products, low prices, streamlined buying processes, competitive delivery prices and speeds, and their extensive marketing activity across digital channels.

**84%**  
of overseas purchases were  
for less than \$100



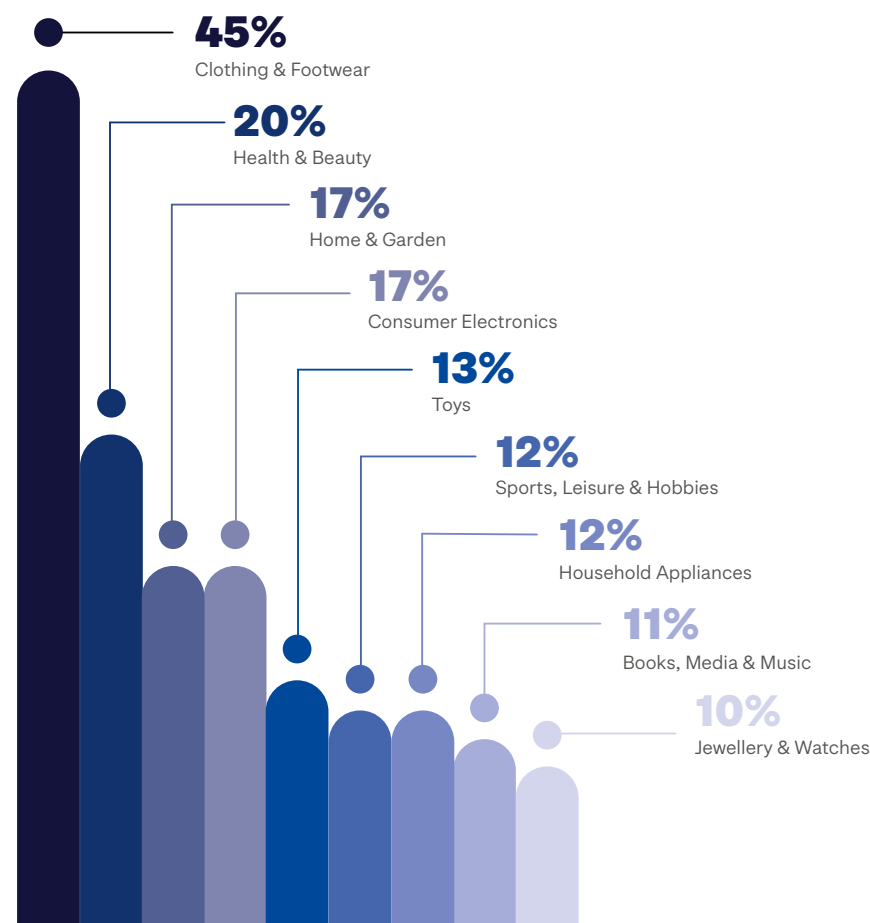
### What are Kiwi shoppers buying from overseas retailers?

The short answer is “pretty much everything”

- **Clothing & Footwear:** This is the top category, with 45% of international shoppers buying these items. It remains way ahead and we've seen indicative growth in this sector in each of the last few years.
- **Health & Beauty:** These remain popular, and we continue to see growth in overseas purchases in this category.
- **Consumer electronics** come in third, though there has been a decline in this category in the last year.
- **Sports, leisure and hobbies, Books, music & media,** and **Baby & child** were other categories that saw declines in the last year.
- **Home and Garden** saw a significant increase in international spending, something for local garden centres and DIY stores to look out for.
- **Toys also** saw a significant increase in international spending.

Details of the methodology used for this research can be found on page 38.

### What Kiwi shoppers purchased overseas



# In depth study Looking offshore for value (continued)

## Why are Kiwi shoppers buying more overseas?

It all comes down to price, selection and delivery. That's a powerful combination, especially in a cost-of-living crisis where shoppers are looking to make their dollar go further.

25% of overseas spend was for products that cost between NZ\$10-NZ\$24, with a further 29% costing between NZ\$25-NZ\$49. While in recent years we've seen shoppers become increasingly comfortable making bigger purchases from international retailers, this year the focus was very much on smaller purchases. In fact, 84% of overseas purchases were for less than \$100.

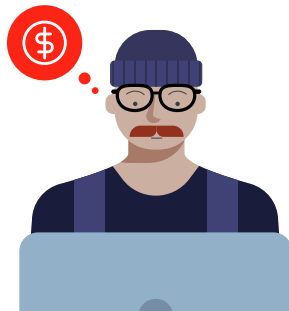
In the past, many Kiwi shoppers were hesitant to shop overseas because of high delivery costs or slow shipping times. But those barriers are disappearing fast.

- **68% of survey respondents received free shipping in their most recent purchase** either through special promotions, loyalty programmes, or by spending more than a certain level.
- **Of those who do pay for shipping, most paid less than \$10.**
- **Speed has also continued to improve.** Over 60% of overseas orders arrived within 10 days, with 42% getting their items in under a week.

We asked shoppers who bought from international retailers in the last three months why they bought from offshore:

**55%**

said they shop overseas because of **low prices**



**42%**

said they do it because there are more **brand and product choices**



**35%**

said cheap **delivery costs**

**27%**

said fast **delivery speed**

**25%**

said **reliable delivery**



## What does it mean for local retailers?

Kiwi shoppers want to shop local, so let's give them good reasons to do so. The continued rise of overseas shopping is a serious challenge and local retailers must adjust their strategies accordingly, focusing on service, convenience, and unique offerings. Here's what they can do about it:

1. **Focus on value-add beyond price** – Competing with the likes of Temu on price is tough. Instead, local retailers should focus on value-added services, exclusive products, a more personal experience and strong brand loyalty.
2. **Product range matters** – Shoppers want variety. Expanding product lines or forming partnerships with other brands could help retain customers.
3. **Leverage the local advantage** – While overseas shopping is booming, many Kiwi shoppers would still prefer to buy locally. Give them reasons to stay home by highlighting local benefits like easier returns, personalised customer service, and unique locally-made products.
4. **Fast, affordable, visible shipping is a differentiator** – If overseas retailers can get products to Kiwi shoppers quickly and cheaply, local businesses need to do it even better. Check out our **Optimising your delivery strategy** research for useful information to make your delivery as competitive as possible.



# The Online Shoppers' Perspective



In this section we look at what drove online shoppers' perceptions and behaviours in the last year and what expectations are for the year ahead.

Our Online Shopper Survey talked to 600 online shoppers across a variety of ages and locations across New Zealand.

# Shoppers' changing perceptions and behaviours

In our dedicated shopper study, 36% of the shoppers felt that their overall retail spending increased in 2024 compared to 2023.

Of course, some of this is a result of things just costing more, however shoppers also said they spent more because of changes in their personal circumstances, because they were choosing quality to achieve greater long-term value.

A quarter of shoppers indicated that their overall retail spend was less in 2024 compared to the year prior, pointed to the cost of living as the key reason for this. For a number of others, the key reason was the reduced job security and the need to save for future contingencies. Many said they prioritised essential spending – like clothes, food, petrol and medicines – by reducing spend on discretionary items. And for others, the lower spend was a result of the time they invested searching for discounts and cheaper options.

## Online vs Instore Spending

Convenience and time saving remain key drivers for those who choose to shop online but in these tougher economic times, shoppers are also looking to online to help make their dollar go further. Online makes it easy to see a wide range of products, to compare prices and to find the best deals here and internationally.

Spending compared to 2023



How online shoppers changed channels in 2024 compared to 2023

**36%** shopped **more online** than 2023

**43%** shopped **about the same** between in-store and online

**15%** shopped **more in-store** and less online

There is still a sizeable group of shoppers who value the physical and social experience of shopping in-store. For many, in-store shopping is a better option when you need to see or feel the product before buying, and when you need expert advice. For others, going to store is still about getting the product immediately, avoiding delivery fees or easier returns.



# What matters most to online shoppers?

Unsurprisingly, in the current economic climate, when choosing an online store, shoppers prioritised discounts and special offers, with 46% saying deals matter more than anything else. This includes discounted prices, loyalty and bulk discounts, and free shipping.

## Why these factors matter

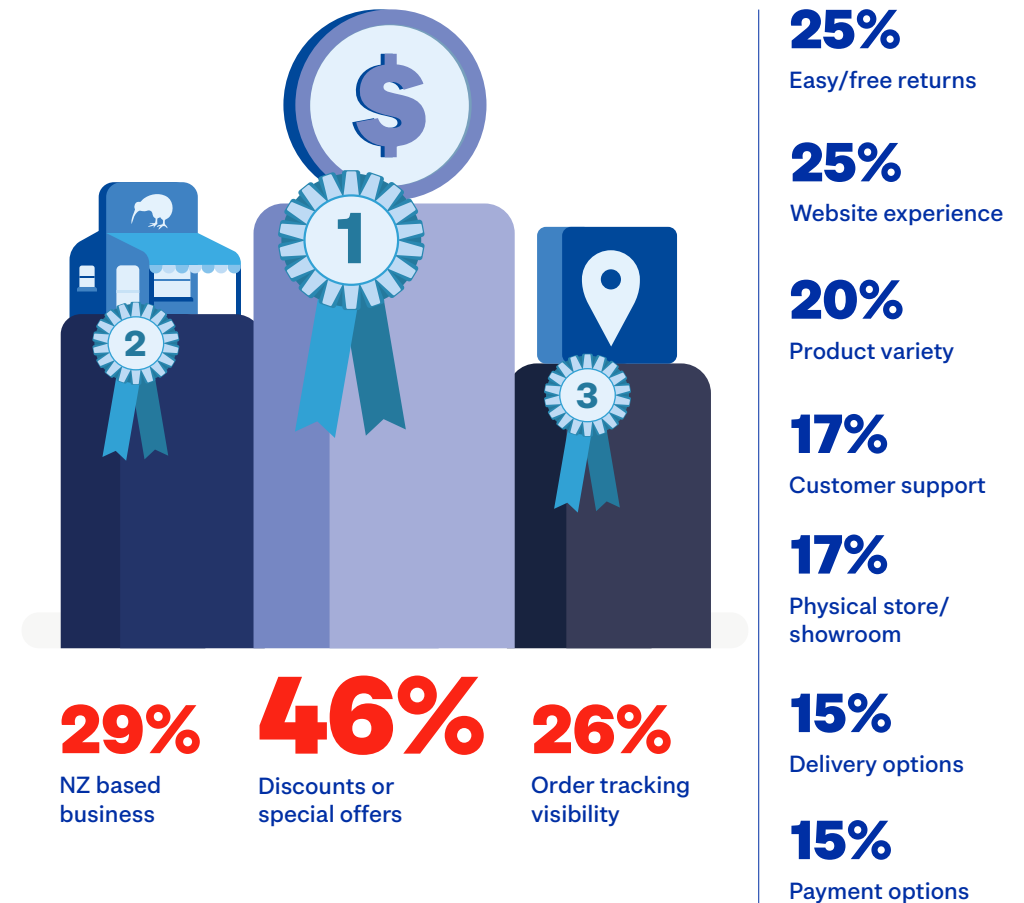
Shoppers **prefer NZ-based retailers**, for the faster delivery and to support the local economy. There's also a big trust factor, as many shoppers feel safer buying from a business they could easily visit or contact if they chose to. This is further reinforced by the priority given to both having a physical store or showroom and having established customer support channels.

**Order tracking** remains important. Shoppers want transparency and greater certainty about where their purchase is and when it will arrive, meaning retailers need to not only offer tracking but to make it a key selling point. The continued importance placed on **easy returns** is another area which gives shoppers confidence to buy from a particular retailer.

Order tracking is also part of the importance shoppers place on the overall **delivery experience**. Offering multiple shipping options – that balance speed and time – allow shoppers to feel more in control. In our **Optimising your delivery strategy** in-depth study on page 16, we look at exactly how much value shoppers place on the various delivery options and the delivery pricing strategies retailers can adopt.

Finally, **shoppers seeking quality tend to favour specialty stores**, while those chasing bargains gravitate more toward retailers with a wider product range. Understanding these behaviours can help businesses tailor their offerings to attract the right customers.

## Top reasons to choose an online store (respondents chose up to 3)





# Maximising value online

Shoppers in 2024 were more focused than ever on getting bang for their buck. We asked them how they maximize value when shopping online.

No surprise, especially to retailers who spent much of 2024 discounting and promoting specials, most Kiwi shoppers wait for sales before buying. This fuels deal-hunting behaviour, where shoppers forgo habit and loyalty, actively searching for better deals. It also has an impact on timing, as shoppers buy earlier or later than planned to secure a bargain price.

In their search for additional value, shoppers have looked beyond the places and brands they have purchased in the past. While this disruption sees shoppers attracted by the big low-cost overseas retailers, it does also open opportunities for retailers to attract new customers away from their 'habit' products and retailers.

Choosing quality still remains a key way that shoppers look to maximise value, banking on a higher priced product lasting longer and/or having less maintenance costs along the way. This is particularly true in higher value item categories like electronics and homeware. In these categories, online retailers should focus on their quality story and the story behind their products. Aspects like being New Zealand made or being sustainable, coupled with higher levels of personalised service, add to that perception of quality, allowing a higher price to be charged.

There is still a high percentage of online shoppers who place value on having their loyalty recognised. A strategy of rewarding purchasing frequency and bulk buying is one that online retailers should continue to adopt, especially if there are lower cost alternatives available to their customers.

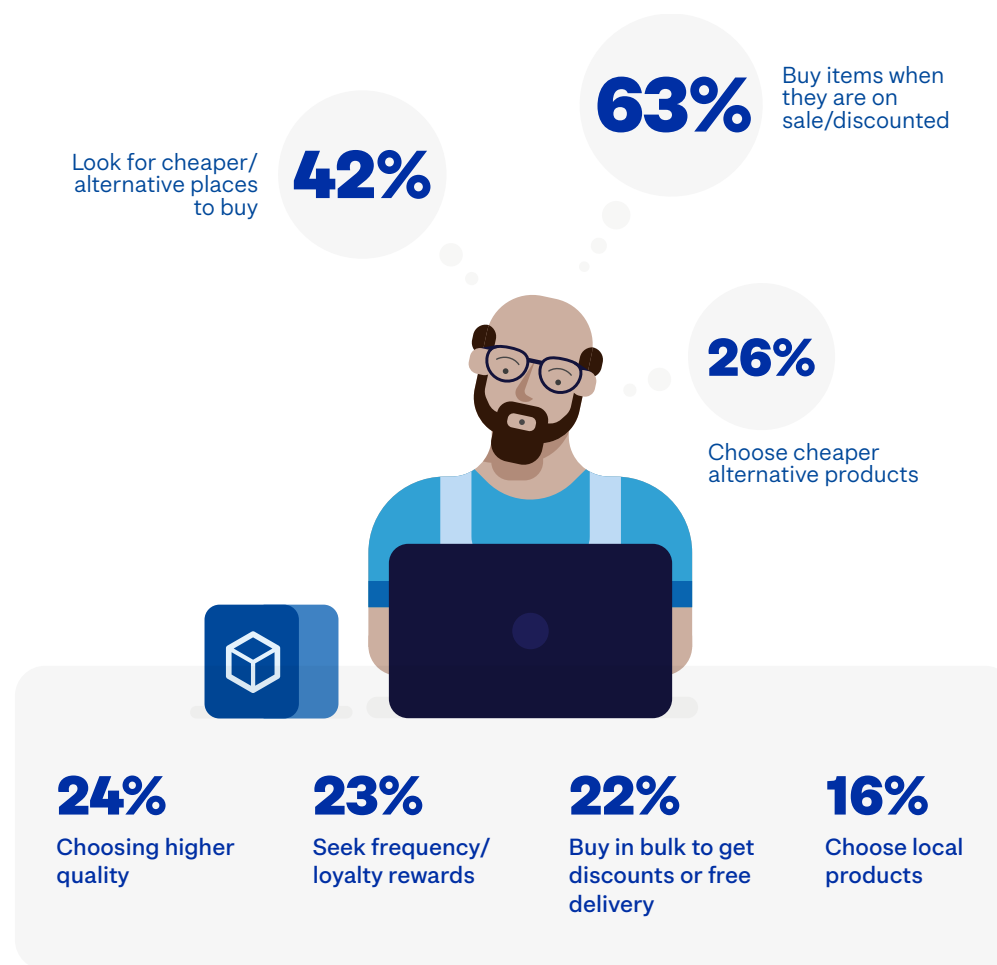
## Key insight

Kiwi shoppers are hunting for value but their definition of value varies—whether it's lower prices, better quality, or added benefits like free delivery and rewards. Retailers that understand these motivations can tailor their offerings to keep customers engaged. Our

**Optimising your delivery strategy** study on page 16 provides a number of practical strategies for making delivery part of the value equation.



## What shoppers do to maximise the value of their purchase



# Online shopper frustrations

## Shoppers continued to face frustrations with transparency and visibility in 2024.

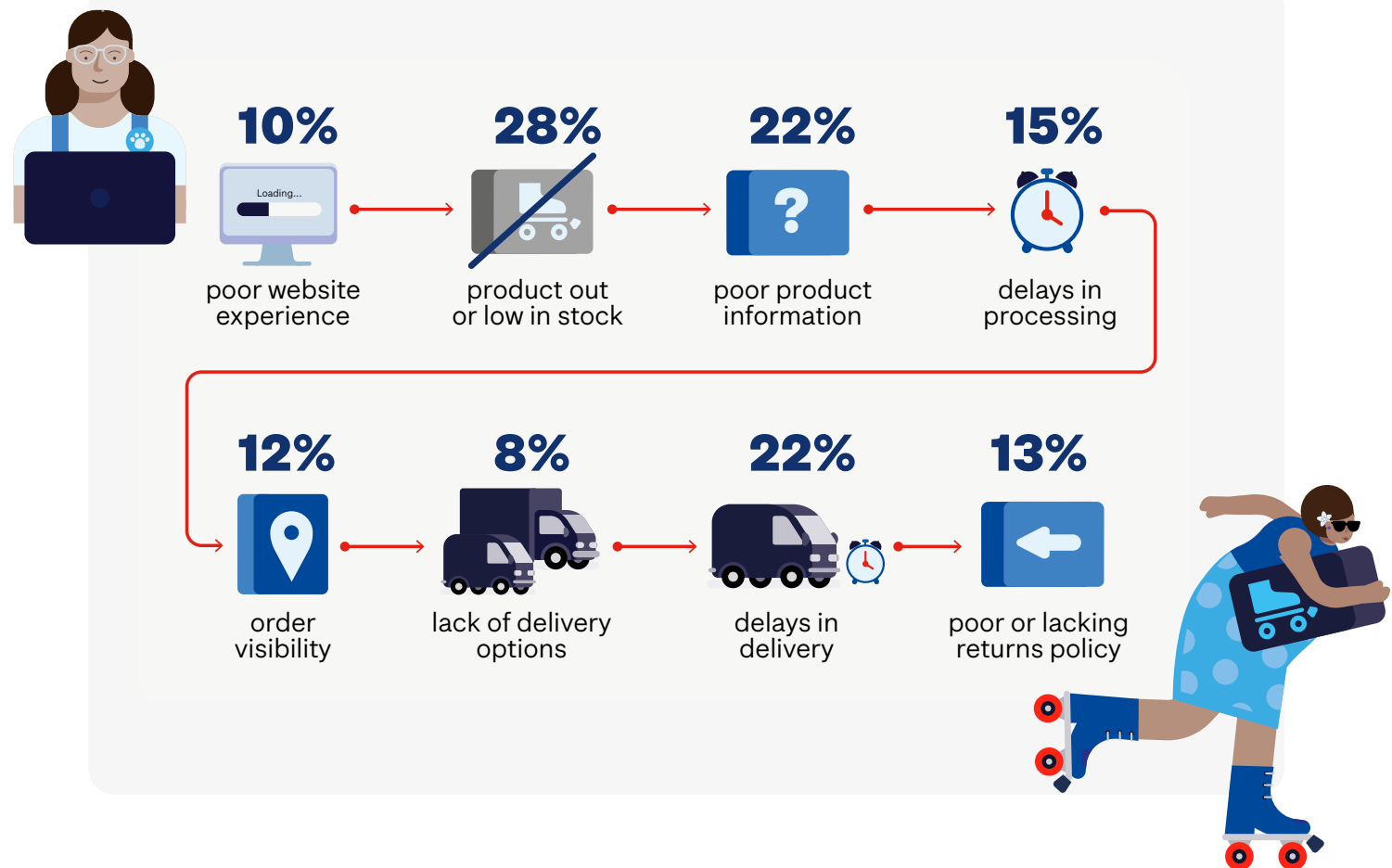
Common pain points include out-of-stock products still being advertised online, missing or misleading product information, and unclear delivery costs and timeframes. These are factors within a retailer's control that would make an immediate impact on how satisfied their customers are.

The end-to-end delivery experience is another source of frustration, with shoppers citing delays in orders being processed, products coming from overseas even though the product was purchased locally, lack of delivery options and delays in delivery.

### Key insight

The key takeaway for retailers is that they can reduce shopper frustrations by ensuring accurate stock updates, clear product and business details, transparency around delivery costs, timelines, where items are coming from, and a smoother returns process. Putting focus on these key areas can enhance the shopping experience, increase trust, and drive retention, repeat business and referrals.

## Shoppers' main frustrations with online shopping





# Shoppers' expectations for 2025

What are shoppers expecting in the year ahead? Despite inflation and mortgage rates coming down and other signs of economic recovery, most shoppers seem unlikely to change their spending behaviours in the year ahead.

For many who think they will **spend more**, it's because things will cost more. For some, it's about the range of deals and discounts available, encouraging them to spend more. For others, spending more is driven by personal factors and changing circumstances, like having a baby, getting a higher-paying job, travel, or buying a new house.

For those expecting to **spend less**, the key reasons are linked to ongoing economic uncertainty, things costing more and the need to cut back spending to prioritise bills or other things they may want to do.

Asked what categories they intend to **prioritise their spend in 2025**, we see largely 'essentials' categories (clothes, medicines, etc) dominating the list but there are numerous discretionary spending like DIY, homewares and consumer electronics that shoppers will spend on.

## Expectations on overall retail spending in 2025 compared to 2024



expect to **spend more** in 2025



expect to **spend about the same** in 2025



expect to **spend less** in 2025



# Shoppers' expectations for 2025 (continued)

## And where do shoppers expect to spend the most in the year ahead?

Online variety, department stores and the clothing & footwear stores were the most popular. Unfortunately, this is also likely to see more money going to the big overseas shopping platforms. Least popular were sports and outdoor stores, speciality food & drink retailers and arts & crafts suppliers.

28% of shoppers surveyed expect to spend more online, compared to in-store, in the year ahead than they did last year. A further 42% expect that their mix of online and in-store will remain largely the same. The rest expect to spend less online (14%) or just aren't sure.

So, despite the ongoing economic uncertainty, there are a number of reasons for online retailers to feel positive, with nearly 70% of shoppers expecting to spend more or at least the same online in the year ahead, including over a quarter of them expecting to spend more of it online.

## What categories will shoppers prioritise in 2025

**44%**

Clothing & footwear



**33%**

Health & beauty



**20%**

Homewares



**20%**

Home & garden



**20%**

Books, stationery, arts & crafts



**18%**

Consumer electronics



## Top 3 stores shoppers expect to spend the most in 2025

**29%**

Online variety marketplaces  
(e.g. Temu, Trade Me, etc)



**26%**

Department Stores  
(e.g. The Warehouse, Kmart, Farmers, etc)



**20%**

Clothing & Footwear  
(e.g. Cotton On, Glassons, Hannahs)

# The omnichannel experience

## Shoppers continue to move seamlessly between purchasing online and in-store.

This omnichannel shopping experience brings together the strengths of both channels – the convenience and the ability to research of online, with the tangible physical experience of instore. As a result, we often see shoppers start a purchase on one channel and then finish with another.

And of course, Click and Collect, browsing and purchasing online and collecting in-store, remains popular with 24% of shoppers in our survey saying they engage in this regularly. Smart retailers are making the pickup experience quick and easy while finding ways to upsell while the customer is in store.



### Key insight

The key outtake for retailers is that shoppers want both the convenience of online and the personal and physical experience on in-store. Even if a retailer wants to be online only, they need to think about how they can offer some of the tangible benefits of a store experience, like real time chat, virtual trial services and click and collect from the warehouse or showroom.

## Shoppers behaviour

### Browse online before going in store

64%



#### Why?

Search for **products** across stores

71%

Compare **prices** for a product across stores

69%

Check product **reviews**

67%

Check stock **levels/availability**

61%

Check **product information**

59%

#### Retailer opportunity

- Offer tools or links that make it easy for shoppers to compare prices.
- Promote a 'match the lowest price' guarantee.
- Keep stock levels up-to-date on your website
- Provide an online guide of where a product is located in-store.

### Use their mobile in-store

38%



#### Why?

Compare an item's price with another store

64%

Look for prices for **similar/alternative**

50%

Check **product information**

47%

Compare **online vs in-store** prices

44%

Check product **reviews**

41%

**Locate** products in-store

39%

#### Retailer opportunity

- Optimising your websites for mobile.
- Provide QR codes in-store to access information quickly.
- Provide an online guide of where a product is located in-store.

### Browse in store and buy online

19%



#### Why?

Try on/check product in **real life**

82%

Compare **product** with similar in-store products

47%

Check the **stock** and sizing

40%

Get **advice** from in-store staff

27%

#### Retailer opportunity

- Offer a showroom, mailed-samples or virtual try-on facility
- Offer online 'chat' functionality for virtual help

## In depth study

# Optimising your delivery strategy

Delivery Pricing Choice Model Research

At NZ Post we aspire to be a leader in eCommerce by offering valuable insights and advice that helps Kiwi online retailers like you grow their business.

There are two questions which retailers ask us on a regular basis: *what delivery options should I offer?* and *what's the right price to charge for delivery?* And that led us to undertake this, first of its kind, in-depth independent research study with shoppers to understand the optimal delivery offers and price points. It reinforces just how big an influence delivery has on the online shoppers' decision about which retailer they choose and whether they complete, or abandon, a purchase.

We took a 'choice model' approach which simulates real life online shopping, giving over 1000 shoppers a number of choices they typically face at the shopping cart every day. This approach lets us not only understand shoppers' delivery preferences across different product types and price points, but also the relative importance and trade-offs that sit behind these preferences.

Every retailer's situation is different so there isn't one strategy that's right for everyone. In sharing our findings we hope to give you valuable insights that you can apply to your specific situation in order to develop a delivery strategy that drives more purchases, reduces cart abandonment, enhances your overall customer experiences and supports your financial growth.

**91%**  
actively look for retailers offering free delivery when shopping online.

**85%**  
agree that free delivery makes them feel better about a retailer.

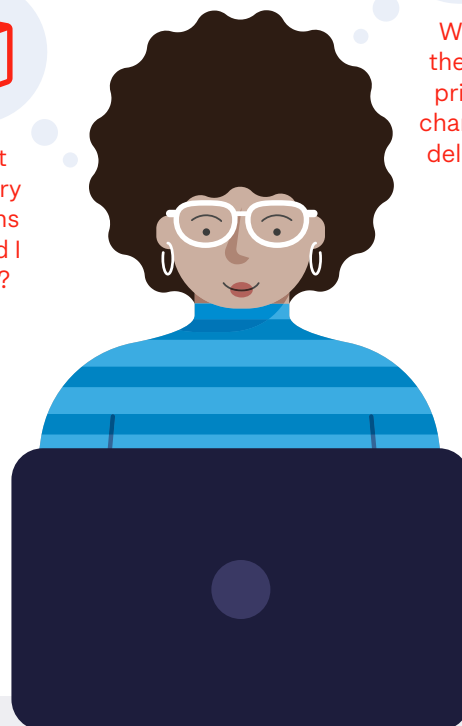
**81%**  
feel that free delivery is an important factor in their choice of retailer.



What delivery options should I offer?



What's the right price to charge for delivery?



### Let's start with the obvious – shoppers prefer free delivery.

Most shoppers, nearly 8 out of 10, who buy online said they prefer to have their shopping delivered. It's easy and it's convenient. 2 in 10 say that their most preferred method of receiving their online shopping is click and collect, partly because they want more immediate gratification but mostly to save on the delivery costs.

Shoppers place a lot of value on free delivery and actively seek it out. It has the potential to drive shopper acquisition and loyalty and to cement your brand positioning.

Adopting a free delivery strategy would undoubtedly make your customers happy, but it's not a strategy that sits well on the bottom line. The good news is that this study showed that there are some effective alternatives that still meet shoppers' expectations while making more financial sense for you. For example:

- Charging a small amount for delivery is likely to have limited impact on a shopper's decision to buy from you; and
- Shoppers are likely to spend more just to get free delivery.

In this study we explore both of these, and a number of other delivery pricing strategies that will help you manage both customer expectations and profit margins.

# In depth study Optimising your delivery strategy (continued)



## 1. Reducing Cart Abandonment

You've done the hard work and attracted the shopper to your store. They've done the work too, searching your site to find the products they want, and they've put them in their cart. Now standing at the finishing line, they make the decision to not complete the sale.

**68%**

have abandoned their cart as the cost of delivery was too high.

**45%**

have opted to buy the item in-store from a different retailer due to high delivery costs.

**30%**

have abandoned their cart as the estimated delivery time was too long.

Non-optimal delivery offers and pricing strategies are one of the key reasons for lost sales, so let's discuss what causes shoppers to abandon their cart and what you can do about it.



**59%**

would likely abandon their purchase because delivery fees were not calculated before they checkout.

### Delivery cost surprises

Shoppers hate surprises when it comes to cost. They need to know how much delivery will cost as they add items to the cart. If they can't be displayed as items are added to the cart, having delivery costs on the product's page or whenever the shopper goes back to the cart also sits well with shoppers. The bottom-line is to ensure that shoppers know the delivery costs as early as possible before they start the checkout process.

If you can't invest in a smart system that allows shoppers to enter their post-code upfront to get indicative delivery cost throughout the purchase process, at least make sure you are clear at what point delivery charges will be calculated.



**57%**

would likely abandon their cart if tracking was not offered.

### Lack of visibility

Shopping in-store has a physicality that gives shoppers a level of certainty about what they're getting and when. Delivery tracking provides a bit of that certainty in the online environment. Shoppers – especially those who are infrequent shoppers with you – get comfort in seeing an item as it journeys towards them. It eases some of those inherent concerns about will it get here and, if so, when?

Services like Uber have made full visibility a given for consumers, whether they are tracking their ride, their food or their deliveries. We recommend you offer tracking across all checkout options.



# In depth study Optimising your delivery strategy (continued)

Beyond delivery there are a few other key things that bug shoppers and could lead them to abandon a purchase.

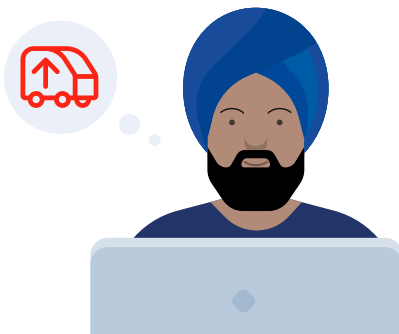


**57%**

would likely abandon their cart because the store did not offer free returns.

## No free returns

Nearly one in six online shoppers said they'd abandon a purchase if there wasn't an option to return a product that wasn't right. The number is about the same across all product categories and across any price point. It's particularly important to older shoppers, aged 60+. The option to return lets shoppers feel that there's less of a risk buying products 'sight unseen.' Shoppers prefer options that allow them to return a product to a local store and don't like being charged a restocking fee or having to pay for the return delivery themselves.



The key learnings are: make sure you offer returns, have your returns policy clearly visible on your website, and make it as easy as possible for shoppers to return an item.

We know returns create a cost and hassle for retailers so there's a couple of other learnings from this study that can help you manage the impacts:

- The research suggests little difference in abandonment rates between 30, 45 or 60 day returns, meaning you could minimise exposure by adopting 30 day returns.
- While shoppers do prefer free returns, our study suggests little change in abandonment rates across all price points if a small returns fee is charged.
- A possible middle ground is to offer free returns only on higher priced items or in exchange for joining up to a loyalty programme.



**76%**

would likely not check out if stock levels were inaccurate

## Poor stock management

Shoppers hate it when items are out of stock or the stock levels shown are inaccurate. This is particularly true for online shoppers aged 30-39. Disappointment may see them seek another retailer who has the item in stock.

Invest in good inventory management systems that accurately reflects real-time stock levels and also ensure shoppers have a clear and accurate understanding of current levels.



**77%**

would likely abandon their cart if the discount/promo code didn't work.

## Promo codes that don't work

Shoppers expect their discount or promotional code to work and have very little tolerance when it doesn't. This negative experience not only leads to a lost sale, but may also lead to them telling their friends about it. The dissatisfaction levels with misfiring promo codes is even higher with female shoppers and shoppers aged 30-39.

Our advice is to always test that your promo codes work, have clear expiration dates shown, provide clear reasons in your error messaging and make applying a promo code as easy as possible.



**66%**

would likely abandon their cart if their preferred payment method is not available.

## Lack of payment options

Online shopping is about convenience and shoppers want to pay their way. Having just online banking and credit card options may be too limiting for many of your shoppers.

Offer as many of the popular payment methods as it makes financial sense for your business. Some of the common alternatives include Buy Now Pay Later deferred payment options, PayPal, Apple Pay, Shop Pay and Google Pay. Ensure you clearly communicate the options early in the purchase process and be clear on any extra charges the shopper may incur.

# In depth study Optimising your delivery strategy (continued)

## 2. Optimal Delivery Pricing Strategies

Through the choice model we tested a number of delivery strategies and price points, showing us how shoppers react to the various changes. The focus was on understanding preferences and on how the different scenarios influenced cart abandonment. In this next section we share some of the learnings and the implications for you and your business.

### Shoppers think in absolutes

Let's start with a very simple overarching finding that may go against what you previously thought or what the marketing textbooks told you.

We looked at psychological pricing of delivery fees (e.g. \$4.99 vs \$5) and found no tangible difference in preferences or behaviours. This was largely consistent regardless of cart value and retail sector. So if 99 cent pricing on delivery makes no difference on shopper preferences and behaviours, it's ok to do whatever makes life easier for you.

### Shoppers are likely to spend more for free delivery

Here's some good news you can take to the bank. Most shoppers are likely to spend more to get free delivery. Around 4 out of 5 shoppers would be likely to spend 10% more to get free delivery. Consistently across all cart values and retail sectors.

As the additional payment percentage got higher we saw a decline in the percentage of shoppers who would spend more. For example, at 30% additional spend, around 70% would spend it. This decile was even more noticeable at higher cart values, given the higher dollar values involved. For carts over \$500, for example, only around 3 out of 5 shoppers would be likely to spend 30% more for free delivery.

Spending a higher percentage – say 20% more – for free delivery still found favour for lower-valued carts. Temu, who has many items priced below \$5, appears to use this strategy effectively with a '\$35 spend for free delivery' approach. Given the larger impact on total cost, free delivery is particularly important in categories where the average cart size is lower.

**~80%**  
of shoppers would likely spend  
10% more to get free delivery.



### What's the lesson here?

Firstly, free delivery is an effective tool for driving extra spend. The challenge is to implement it while balancing the financial impact. There's no single answer to this, as it depends on your product mix and audience locations, but here's a solid strategy to consider:

- Would setting your free delivery threshold at 10% higher than your average cart spend help increase your average spend per customer, and offset the cost of offering free delivery? Is your average cart size small enough that you could you set the threshold even higher?
- Consider having different strategies for different types of products. For example, free delivery on some items but a threshold for everything else.
- And of course, review your average cart size on a regular basis.

# In depth study Optimising your delivery strategy (continued)

## Shoppers are willing to pay for delivery

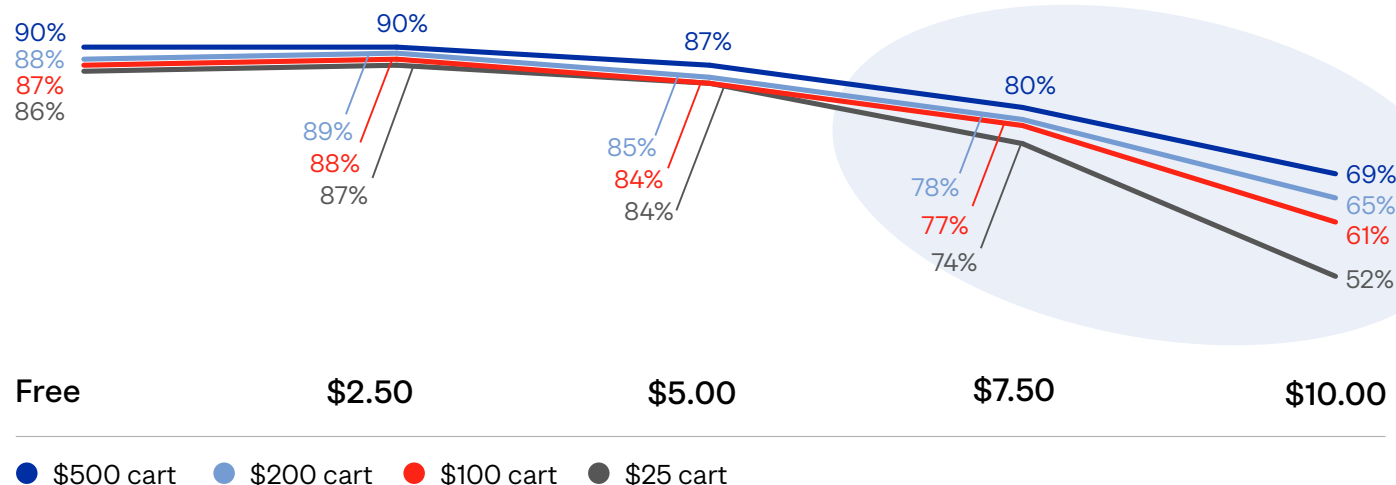
We asked shoppers the likelihood of completing a purchase based on different delivery price points. Free delivery works well for grabbing shoppers' attention, driving them to your store. If you offer it, then make sure you're letting shoppers know. However free delivery isn't a strategy all businesses can support. The research shows us that most shoppers are likely to tolerate a small delivery fee before abandoning their cart. The question is what is the level of delivery fee that balances margin with abandonment? The graph shows us the cart completion rate at different delivery price points and cart sizes.

Here's what the research told us about shopper preferences and behaviours at each of the indicative price points we showed them:

**\$2.50** Charging \$2.50 for delivery appears to have no real change in cart completion rates compared to free delivery. Nearly 90% of shoppers researched completed their purchase transaction, despite the delivery fee. This was largely consistent across price points and retail sectors.

**\$5.00** At this price point we saw a small decline in cart completion however around 85% of shoppers still went through with their purchase. A small drop off in completion rate, in exchange for a little extra revenue, may actually make better economic sense for some retailers.

Cart completion rates at various delivery price points



**\$7.50** At an indicative delivery cost of \$7.50, 2 in 10 surveyed shoppers abandon their purchase. The drop off is slightly higher for smaller cart sizes.

**\$10.00** At \$10 we saw more cart abandonment, especially for smaller cart sizes. This doesn't seem like a sustainable pricing option especially if shoppers can go elsewhere to buy the same product, at a similar price, with a lower delivery charge.



### Key insight

So what are the key learnings and implication for your delivery price strategy suggested by these findings:

- Delivery doesn't need to be free – shoppers are willing to tolerate a small fee.
- Charging a delivery fee around \$5 appears to have little impact on cart completion. At levels higher than this, it seems shoppers start to consider whether the extra delivery cost is worth completing the purchase.
- The amount that shoppers are willing to pay for delivery may be a little higher for higher value carts and a bit lower for smaller average cart sizes.

# In depth study Optimising your delivery strategy (continued)



## Shoppers are willing to pay extra for faster delivery

In general, speed isn't a major consideration for most shoppers, however they do like having options for faster delivery. One in three shoppers said they were willing to pay more for faster delivery. Shoppers under 40 years old are the most open to this, as they tend to have less patience, seek more instant gratification and want more control over how and when things happen. Male shoppers are also more likely to pay for faster delivery than female shoppers.

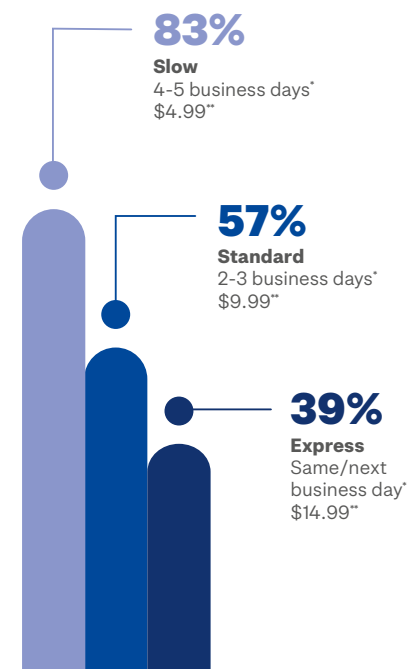
We set the base delivery time at 4-5 days from purchase and asked shoppers whether they would still complete a purchase at various price points for faster delivery. The graph illustrates this using a \$100 purchase in the Department and Variety category as an example.

We see the cart completion rate decline as the cost of faster delivery increases. At \$4.99 for 4-5 day delivery, more than 8 in 10 shoppers would likely complete their purchase. When the delivery fee doubles and the speed increases to 2-3 business days, just under 6 in 10 shoppers would still likely to go through with the purchase. Even at \$15 for same/next day delivery, nearly 40% of shoppers remain likely to complete the transaction. This suggests a relatively large group of shoppers is willing to pay for faster delivery when needed.

## Cart completion rates at various faster delivery price points

**Category:** Department & Variety

**Basket size:** \$100



\*Delivery Timeframe from Purchase

\*\*Dollar amounts referred to in this analysis are generated through the choice model simulation, and represent an example of what an online shopper would pay the retailer for delivery.

We also asked shoppers what they consider a fair additional price to pay, on top of regular delivery charges, for express and same-day evening delivery. More than two-thirds of shoppers said they would pay between \$5 and \$20 extra, suggesting that most shoppers are happy to pay a premium to get their delivery faster in certain situations or for certain products. Younger shoppers, under the age of 40, would likely pay even more than that.



## What are the implications for your business?

- Many shoppers want faster delivery sometimes and are willing to pay for it. Ensure you have faster delivery options. The research suggests that charging a little extra for faster delivery, should have little impact on whether a shopper proceeds with the purchase or not.
- While highly situational and category dependent, if shoppers need something even faster, like same day, they are willing to pay for it. Ensure you have this option available and don't be afraid to charge a premium for it.

# In depth study Optimising your delivery strategy (continued)

## Reassurance is important

We've already seen that shoppers need reassurance through the high importance they place on tracking. This also comes through when looking at what shoppers would pay for additional service like photo and signature on delivery.



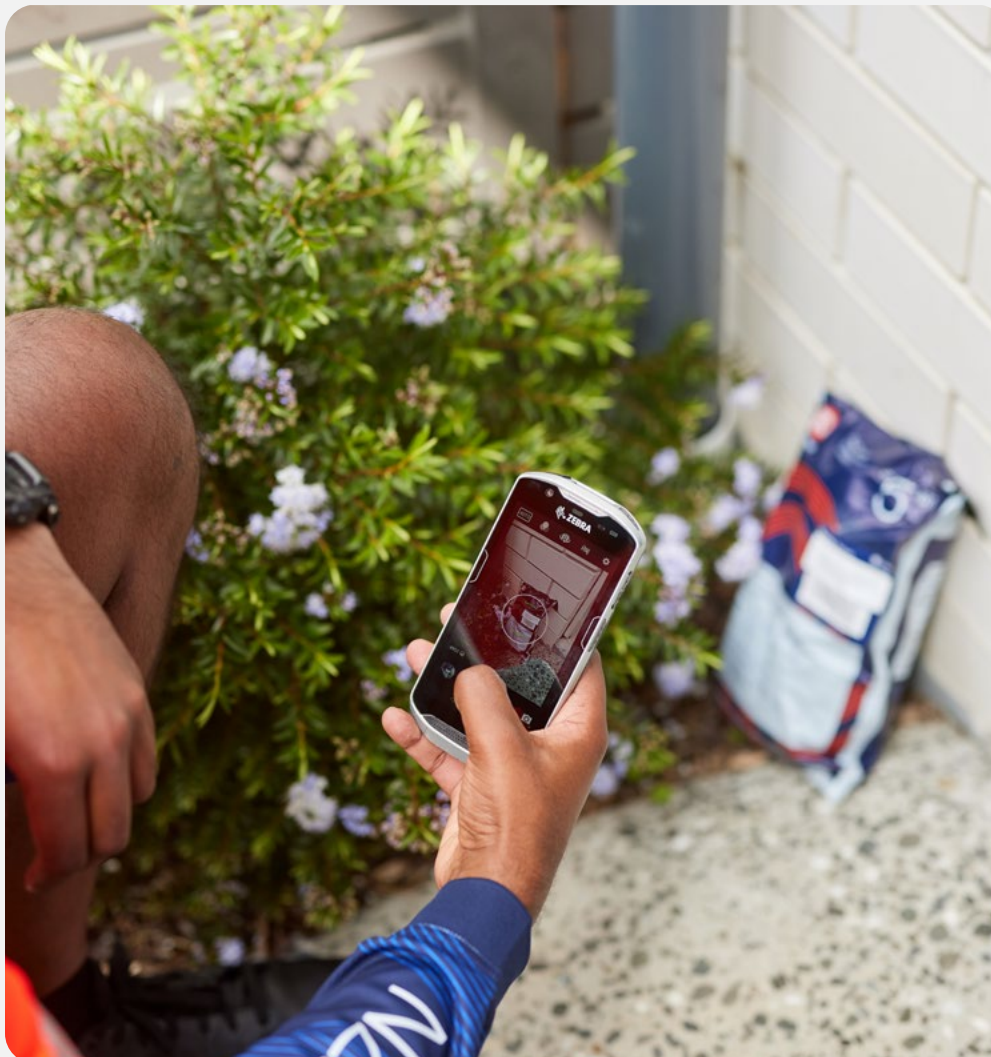
### Photo on delivery

We see very little difference in how shoppers respond at the checkout if the cost of photo on delivery is 25cents, 50cents, 75cents or \$1. Paying a dollar for the extra certainty a photo offers appears to be an investment some shoppers believe is worth making.



### Signature on delivery

Like photo on delivery we see little change in shopper checkout behaviour whether the price for this extra service is 25cents or \$1. We do start to see some decline as the additional cost moves towards \$2. Again, shoppers see paying up to a dollar for additional reassurance as worth it.



## What do these findings mean for you?

- Reassurance is important especially for those who aren't regular online shoppers or who haven't purchased from you before. Offering both signature and photo on delivery as an extra at the shopping cart, lets shoppers self-select the level of assurance they need.
- It appears charging a small fee for each service will have little impact on whether shoppers select this option or not.



## In depth study Optimising your delivery strategy (continued)

### 3. The preferences of your most valuable customers

Having gone through the findings of the choice model, we extracted the data for the top third of shoppers. This group of Frequent Shoppers claim to be purchasing online around 16 times a month, resulting in an average online spend of about \$680 per month. These are clearly the shoppers all retailers would love to have as regular customers, so let's have a look at what matters to them and how to deliver it.

Frequent Shoppers are most likely to be aged 18-39 years. They spend more than the average shopper across all sectors, and in some cases, a whole lot more. For example, in Homewares, appliances and electronics, Frequent Shoppers claimed they spent around \$1,000 per annum whereas the average shopper spent less than \$400. According to them, the retail categories they most frequent are: department stores, online marketplaces, clothing & footwear, health & beauty, and homewares & electronics.



#### Key things you should know about Frequent Shoppers' preferences and behaviours:

- They have a very strong affiliation with free delivery and actively look for it – 93% look for free delivery when online shopping.
- 7 out of 10 are likely to join a loyalty programme if it gives them free delivery.
- They are also nearly one-and-a-half times more likely to pay for faster delivery than the average shopper.
- They have higher expectations for a seamless shopping experience than the average shopper. Their baseline expectations include having multiple delivery and payment options, tracking and free returns.
- They have significantly higher levels of frustration with delivery costs being calculated at the checkout – they expect to know the cost way earlier.
- And finally, they don't love their orders being split and arriving as multiple parcels. This is a slight contradiction because they also want things to get to them as fast as possible! Bottom line, they expect things to arrive all at once and fast.

#### Six key strategies that could help you meet Frequent Shopper needs while still protecting margins:



1. Offer **free delivery through loyalty programmes** or **higher spend thresholds** to drive repeat business while protecting margins.



2. Provide **faster delivery options** and charge a modest premium for them. Bundle faster delivery into premium membership tiers or offer timed promos.



3. Include **free delivery in your search terms and promotional strategies** to help shoppers find you and include you in their consideration list.



4. Ensure a **seamless shopping experience** with accurate stock levels, tracking, multiple payment methods, and simple return processes.



5. Show **estimated delivery costs early**, ideally on product pages or as soon as an item is added to cart. In the case of a flat rate – show it on the homepage.



6. **Avoid split deliveries** where possible or clearly communicate when and why orders will arrive in multiple parcels. Let them make the choice of waiting longer for one parcel.

# In depth study Optimising your delivery strategy (continued)

## 4. Turning insights into action

With delivery playing such a major role in cart completion and customer satisfaction, getting your delivery pricing strategy right is essential. Based on what shoppers told us in this study, this section summarises the practical tips and strategies to consider in order to strike the right balance between shopper experience and economics for your business.

### Use free delivery to lift spend

Free delivery is still the top driver for completing a purchase and most shoppers are willing to spend more to get it.

- Consider setting your free delivery threshold just above your average cart size (e.g. 10% higher).
- Review your average cart size regularly and look at opportunities to set the threshold at different levels for different types of products.
- Offer free delivery through loyalty programmes, creating a win-win for acquisition and retention.

### Don't fear charging a delivery fee

While free is preferred by shoppers and proven to grab their attention, low-cost delivery won't derail a sale.

- We see that charging a small delivery fee, like \$2.50, has virtually no impact on completion rates. Even \$5 holds strong across most cart values and sectors.
- Once delivery fees go beyond around \$5, especially for lower-value carts, abandonment starts to rise.
- Shoppers think in absolutes, so round figures like \$5 work just as well as \$4.99 and they're easier to manage operationally.

### Be upfront and transparent

Cart abandonment increases when shoppers are surprised by fees or unclear delivery details.

- Show delivery costs and stock availability early - ideally on product pages or as items are added to the cart.
- If you can't provide real-time pricing by shoppers entering their postcode upfront, at least flag when and how fees will be calculated.

### Offer faster options and charge for them

Most shoppers are happy with standard delivery, but when they need speed, they're willing to pay for it.

- An additional charge of up to \$5 for fast delivery is likely to have minimal impact on cart completion.
- A same-day or evening delivery option can command a premium especially for urgent or niche products.

### Build in reassurance

Tracking and delivery confirmation give shoppers confidence.

- Always offer tracking – it's a basic expectation for shoppers now.
- Provide an ETA which includes both the processing and delivery timeframes.
- Optional extras like photo or signature on delivery are valued by shoppers and charging a small fee shouldn't deter conversion.

### Make returns easy

Returns are part of the experience so make them easy and visible.

- A 30-day window is enough; longer periods don't appear to change behaviour.
- While shoppers prefer free returns, small fees are still acceptable, especially on lower-value items.



### In summary, delivery matters.

Delivery is a critical part of your customer experience so it should support, rather than undermine, all the effort you've put into getting a shopper to checkout. That doesn't mean you need to offer delivery for free. Get your delivery options and pricing strategies right and you'll build trust, increase average spend, and boost repeat purchases, while also adding to your bottom line. We hope the findings of this study help you achieve all of this, and more.



For details of the methodology used for this study please refer to page 38.

# The Retailers' Perspective



In this section we hear from 250 online retailers about how the last year has been, how they've responded to the conditions and to changing shopper expectations.

We also explore their expectations for the year ahead and the things they are prioritising.

# Business performance in 2024, and what drove it

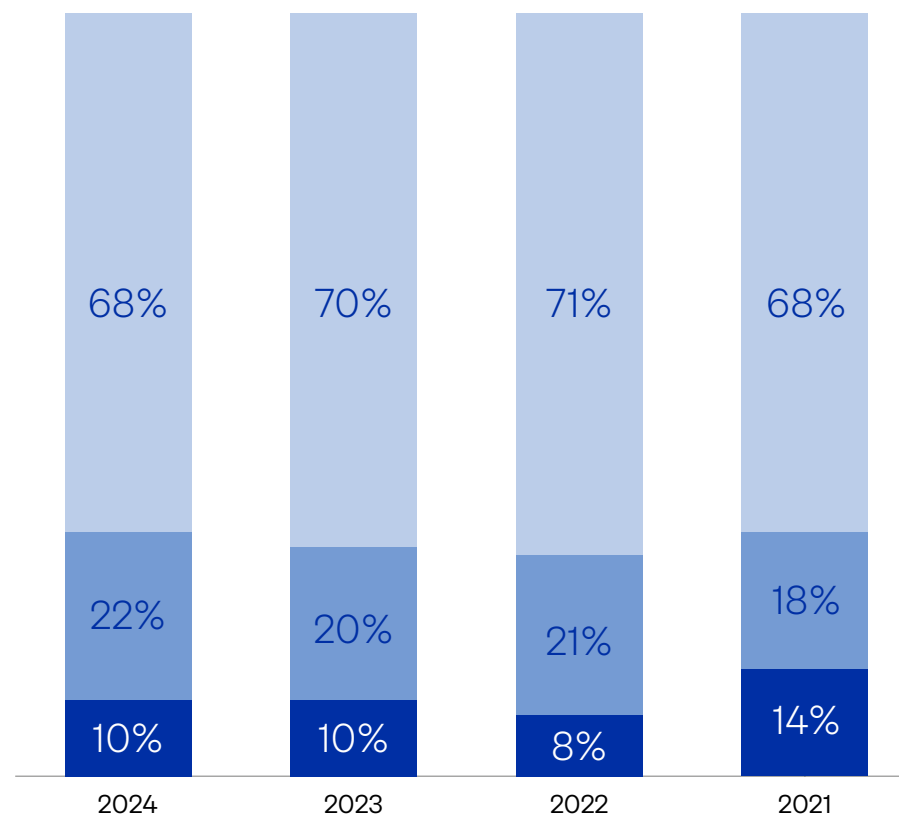
In what many commentators have called one of the toughest years for retail businesses, it may come as a surprise that nearly 70% of retailers in our dedicated retailer survey told us that their overall business performance in 2024 was better than the year before. It would appear that retailers developed a good understanding of the conditions, and shoppers' expectations, and were able to adjust their focus accordingly to succeed.

Looking specifically at the online side of their business, two-thirds told us that had a better result than the year before, slightly down on what we've seen in the last few years. 10% had a worse year than the year before, in line with the previous year. Some years we see a difference in these numbers between those businesses that are online only compared to those that have online and a physical store. This year there was no notable difference between the two. It appears the conditions were equally difficult for all online retailers.

Retailers had to work extra hard for their success though, amidst a cost-of-living crisis, which saw shoppers adjusted their spending patterns. Retailers responded accordingly, thinking hard about their product range, pricing, marketing programmes and what they needed to do to retain and grow existing customers.

Many retailers found themselves running promotion after promotion – beyond the traditional holiday sales and event days – just to ensure cashflow was coming in to pay rent, wages and other bills. The effort seems to have paid off, with well over a quarter of retailers telling us that promotions were a key driver of their revenue growth in 2024. These promotions drove both new customer acquisition and additional spend from existing customers.

Online revenue in the last year



- Our online revenue was higher vs last year
- Our online revenue was about the same
- Our online revenue was lower vs last year



# Business performance in 2024, and what drove it (continued)

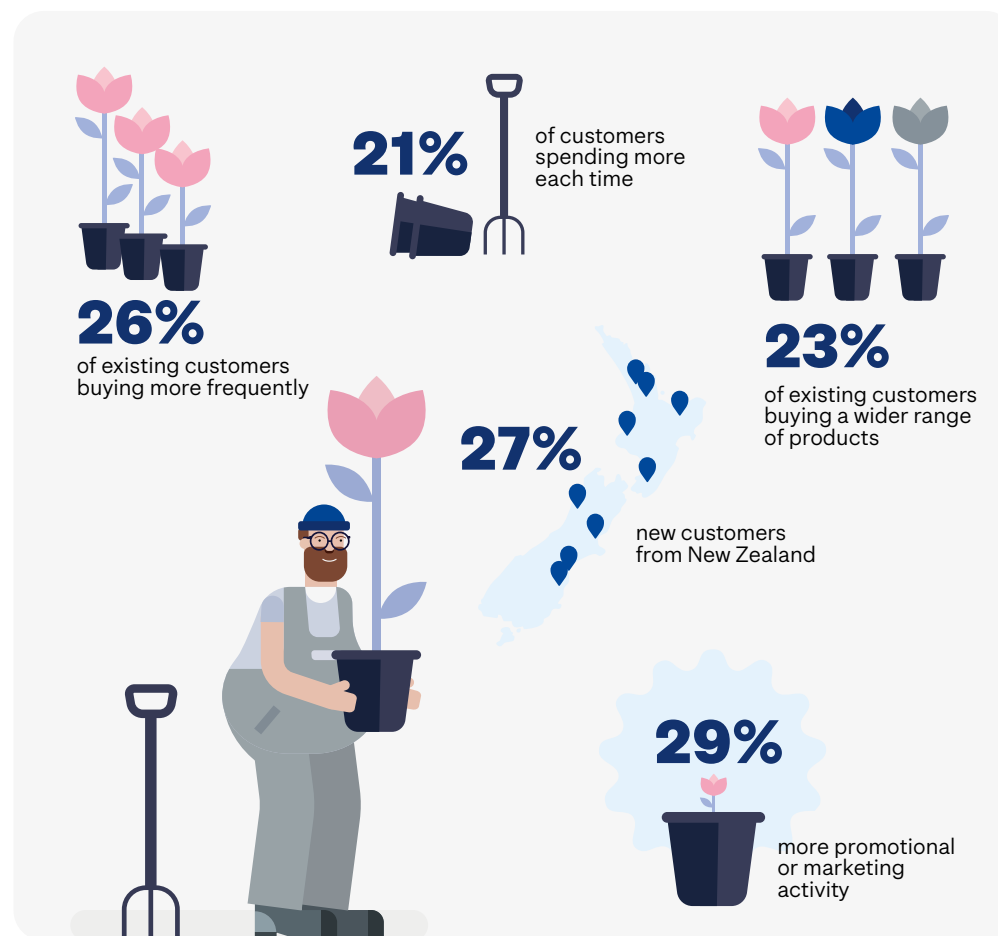
On the other side, those retailers who saw their revenue decline over the last year mostly attributed it to increased costs and existing customers buying less often and/or spending less each time. One of the key features of online shopping in 2024 was the sharp growth of big low-cost, high-volume global players like Temu, enticing customers with low prices and ongoing promotions. Despite that, less than 6% of retailers indicated that increased competition was a key reason for their revenue decline.

## How retailers adapted to the conditions in 2024

With tougher economic conditions seeing shoppers tighten their belt in 2024, we saw retailers make changes to their business model.

- Most changes were to drive revenue, to retain and grow existing customers and to attract new ones. These included pricing promotions, additional advertising and a building a stronger presence.
- Many retailers focused on delivering a better customer experience. This included aspects like additional pricing and delivery options and special loyalty offers.
- A number of retailers looked at a wider product range and/or additional overseas markets to attract new audiences.
- And right across the board, retailers looked at operating changes that not only drove cost savings and reduced their risks but made their business more sustainable.

## What drove online revenue growth in 2024



## Key insight

Retailers who did well in 2024 tried new things, tracked the results, and kept adapting. Not everything will hit the mark, but that's OK. Keep experimenting with offers, channels, and messages. Embrace simple AI tools that analyse your results and give you smart insights about what's working, and what to drop.



# What retailers think is important to shoppers

Every year we seek to understand what retailers think shoppers are looking for. We then compare that to what shoppers told us to identify gaps and opportunities for retailers to better deliver on customer expectations.

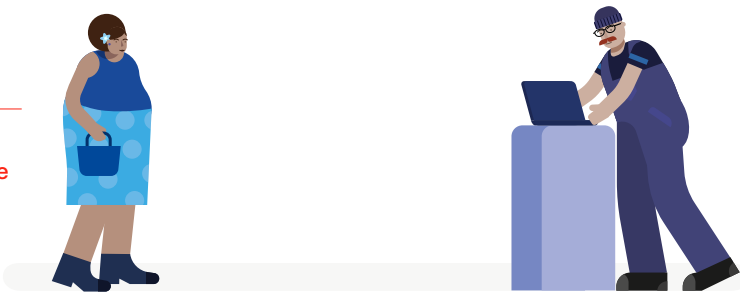










## Maximising value

Let’s start with what retailers perceive that shoppers do to maximise the value of their purchase. Fortunately, the way shoppers and retailers see things are mostly aligned. Retailers understand that shoppers are largely choosing to buy when things are on sale and they are open to finding alternative products and retailers. A couple of noticeable differences for retailers to consider:

- Shoppers are more open to paying more for quality than retailers think. They understand that quality is more likely to deliver longer term value;
- Retailers think that shoppers place more value of choosing local to receive value than shoppers actually do. The rise of international shopping in many categories is testimony to this; and
- Retailers feel shoppers are more open to buying in bulk to get a discount or free shipping. We explore the what, when and how that makes shoppers spend more for free shipping in our in-depth **Optimising your delivery strategy** study.

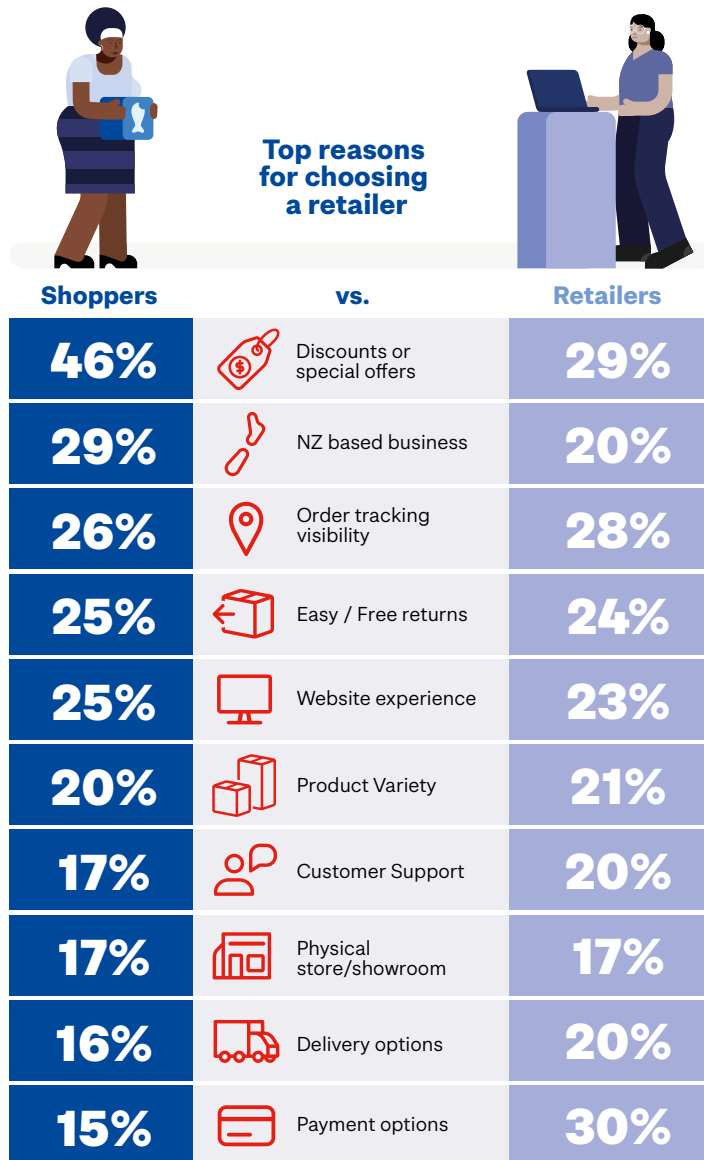
Comparing what shoppers do to maximise value with what retailers think they do



| Shoppers | vs.  | Retailers |
|----------|--|-----------|
| 63%      |  Buying items when they are on sale/discounted      | 41%       |
| 42%      |  Looking for cheaper alternative retailers          | 35%       |
| 26%      |  Looking for cheaper alternative products           | 28%       |
| 24%      |  Choosing higher quality                            | 20%       |
| 23%      |  Seeking frequent/loyalty rewards                 | 28%       |
| 22%      |  Buying in bulk to get discounts or free delivery | 30%       |
| 16%      |  Choosing local products                          | 23%       |
| 10%      |  Buying smaller quantities to reduce costs        | 18%       |

# What retailers think is important to shoppers (continued)

Comparing what shoppers prioritise in choosing a retailer with what retailers think they do



## Choosing a retailer

We also asked retailers what they think shoppers rate as the most important factors in choosing a retailer. Retailers clearly understand that shoppers are looking for discounts and specials, though they may not have fully grasped just how important these are for shoppers. Other comparison points of note include:

- Retailers rate having multiple payment options like Buy Now Pay Later, Apple and Google Pay as the thing shoppers want the most – even more than discounts and special offers. Shoppers however had this at the 10th top reasons – more of an added extra rather than a reason to choose a specific retailer.
- Shoppers rated NZ-based businesses as their second highest priority however retailers saw this as ninth highest priority. This may suggest opportunities for retailers to highlight local stock availability and quick delivery to tell a stronger local story to attract new shoppers.
- Pleasing to see order tracking visibility and easy/free returns rise up in what retailers think shoppers want. In recent years we've seen shoppers prioritise these highly, with retailers not placing as much importance on them.

- Finally, sustainable business practices, like eco-friendly packaging, carbon offsets and independent certification, didn't make the top ten for either shoppers or retailers. For many shoppers these are just everyday business essentials rather than extra factors that would make one retailer more attractive over another. For some shoppers and retailers, the tough economic conditions have meant they haven't been able to prioritise sustainable practices, even if they wanted to. We explore this a little further in our in-depth look at **Sustainability in tough conditions**.



## Key insight

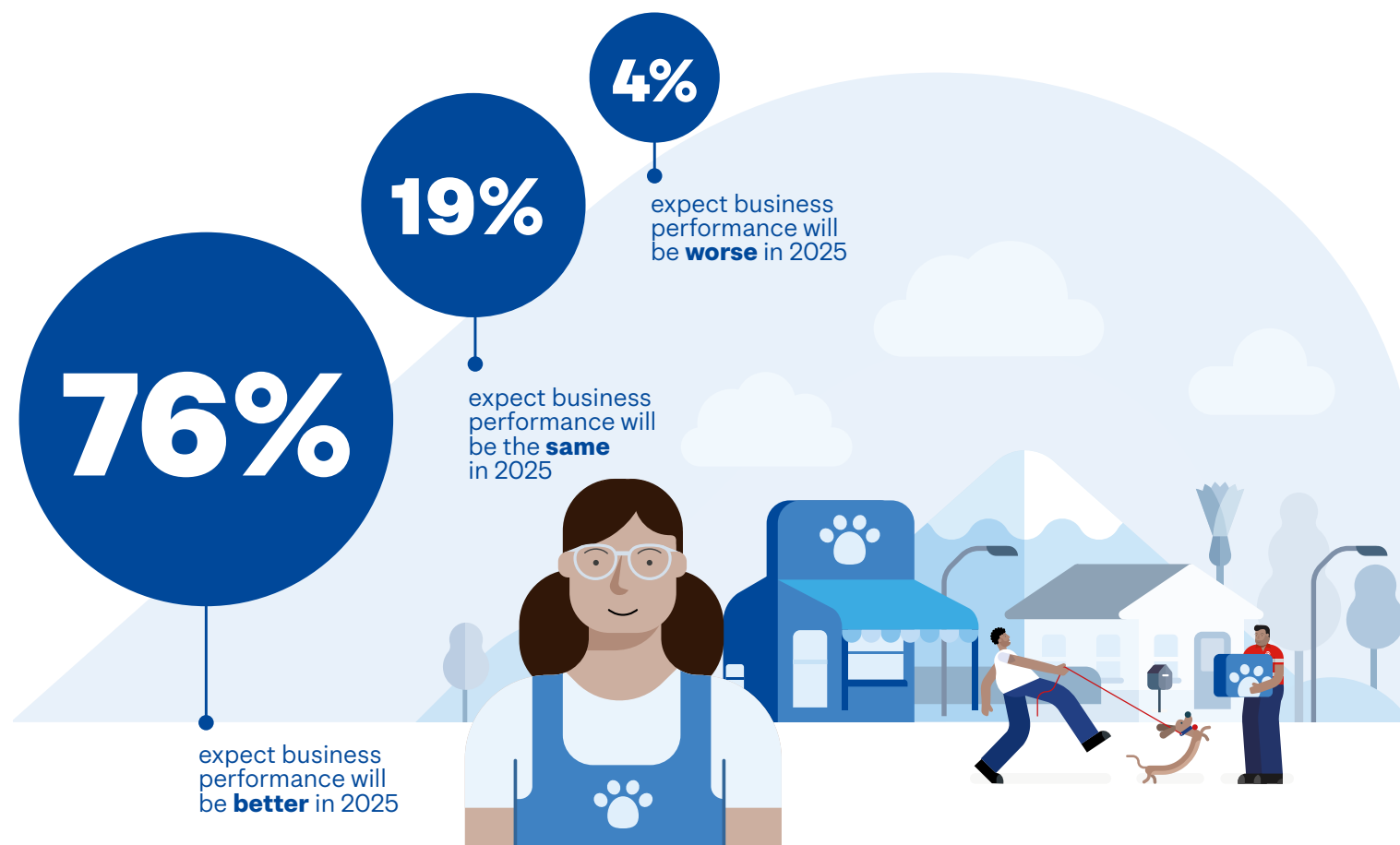
Think you know what your customers want? Ask them anyway. Quick post-purchase surveys, pop-ups on your website, or even a friendly follow-up email can give you valuable insights. Most customers love to be asked, and when you show you're listening, they're more likely to stick around.

# Expectations and priorities for 2025

In contrast to shoppers who are expecting more of the same in 2025, retailers are feeling a lot more positive about the year ahead. Over 70% believe that general business conditions in New Zealand will improve in the next 12 months.

Three quarters of retailers told us that they expect 2025 will deliver better business performance results for them. While for some this may merely be a wish for better times following a few tough years, for many it's a reflection of the enhancements they've made to their business this year. These range from cutting costs, offering new products, moving into new markets, increasing their marketing effectiveness and driving an improved customer experience through more payment and delivery options.

## Business performance in 2025 compared to 2024



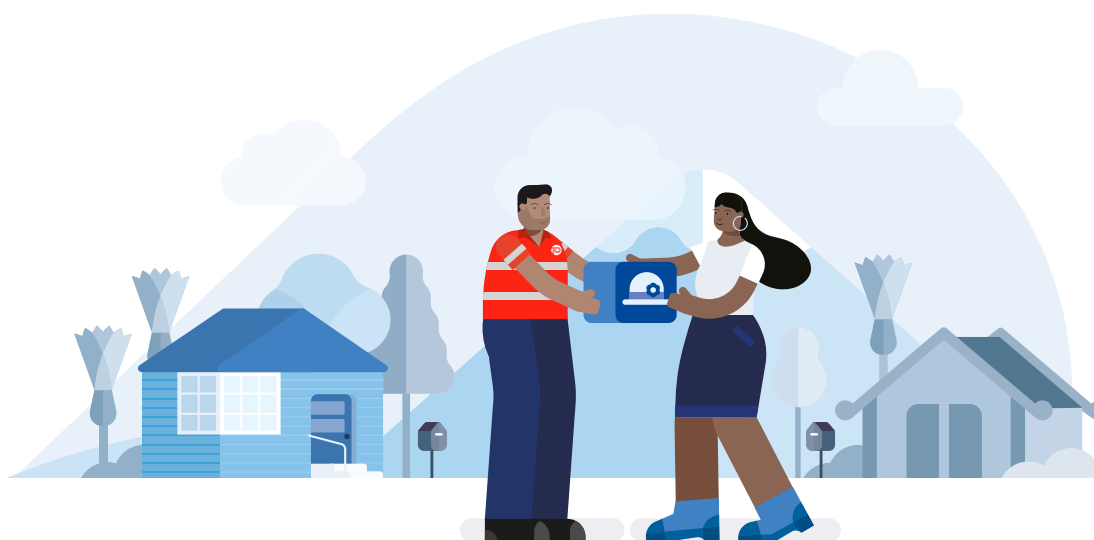
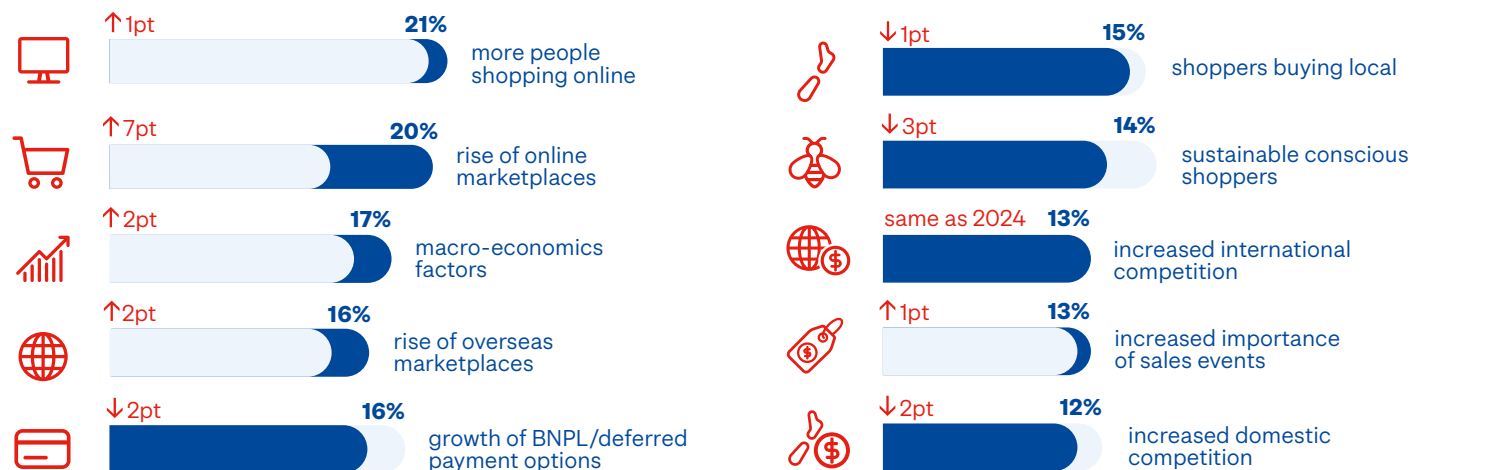
# Expectations and priorities for 2025 (continued)

## What retailers are watching out for

While retailers as a whole are optimistic about the year ahead, there is still a large number of things they are keeping a watchful eye on, beyond the economic conditions. These important factors are a little different to what they were a year ago.

Retailers are definitely feeling things are increasingly more competitive out there, with the growth of marketplaces, including international eCommerce platforms, able to offer the lower prices and alternative product options that shoppers are looking for. This big global competitive market is further reinforced by declines in perceived local competition and shoppers choosing to buy local.

## Important factors retailers are watching out for in 2025



# Expectations and priorities for 2025 (continued)

## What actions retailers are prioritising

Like the changing factors that retailers are watching out for, the actions they are prioritising are also shifting.

Last year priorities reflected the survival mentality that has been prevalent in recent years with factors like cost savings, supply chain efficiencies and maintaining profitability dominating what retailers planned to do. 2025's priorities feel more growth orientated, reflecting retailers' optimism, and offering an overarching sense of investing in the business to achieve more in the future.

Improving the customer experience has moved to the top of the list, underpinned by key priorities like finding new customers and growing sales from existing customers. Other priorities like website and technology improvements and wider product and delivery options also support the overall focus on improving the customer experience.

## The key actions retailers say they are prioritising:

**28%**

Improving the customer experience

**25%**

Finding new customers

**24%**

Website / technology improvements

**23%**

Growing sales from existing customers

**23%**

Cost efficiency and saving money

**23%**

Offering wider product range

**19%**

Maintaining/increasing profitability

**18%**

Improving supply chain efficiency

**16%**

Providing more delivery options

**16%**

Improving sustainable business practices



## Key insight

If 2025 turns out to be a busier year, will your business be ready? Think about the systems, people or partners you'll need to scale. And look further ahead. Customers' expectations will continue to rise around things like sustainability, delivery, and omnichannel. Start laying the groundwork now for success beyond the year ahead.



# Enhancing shoppers' cross-channel experiences

Shoppers are moving seamlessly from an online world into the physical in-store world, using different channels for different transactions and sometimes even within the same purchase. Are retailers moving just as smoothly between the two?

36% of online retailers say they have no plans to respond to this channel shift. While this is still a large proportion of retailers ignoring the omnichannel phenomenon, we have seen it come down from 60% two years ago to 43% last year and down again this year.

The area we are seeing positive change is more online retailers stocking, or considering stocking, their products (on consignment) in physical stores. This helps build their brand, hopefully driving the customer to buy the product direct from their online store next time.

## Omnichannel actions from retailers with online presence only

**34%**

We're looking to stock our products in a store  
↑ 12pt on 2024

**20%**

We're looking at opening a physical store (long-term lease)  
↓ 1pt on 2024

**18%**

We're looking at opening up a pop-up/temporary store  
No change on 2024

**36%**

We have no plans around an omnichannel/physical store channel  
↓ 7pt on 2024

Retailers who have both an online and physical presence are more advanced in their omnichannel thinking, using each channel to improve the user experience in the other channel. Online they are promoting click and collect and easy returns to local stores. Many larger retailers are also using local stores to fill local online orders, supporting faster and cheaper delivery.

Retailers are also embracing opportunities to use their online store to improve the instore experience, including displaying instore stock levels and locations online, and providing QR codes on the shelf allowing shoppers to access product information and reviews through their mobile devices. We also see an indicative increase in stores offering a 'buy in-store and 'we'll deliver it' service, replicating the convenience of online shopping.



## Omnichannel actions from retailers with online and physical presence

**39%**

Allow shoppers to order in-store and we deliver to their home  
↑ 5pt on 2024

**35%**

We make it easier to locate items in-store through our app or website  
No change on 2024

**32%**

We make it easier for shoppers to look up product info online when in store  
↓ 3pt on 2024

**32%**

We list in-store stock locations and availability online  
↑ 4pt on 2024

**32%**

We offer in-store exchange/returns for items purchased online  
↑ 1pt on 2024

## In depth study

# Sustainability in a tough economy

2025 Sustainability Study

In the economic environment of the last few years we've seen some shoppers forced to compromise their preferred, more sustainable choices, for cost-effective alternatives.

Implementing more sustainable processes and options, while also being community minded, can add an additional cost to retailers, so if shoppers aren't prioritising it as much, can retailers reduce their focus on it as well?

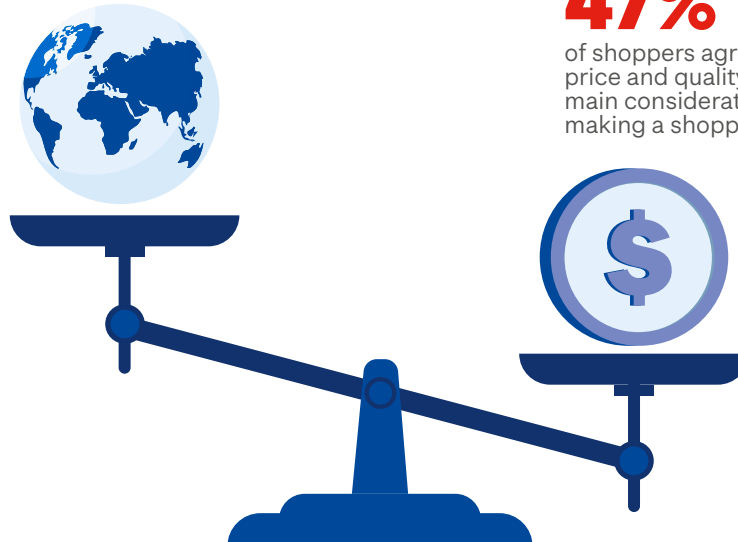
Our dedicated annual Sustainability Survey tells us that shoppers still care about sustainability and nearly two-thirds have already made a positive change to reduce their impact on the planet. This includes choosing local and sustainable retailers when they can. The economic environment however means many have had to give greater priority to cheaper, less sustainable, options.

Being a sustainable retailer still matters to shoppers and will no doubt become even more important to them when they have the financial freedom to once again make more sustainable choices. In a highly competitive environment, where many retailers are having to compete on price, sustainability can offer a clear competitive advantage. While retailers can achieve this advantage by offering more sustainable options like sustainable products,

packaging and delivery options, the best way to leverage this advantage is to highlight your story. Focus on your philosophy and your sustainable practices especially in sourcing products, in dealing with workers and suppliers and how you manage waste. Actively choose partners with strong sustainability credentials to make your story even stronger.

**32%**

would choose the most sustainable product or service, even if it costs more.



**65%**

of shoppers have made a change to their lifestyle or behaviours to reduce the impact of climate change.

**47%**

of shoppers agreed that price and quality were the main considerations in making a shopping decision.

Asked about changing a shopping habit to make a positive contribution to the environment:

- **1 in 5** shoppers would bundle their orders more to reduce the number of deliveries,
- **4 out of 5** shoppers would choose a local store instead of an overseas retailer.
- **4 out of 5** would choose a slower delivery option which was more sustainable.
- **4 out of 5** would actively buy from stores that show clear environmental actions.

**67%**

of shoppers buy local Kiwi products as often as they can rather than buying from overseas because it's a more sustainable choice.



For details of the methodology used in this study refer to page 38.

# 5 ways to drive your growth in 2025

We've given you plenty of insights and now it's time to get practical.

Based on what shoppers told us (and what the most successful retailers are doing), here are five things you should focus on this year to make customers happy and to grow your online business.



## 1. Give your customers what they value

Yes, price still matters but it's not the whole story. Let's be honest, competing head-on with low-cost global giants like Temu and Amazon on price alone is a hard road. Your strength lies in offering something they can't, like personalised service, local trust, and a connection to your customers that make them feel like a VIP.

### So, what can you do?

- Tell the story behind your products, especially if they're made locally, sustainably, or are built to last.
- Offer value in other ways like loyalty offers, bundles, or helpful service that makes people want to come back.
- Don't just focus on being the cheapest, focus on being worth it.



## 2. Get your delivery offer working harder

Delivery is still one of the biggest deal-makers or breakers. Our Value of Delivery research shows shoppers will happily spend a bit more to get the delivery experience they want.

### Here's where to start:

- Offer a mix of delivery options, some fast, some affordable, some with reassurance like proof of delivery.
- Make incremental changes to your pricing strategy, then review and refine. Not every change needs to be revolutionary, small changes can deliver a big cumulative benefit over time.
- Be upfront about delivery costs as shoppers hate surprises at checkout.
- Use smart prompts like "Spend \$X more for free shipping" to increase cart size.
- And remember: small delivery fees, generally won't change whether a customer buys or not.



## 3. Make shopping with you easy

Online shoppers can be impatient. If something's unclear, confusing or clunky, they'll go where it's easier.

### Quick wins include:

- Keep your stock levels accurate and visible.
- Make your returns process simple and fair, charging a small fee is OK if it's all explained upfront.
- Offer flexible payment options, removing one of the barriers to shoppers hitting 'buy now'.
- Make tracking easy and give shoppers visibility at every step as their purchase journeys towards them.

## 5 ways to drive your growth in 2025 (continued)



### 4. Join the dots between online and in-store

Shoppers don't think in channels, they just want what works for them. Even if you're an online-only store, you can still deliver some of those real-world benefits.

#### A few ideas:

- Optimise for mobile. More shoppers are researching, and buying, on their phones.
- Offer click & collect, from your store, showroom or warehouse.
- Add live chat or virtual try-ons to help with decision making.
- If you have a local presence, use it. Highlight your local delivery speed, returns options, or in-store experience.



### 5. Shift from survival mode to growth mode

Last year was about hanging in there. This year, it's about pushing forward. Retailers who are investing in better experiences, smarter marketing and broader product offers are setting themselves up to win.

#### Think about:

- Attracting new customers. Don't wait for them to find you.
- Turning occasional shoppers into regulars.
- Tweaking your website and tech so your store is faster, smoother and easier to use.
- Teaming up with other brands or testing new channels to find fresh growth.



At the end of the day, it's all about knowing what your customers value and finding smart ways to deliver it. Focus on these five areas and you'll be in great shape to grow your business in 2025. We look forward to being there with you, every step of the way.

# Helping you grow your online business



## Quick tip

# 9%

That's how likely your customers are to purchase from you if their parcel is delivered by NZ Post, compared to other brands.

Source: Can delivery experience give our customers a competitive advantage? TRA, November 2023

We help convert your customers into loyal fans by delivering the flexibility, innovation and visibility your customers expect every day. We continually invest in understanding the behaviours and preferences of your customers to ensure they keep coming back to you time and time again.

Combine this with our focus on building a strong network and a sustainable future for Aotearoa New Zealand, and you've got the best delivery experience for you and your customers.

Leading products are enabled by integrated technology solutions and support, helping retailers to deliver a faster and more accurate end-to-end customer experience, with less effort.



## Sustainability

### Choose a better tomorrow

We have a part to play when it comes to building a better future. We hold ourselves accountable by being transparent about our progress and we know that our actions impact your business, so we hunt for solutions that collectively help us reduce our carbon emissions.



## Reach

### Reliable reach more customers, locally and globally

Having the most extensive network in the country means we can reliably deliver to the greatest number of New Zealand homes and businesses. Our ongoing investment in resilience and scale means more of your products will reach more of your customers, locally and globally. And, we will continue to build the infrastructure required to meet your end-to-end delivery needs into the future.



## Visibility

### Keep customers happy with superior delivery visibility

Keeping your customers in the loop enhances their perception of your brand. Research clearly shows that good visibility throughout the delivery process has a huge impact on the overall customer experience. That's why we've invested in a fully integrated suite of superior visibility solutions. We're connecting your brand to the best possible delivery experience for your customers.



## Insights

### Rich insights to help you grow business

Understanding the behaviours and expectations of your customers keeps us ahead of their needs. We regularly source and share independent market research and trend analysis of the eCommerce landscape, innovations and the evolving preference of your customers.

Together, we can deliver what your customers really want.



## Choice

### Give your customer choices that suit them

Your customers choose delivery experiences to suit their various lifestyles. We invest in understanding the evolving preferences of your customers to ensure we deliver directly to their needs. Combined with continuous innovation our product and services provide you and your customers with choice and flexibility.

## Talk to us about how we can help

Email [businessenquiries@nzpost.co.nz](mailto:businessenquiries@nzpost.co.nz) | Visit [nzpost.co.nz/business](https://nzpost.co.nz/business) | Or talk to your NZ Post Account Manager.

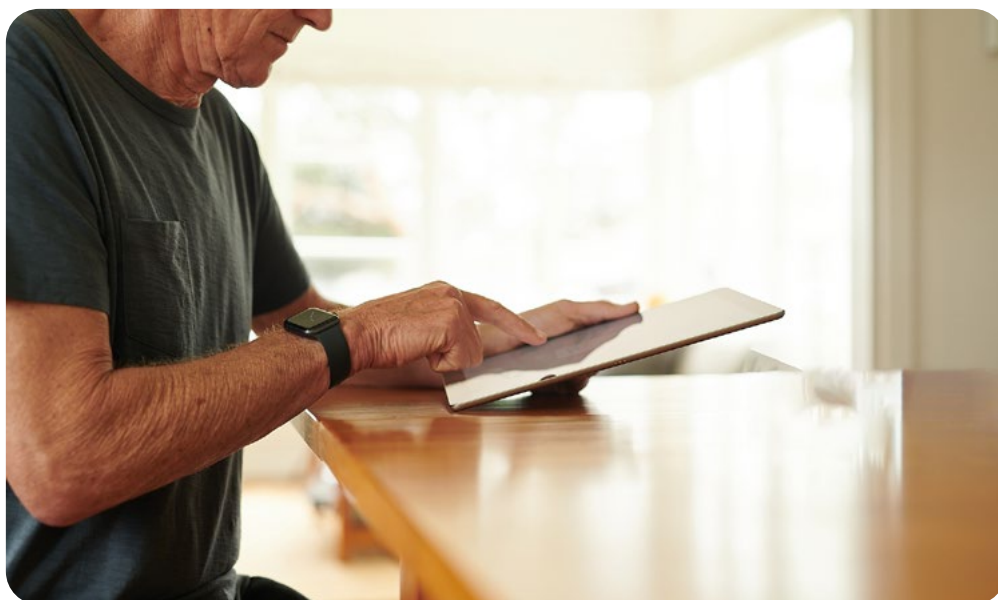




# Research methodology

## Global Study – IPC Cross-border Ecommerce Shopper Survey – New Zealand report

- Conducted online in September 2024 in 37 countries including New Zealand.
- New Zealand Sample size: 1,035 respondents in NZ and 196 responses from global consumers who bought from New Zealand. Frequent cross-border online shoppers, who have bought physical goods online at least once in the last three months and have made a cross-border online purchase in the past year. Quotas were applied to get an even gender split and representative age sample.



## Online shopper survey

- Conducted online in February 2025.
- A mix of 600 shoppers with varied frequency of online shopping, excluding those who didn't shop online regularly. Respondents bought a range of categories including homeware, appliances & consumer electronics; clothing and footwear; department stores; entertainment and books; food and groceries; health, beauty, and personal care products.
- Maximum margin of error is  $\pm 4\%$  with 95% confidence level.

## Optimising your delivery strategy research

- Conducted online in March/April 2025.
- 1,000 participants, who made an online purchase in the last 3 months.
- Weighted by age, gender and region to align with NZ population.
- After providing answers to general questions, respondents were directed to a choice model. They were shown 12 check out carts, each with 3 delivery options.
- After shoppers chose their preferred option, they were asked to rate the likelihood of completing that option.

## Retailer survey

- Conducted online in February 2025.
- A mix of 250 retailers in different roles including business owners, senior management, sales and marketing, and eCommerce professionals.
- A mix of B2B and B2C businesses across multiple sectors, including those that sell through both physical and online channels, as well as businesses that only sell online.
- Maximum margin of error is  $\pm 6.8\%$  with 95% confidence level.

## Sustainability study

- Conducted online in December 2024.
- 597 parcel receivers or sender.
- National representation of ages, gender and region.
- Maximum margin of error is  $\pm 4.5\%$ .

## Acknowledgments

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