



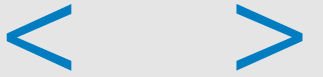
DESCARTES™

## 2021 ECOMMERCE FULFILLMENT BENCHMARK SURVEY

- Strategies and Tactics of Hyper-Growth & Top-Performing Companies

SEE THE SURVEY RESULTS >

# About the Survey



In late 2020 and early 2021, Descartes conducted a benchmark survey of companies with ecommerce fulfillment operations to identify the strategies, tactics and technology thinking of top performers.

Survey participants represented a wide range of industry leaders including Descartes customers and followers, trade association members and industry publications readers to provide a balanced view of ecommerce fulfillment.

This benchmark survey:

- identifies key economic, industry and market developments making the greatest impact
- examines challenges and strategic changes related to COVID-19
- explores how companies view the strategic role of ecommerce fulfillment
- uncovers which logistics strategies provide the most competitive differentiation
- provides the outlook for future IT investment



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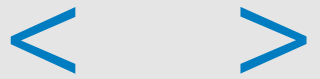
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# Who We Surveyed

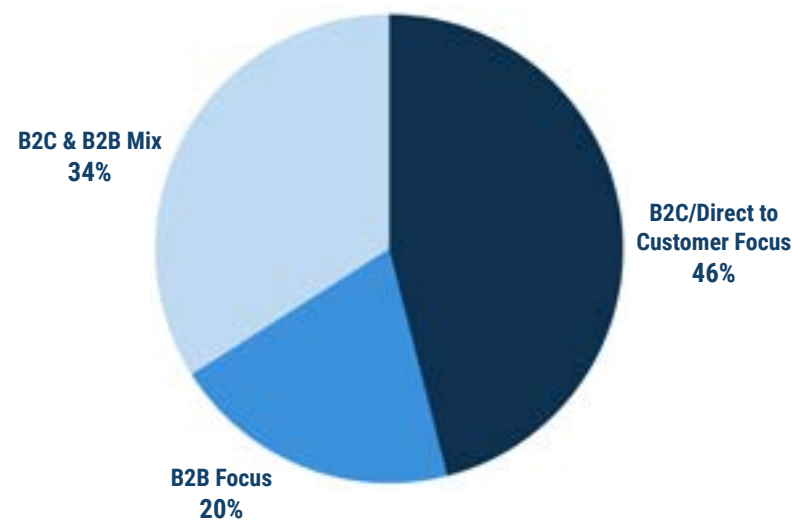


The 235 survey respondents represent a wide variety of industries with operations in Europe (54%), North America (42%) and Australia/New Zealand (4%). Here's a quick snapshot of the participant demographics based on target groups, industries served, transportation modes and shipment volume.

## A mix of target groups represented

- The largest group of respondents (46%) cited a focus on B2C/ Direct to Consumer fulfillment, over twice the number reporting a B2B focus (20%).
- A mix of B2C and B2B targets was the #2 response with 34%.

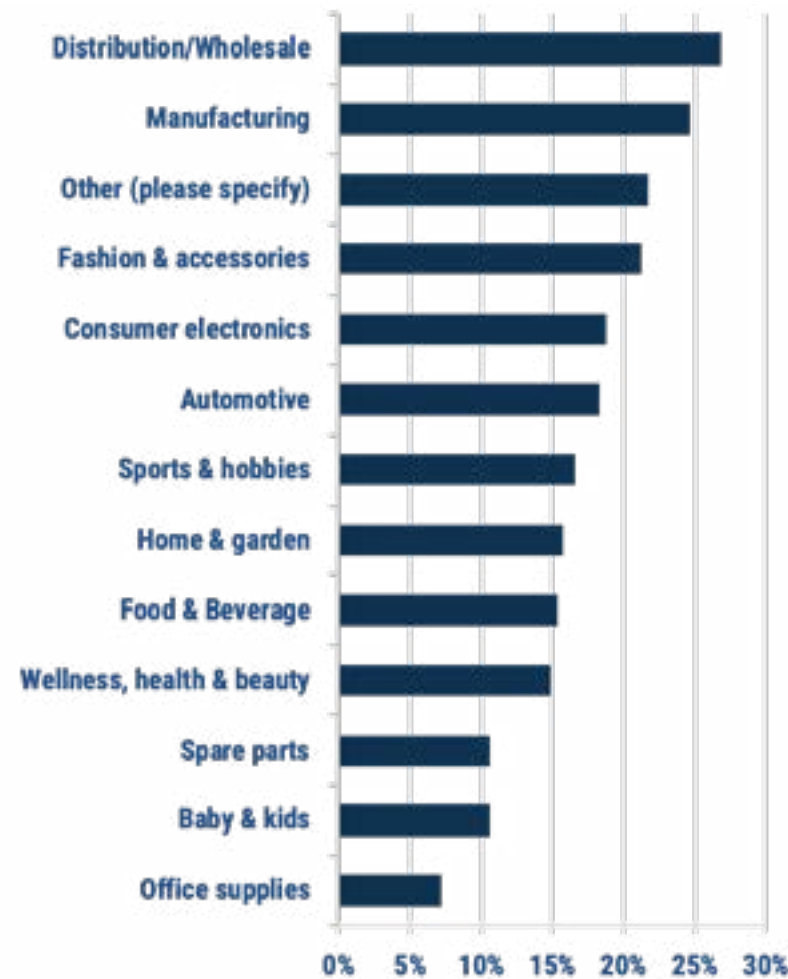
Which target groups are you addressing primarily?



## Distribution/Wholesale and Manufacturing lead industries served

- Distribution/wholesale was the top industry served (27%), followed closely by manufacturing (25%).
- Fashion and accessories (21%) was the only other single industry cited by more than 20% of respondents.
- Only 4% separated the next six industries: consumer electronics, automotive, sports & hobbies, home & garden, food & beverage and wellness, health & beauty.

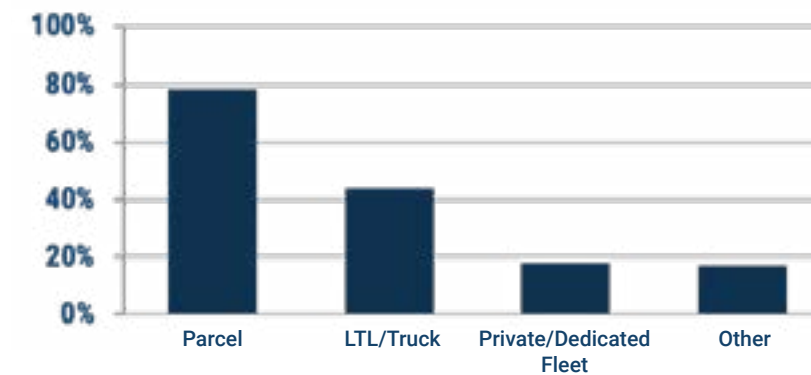
In which industries are you mainly active?



## Parcel dominates ecommerce transportation

- Parcel captured the #1 spot with 78% of survey respondents, giving it a significant lead over other transportation modes.
- LTL/Truckload was a distant second with 44%.

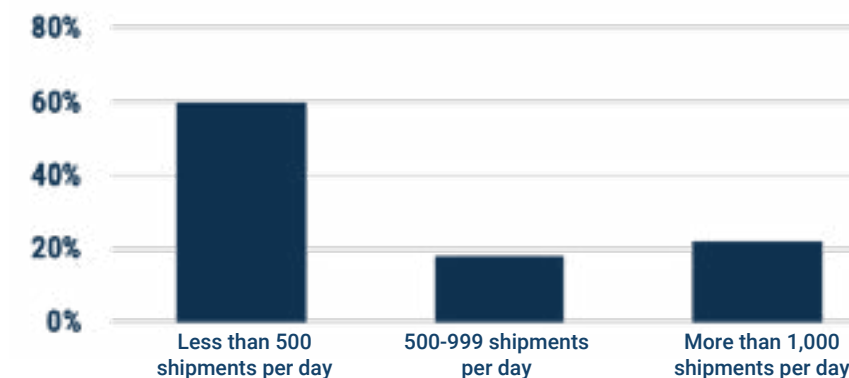
What modes of transportation does your organization use?



## Range of daily volumes reported

- A majority of participants (60%) report daily volumes of 500 or less shipments.
- The remaining 40% of respondents cited between 500 and 999 shipments (18%) and more than 1,000 shipments (22%) daily.

Please quantify your typical eCommerce shipment volume



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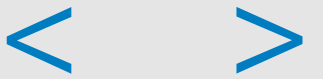
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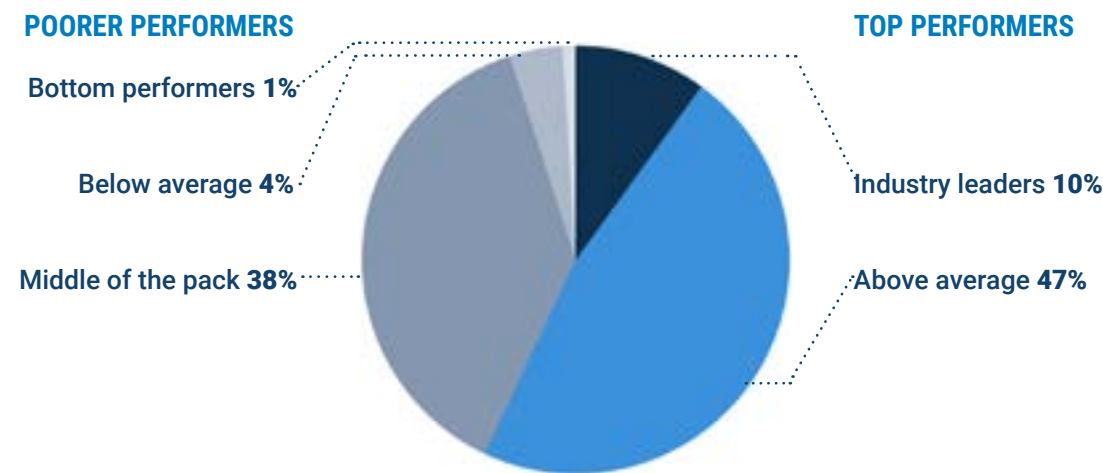
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# Performance Analysis

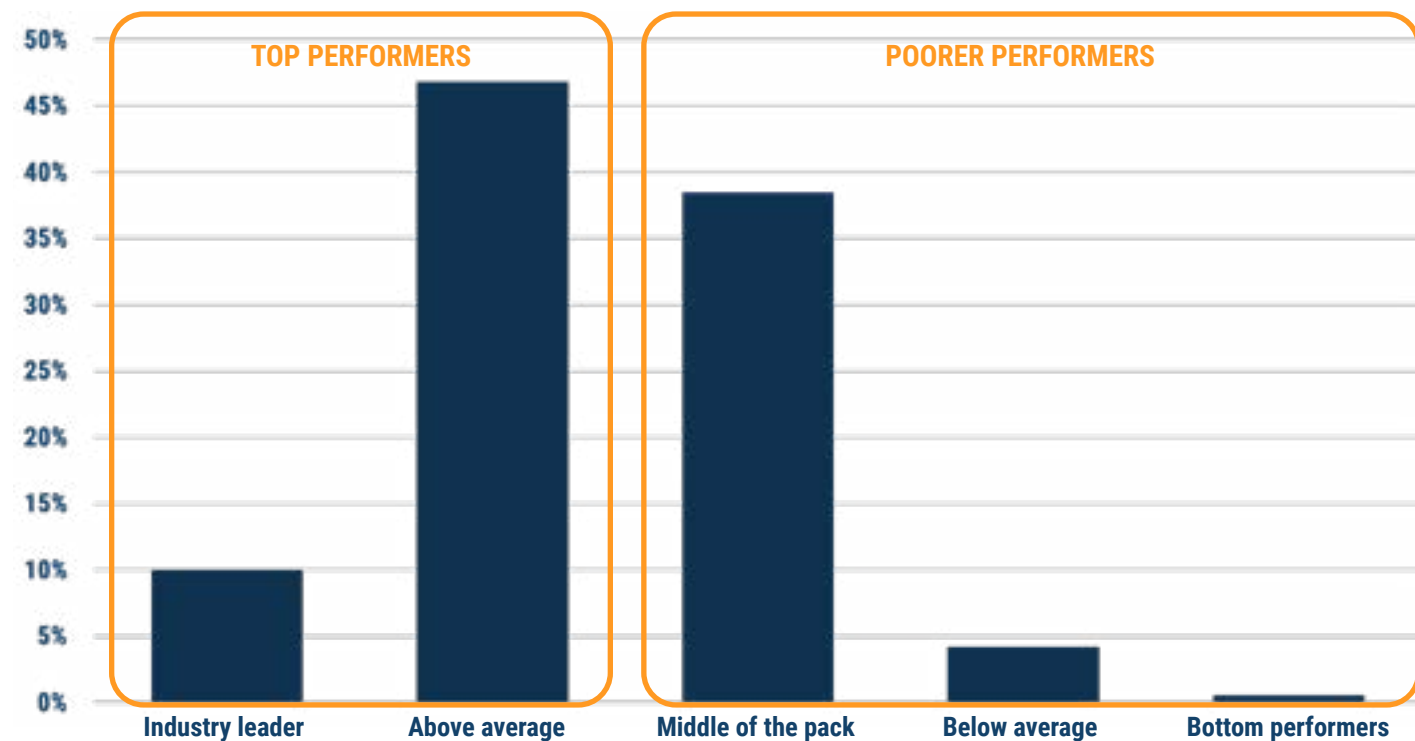


We asked respondents to rate how well their companies are doing financially and what they expect the company's growth rate to be over the next two years. Based on their ratings, respondents were consolidated into two groups for each topic. These groupings were used to further analyze and determine if the groups think or act differently.

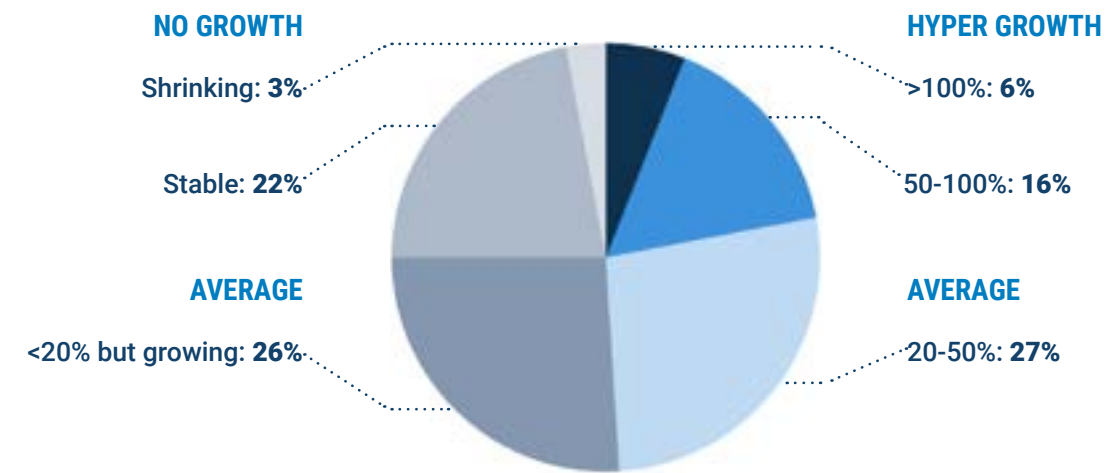
## Financial Performance



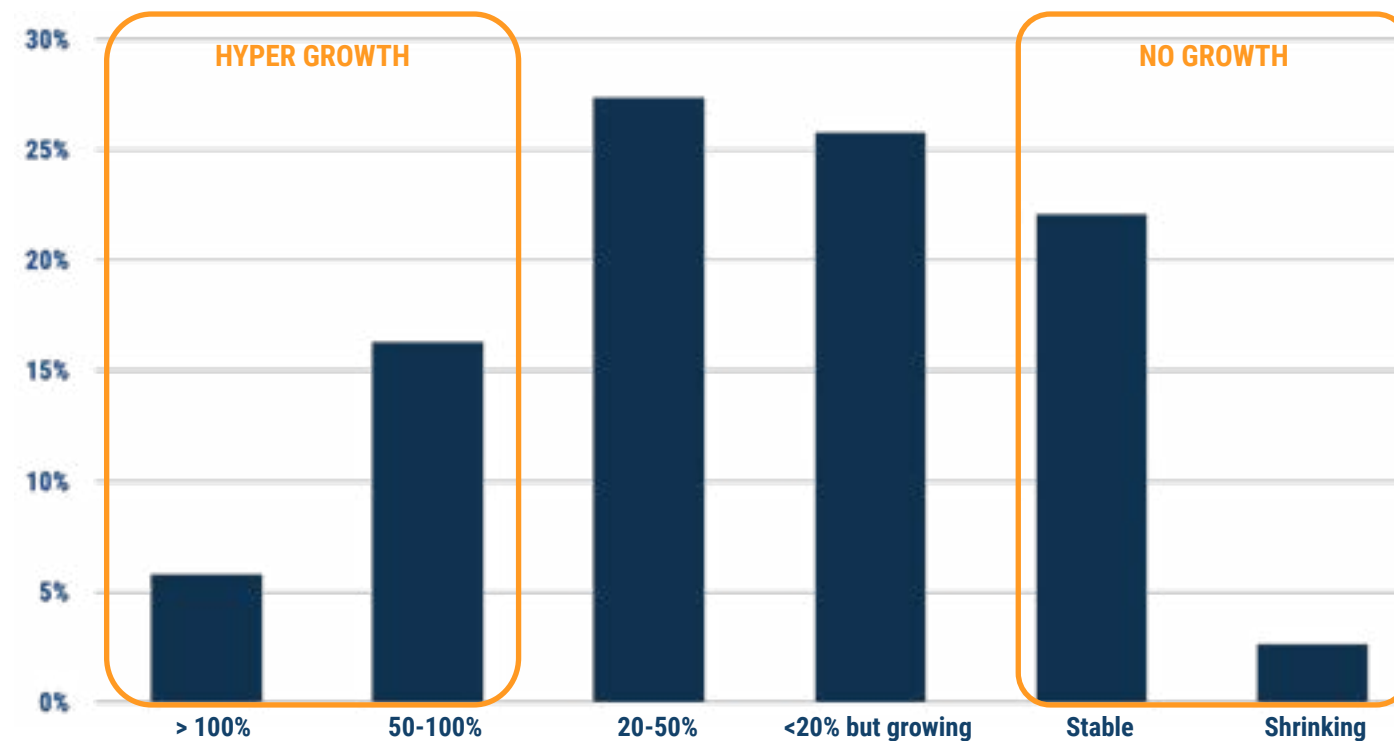
How well financially is your company doing today?



## Company Growth



Based on the current economic climate what do you expect your annual growth to be over the next 2 years?



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# Financial Performance & Growth Correlation

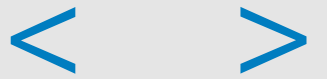
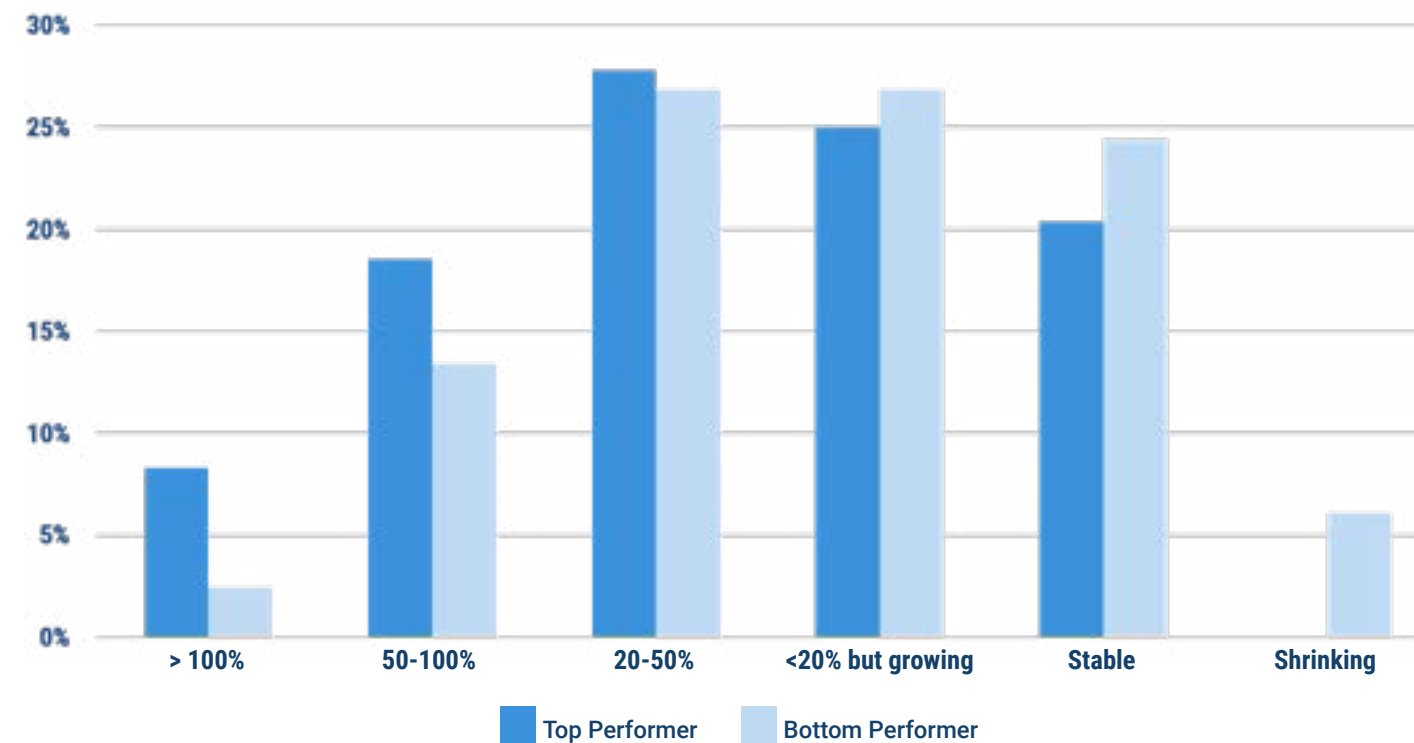
Survey results indicate a definite correlation between how well a company performs financially and its expected growth rate.



## Survey Findings

- Overall, survey results reflect high market growth rates, likely accelerated by COVID-19.
- Even 70% of Poorer Performers are expecting to grow.
- Based on responses, Hyper Growth correlates with performance, with 27% of Top Performers expecting Hyper-Growth rates vs. 15% of Poorer Performers.

*Based on the current economic climate what do you expect your annual growth to be over the next 2 years?*



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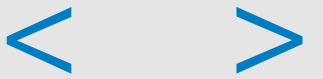
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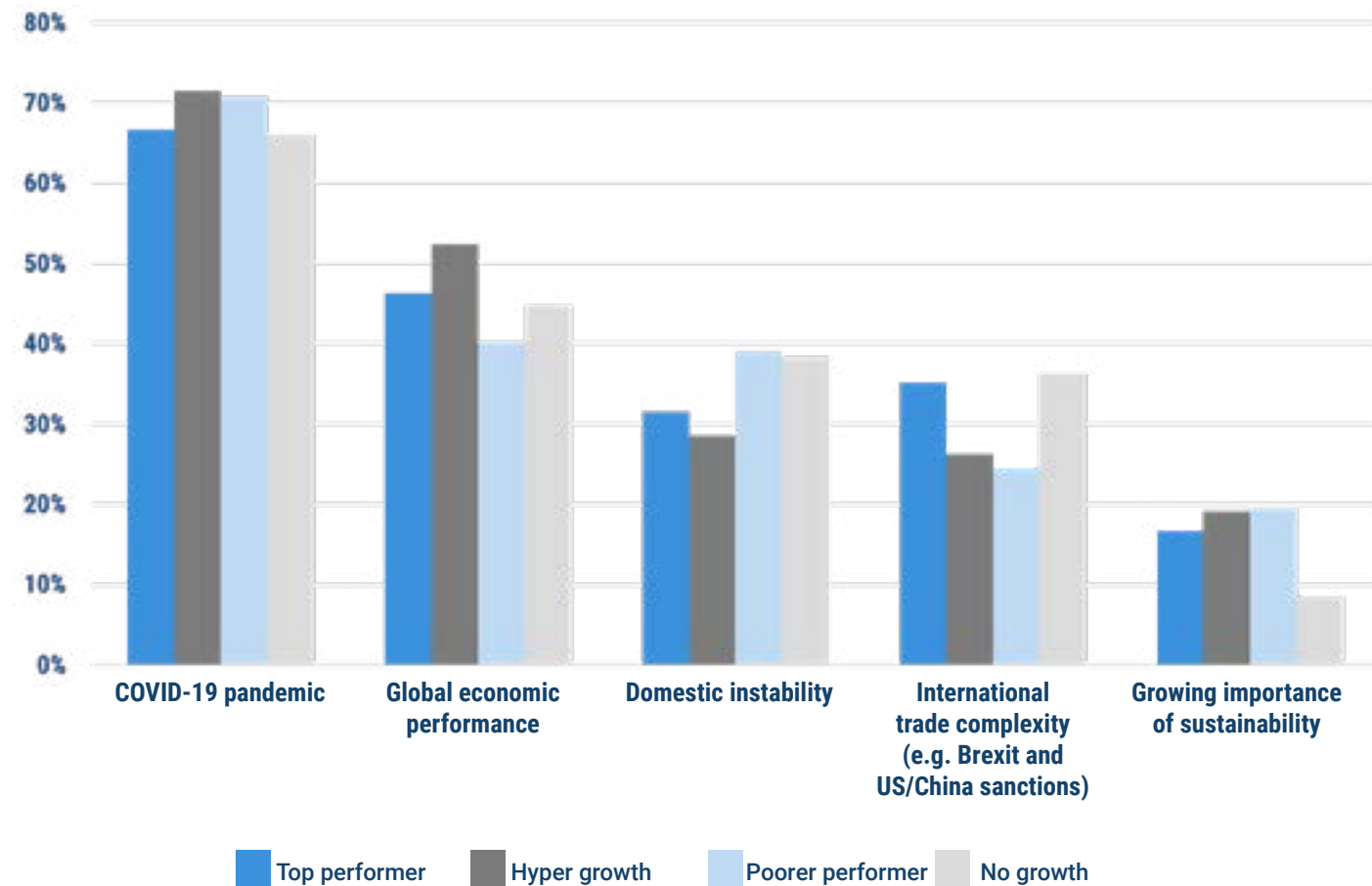
# Key Trends & Practices: Changes Impacting the Future of Ecommerce



We asked respondents several questions regarding how economic and market developments will impact the industry and their ecommerce business over the next two years, as well as which logistics strategies are making a difference. The growing operational challenges related to COVID-19 were also explored.

## Macroeconomic

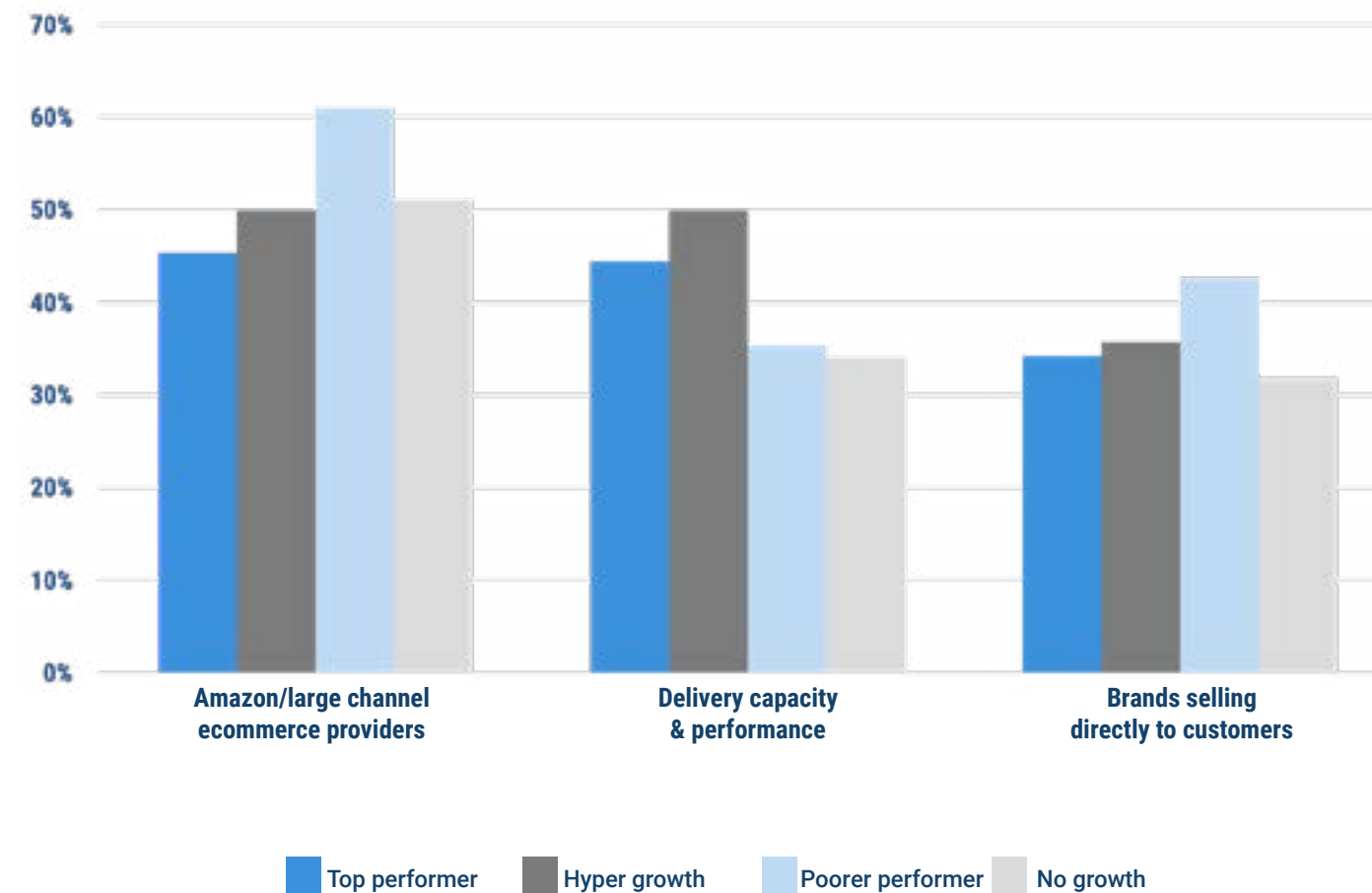
What macroeconomic developments will have the greatest effect on the industry over the next 2 years?



- Overall, COVID-19 (68%), global economic performance (44%) and domestic instability (35%) ranked as the top three developments expected to have the greatest impact over the next two years.
- It appears that respondents across the board expect to be impacted roughly the same by macroeconomic developments.

## Top 3 industry developments

Top 3: What industry and market developments will have the greatest impact on your ecommerce business over the next 2 years?



- Overall, 52% of respondents predicted that Amazon and large channel ecommerce providers will have the biggest impact on their ecommerce business.
- However, 50% of Hyper Growth respondents ranked both delivery capacity & performance and marketplace providers as having the largest future impact.
- Poorer Performers foresee greater impact from marketplace providers (61%) and the direct-to-consumer (DTC) trend (43%) than all other respondent groups.

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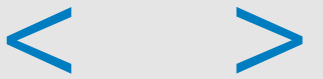
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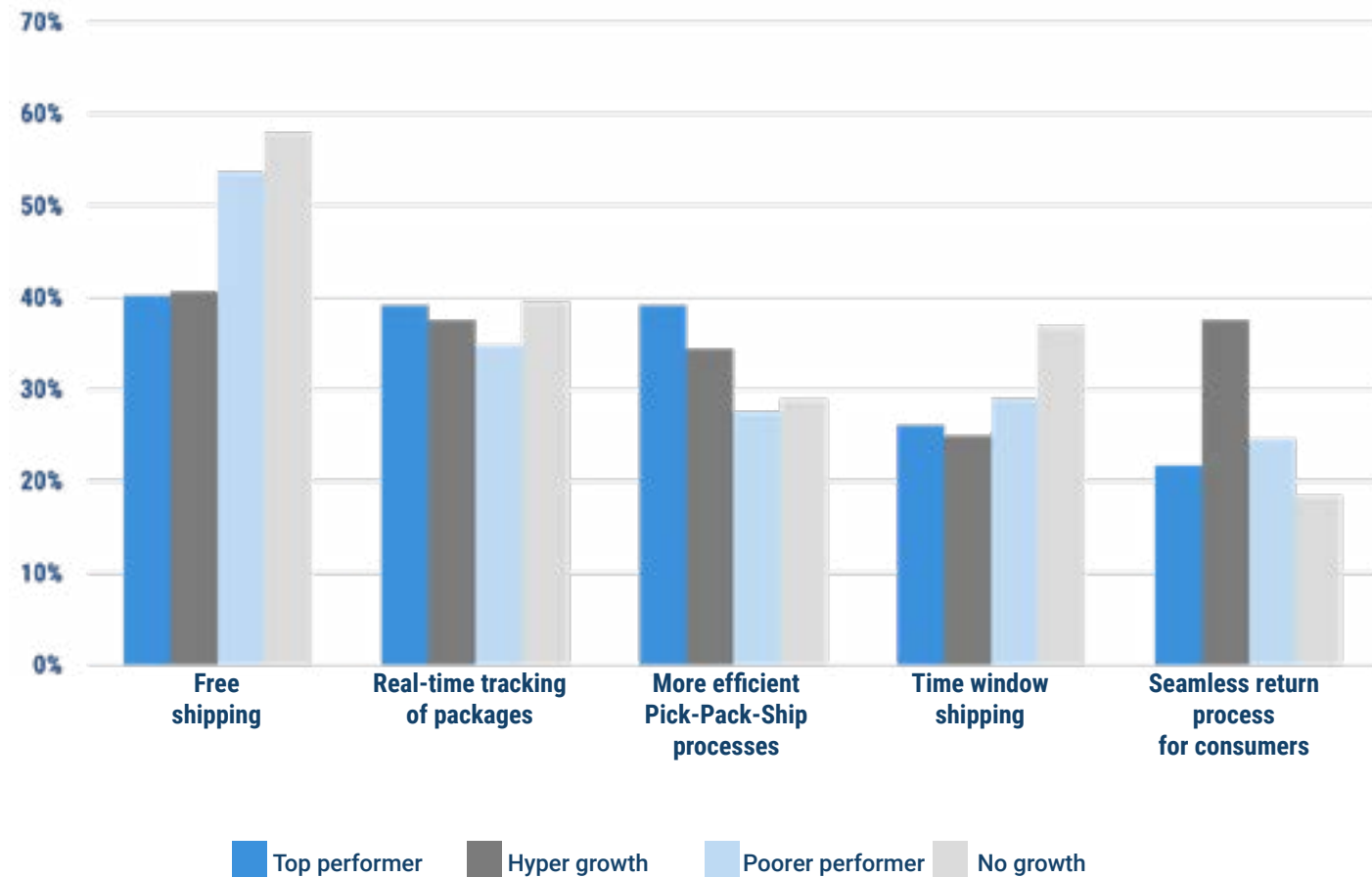
# Key Trends & Practices: Market Differentiators and Challenges



We asked respondents several questions regarding how economic and market developments will impact the industry and their ecommerce business over the next two years, as well as which logistics strategies are making a difference. The growing operational challenges related to COVID-19 were also explored.

## Logistics make a difference

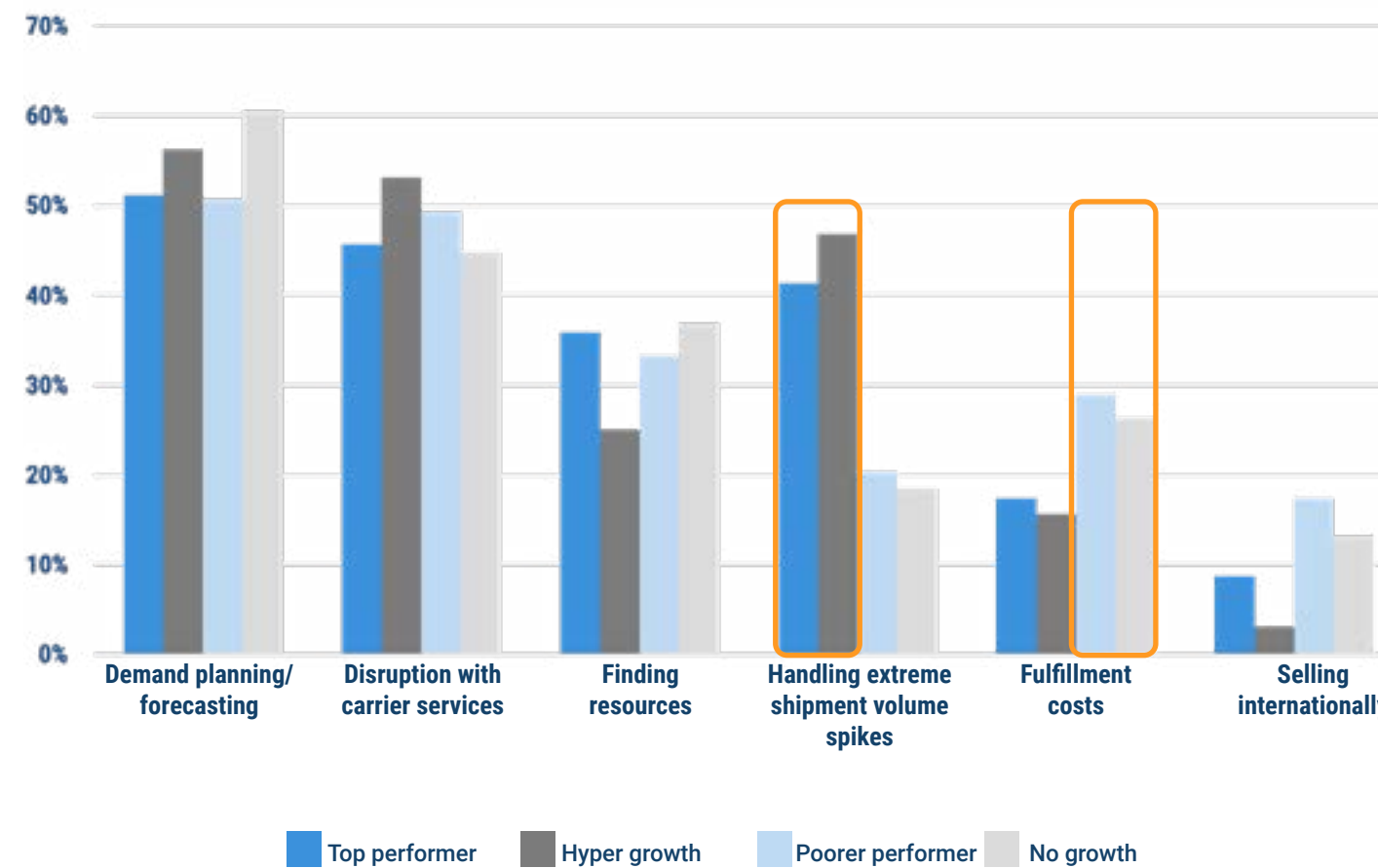
What eCommerce logistics strategies or tactics are you seeing make the most difference in the market?



- Free shipping (46%) ranked as the top overall logistics strategy making the most market difference, with real-time tracking capabilities securing the #2 spot.
- Free shipping was significantly more important to Poorer Performers (54%) and No Growth businesses (58%) versus Top Performers (40%).
- Top Performers (39%) see greater impacts from more efficient pick-pack-ship capabilities than Poorer Performers (28%).

## Growing COVID-19 challenges

Since COVID-19 has started, in which of the following areas are you seeing greater challenges?



- Overall, the biggest two challenges are seen in demand planning (51%) and carrier service disruptions (47%), which are likely related to very high shipping volumes.
- It's not surprising that Top Performers (41%) and Hyper-Growth firms (47%) are experiencing greater challenges keeping pace with extreme shipping volumes.
- In contrast, Poorer Performers (29%) and No-Growth firms (26%) are more challenged with fulfillment costs.

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# Strategies & Tactics

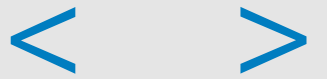
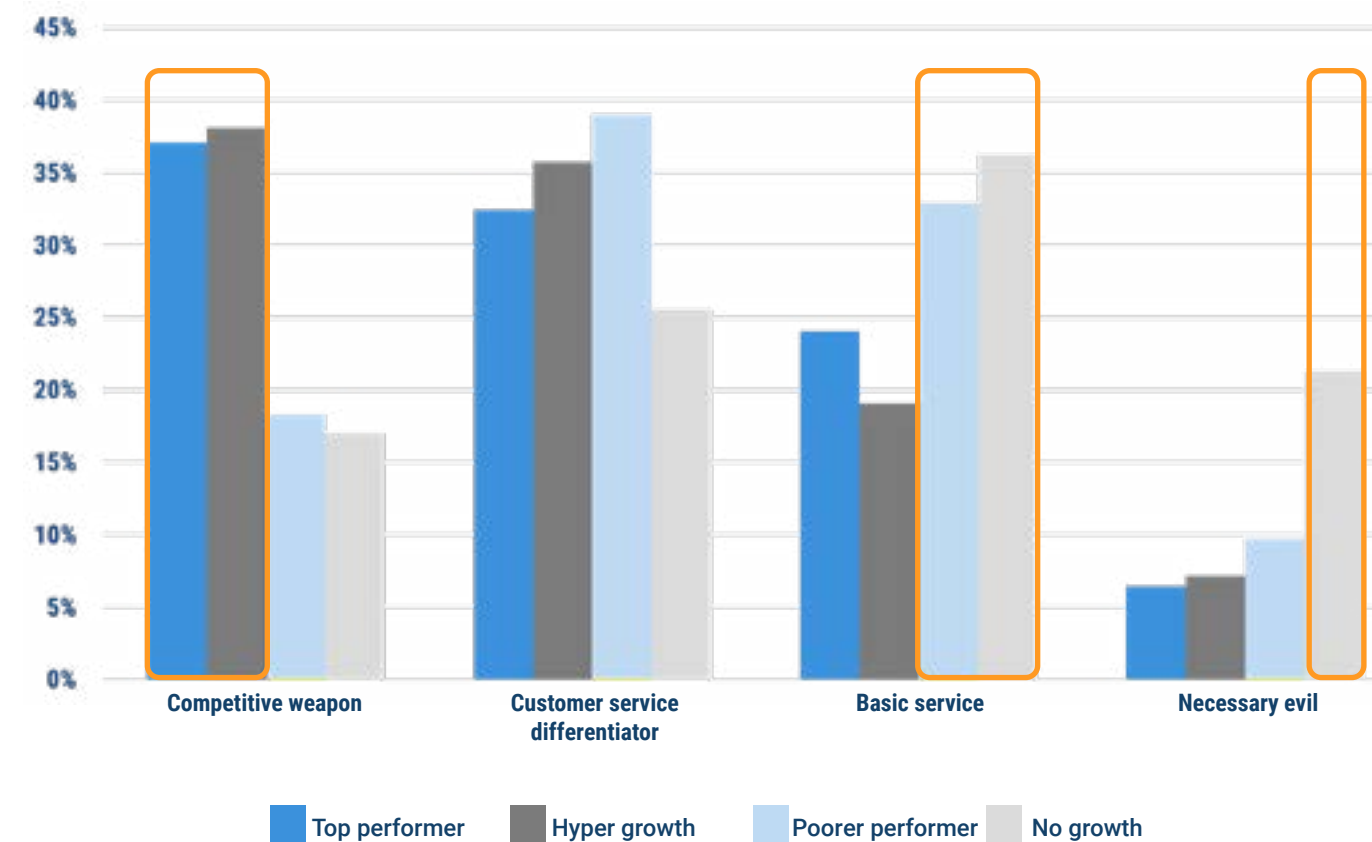
Survey respondents were asked a set of questions regarding strategies for adapting to COVID-19 and addressing future market changes. They also weighed in on the strategic importance their management places on ecommerce shipping and fulfillment processes.



## A strategic view of ecommerce

- Over 37% of Top Performers and Hyper-Growth businesses view ecommerce shipping and fulfillment as a competitive weapon, more than doubling the number of Poorer Performers (18%) and No-Growth companies (17%) in this category.
- More than 30% of Poorer Performers and No-Growth businesses stated their management views ecommerce fulfillment as a basic service.
- 21% of No-Growth firms consider shipping & fulfillment as a necessary evil.

How strategically are ecommerce shipping & fulfillment processes viewed by management?



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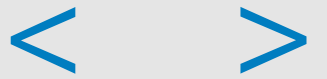
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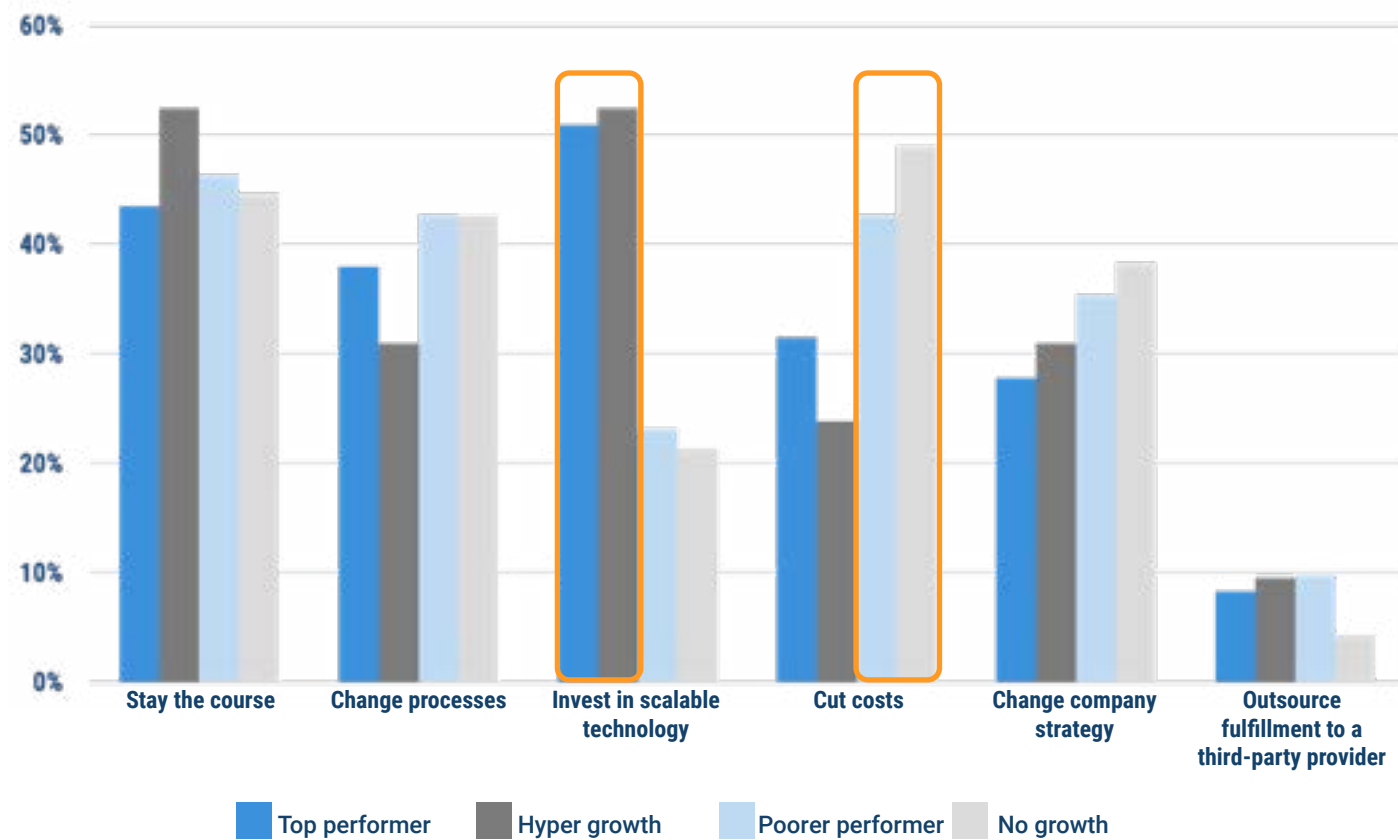




## Addressing change

- Overall, 45% of respondents cited staying the course as their #1 strategy for the future.
- More than 50% of Top Performers and Hyper-Growth businesses are investing in scalable technology.
- Poorer Performers (43%) and No-Growth companies (49%) are more focused on cutting costs. This aligns with their collective views of shipping and fulfillment as either a basic service or necessary evil (43% and 57% respectively).

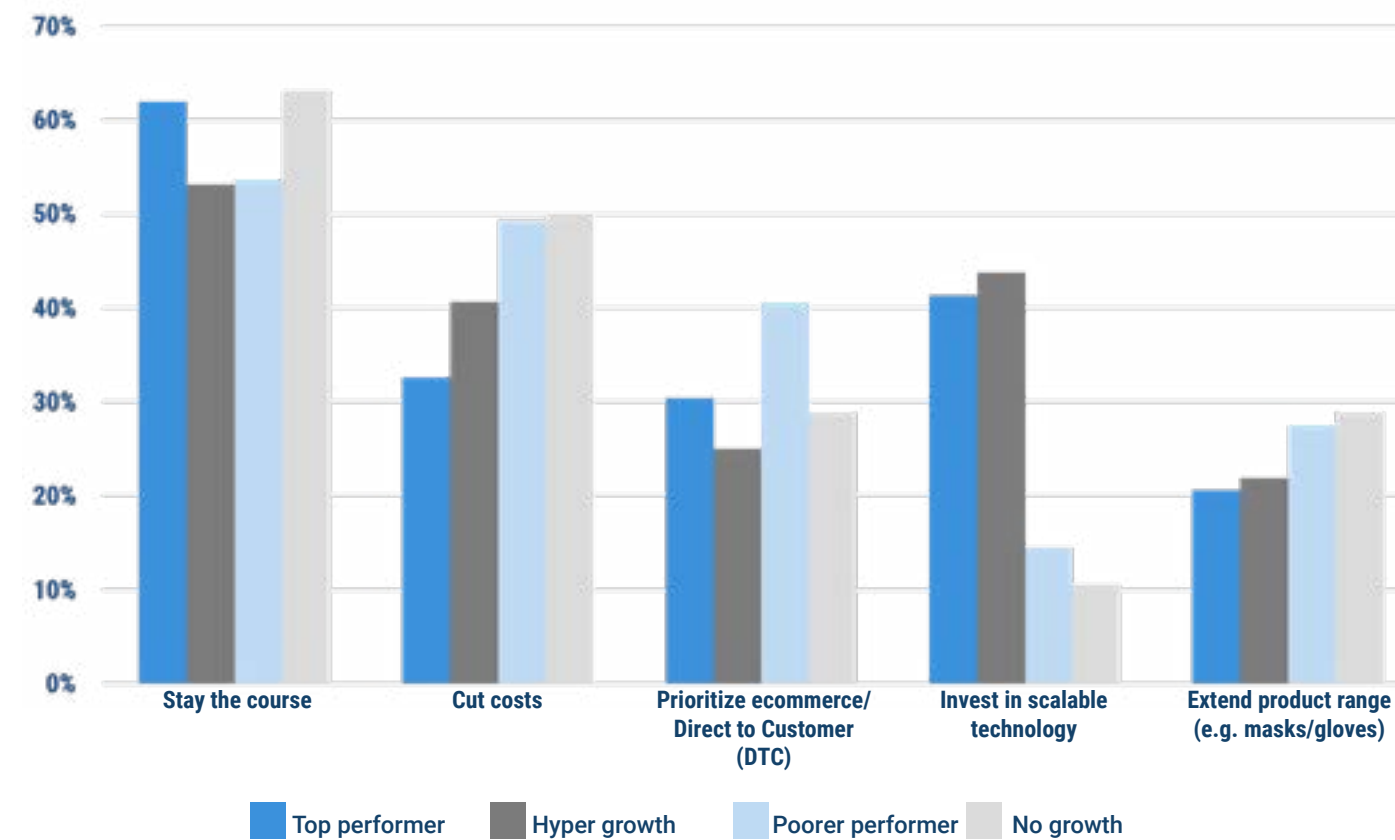
How are you preparing for the macroeconomic and industry changes in relation to your ecommerce shipping & fulfillment strategy?



## COVID-19 adaption strategies

- In relation to COVID-19, 58% of respondents reported that staying the course had been their primary strategy.
- Top Performers (41%) and Hyper-Growth brands (44%) adapted by investing in scalable technology during the pandemic, ranking it as their second highest strategy.
- Again, Poorer Performers (49%) and No-Growth companies (41%) placed a stronger focus on cutting costs versus their counterparts.
- Interestingly, among all respondents, Poorer Performers recognize the greatest potential in prioritizing direct to consumer (DTC), including it as one of their Top 3 strategies.

How did you adapt your business strategy in relation to COVID-19?



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# Technology Implications

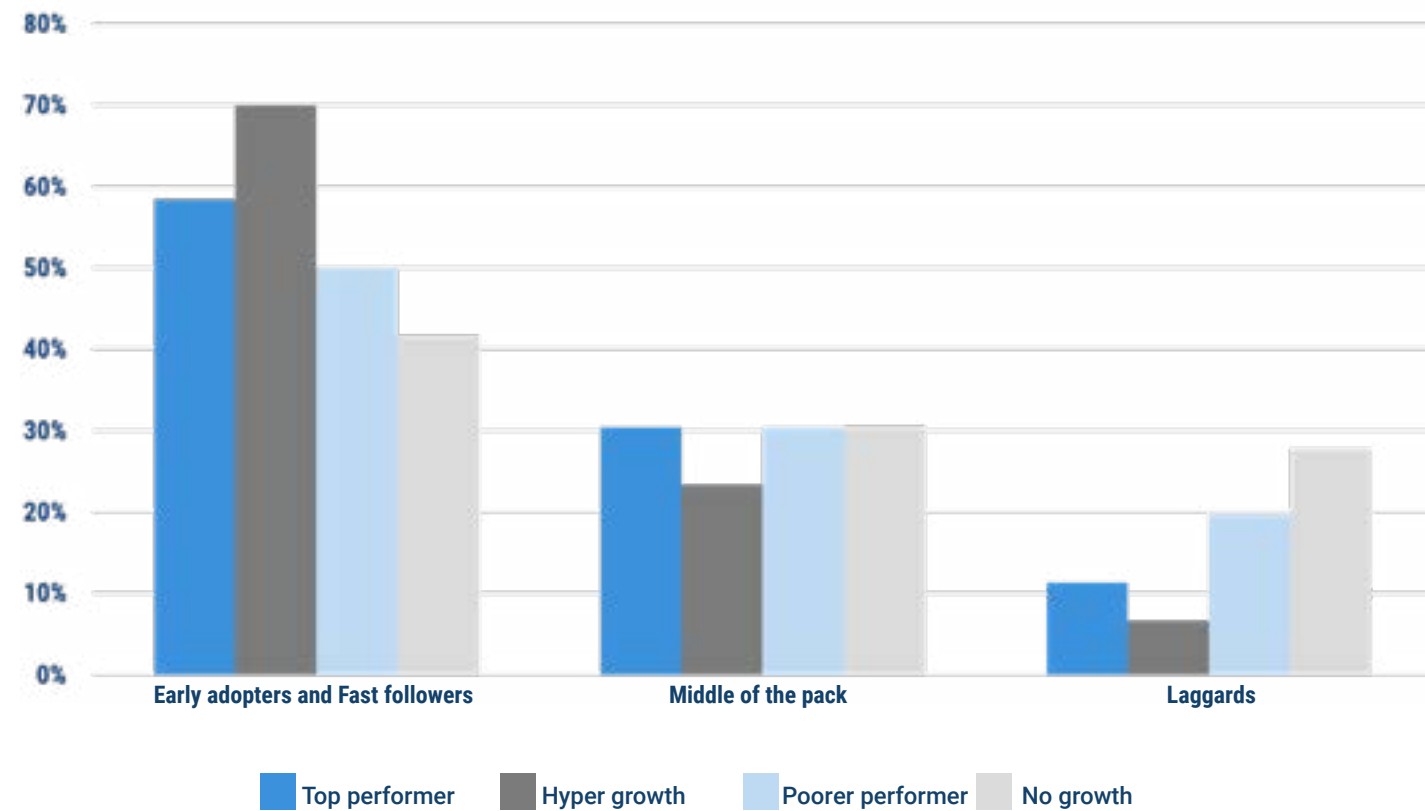


This benchmark survey posed questions designed to learn how respondents view their ecommerce technology strategy and to ascertain IT investment plans including projected spend and future areas of focus.

## Technology adoption strategy

- Overall, 55% of respondents identify their companies as Early Adopters and Fast Followers.
- 70% of Hyper-Growth firms self-identified as Early Adopters and Fast Followers (17% and 53% respectively), and reported planning their largest investments in scalable technology.
- A significant percentage of Poorer Performers (20%) and No-Growth firms (28%) described their company's ecommerce technology strategy as Laggard.

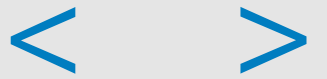
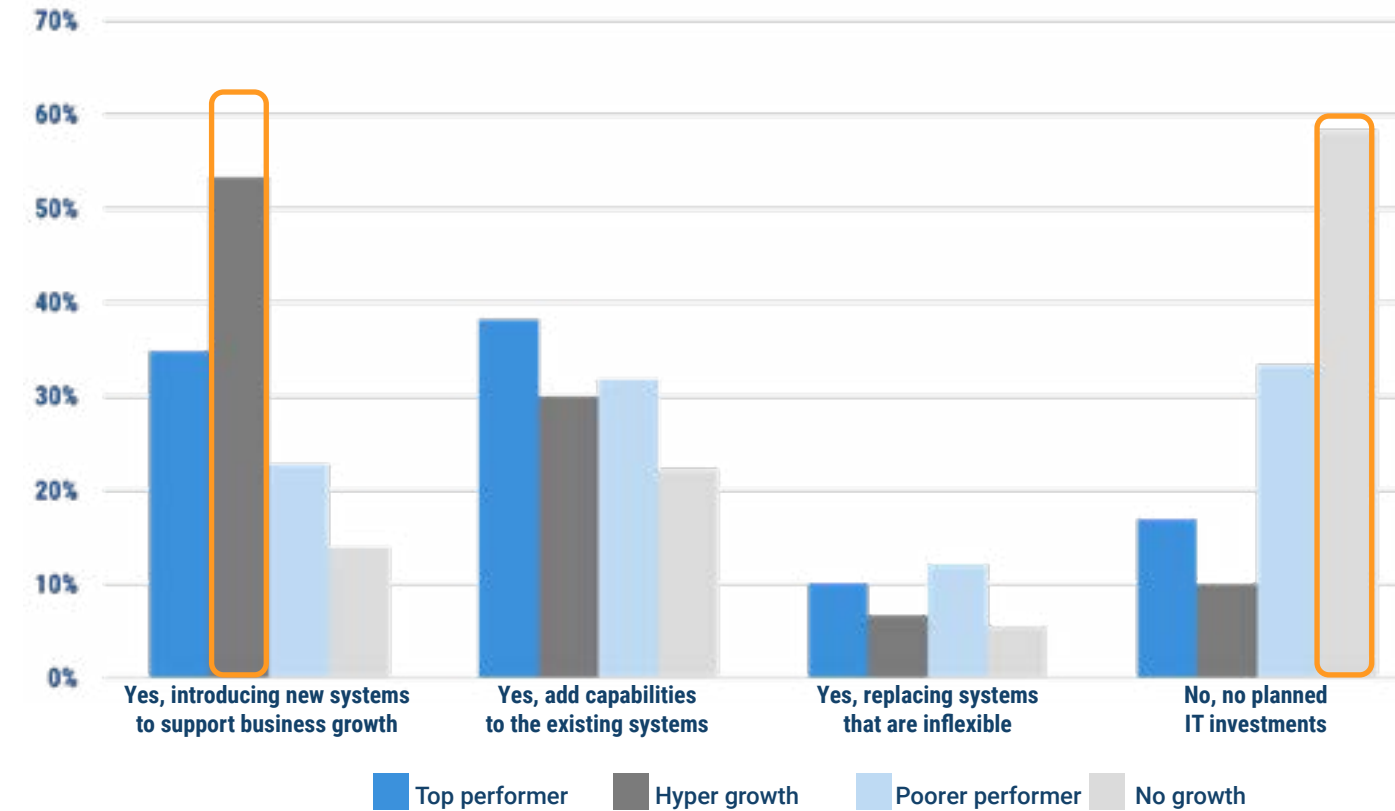
How would you describe your company's ecommerce technology strategy?



## IT investment strategy

- Overall, 76% of respondents plan to invest more in their technology stack.
- A large percentage of Top Performers (83%) and Hyper-Growth firms (90%) are planning IT investments, with the latter intending to invest in new systems.
- More than half of No-Growth firms (58%) are planning no IT investments over the next 12 months.

Does your company plan to invest in your ecommerce processes within the next 12 months?



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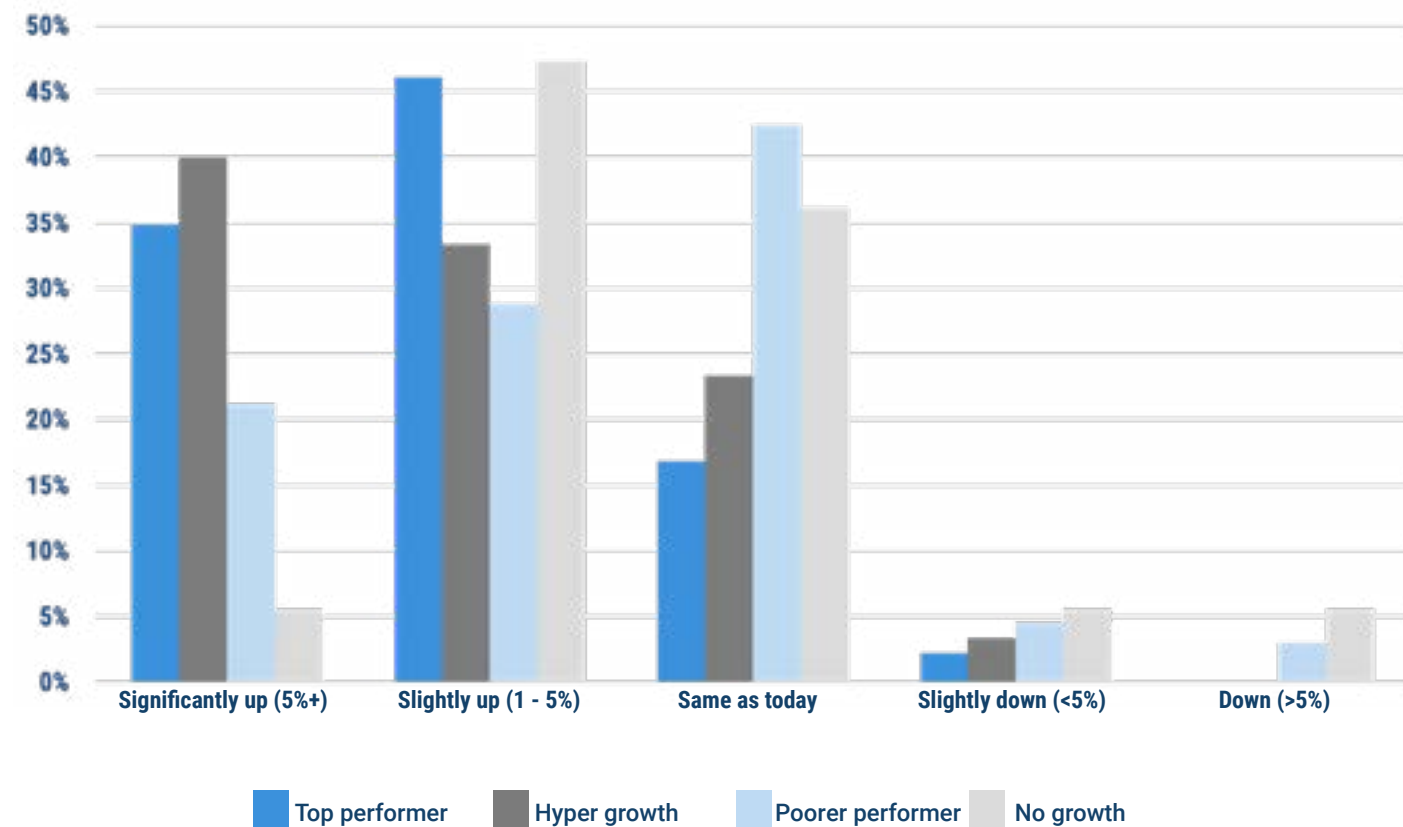
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## IT spend outlook

- Overall, 68% of respondents plan to spend more over the next two years.
- Top Performers and Hyper-Growth companies plan to increase IT spending either significantly (35%/40% respectively) or slightly (46%/33% respectively).
- No change in spending is projected by 42% of Poorer Performers and 36% of No-Growth firms.

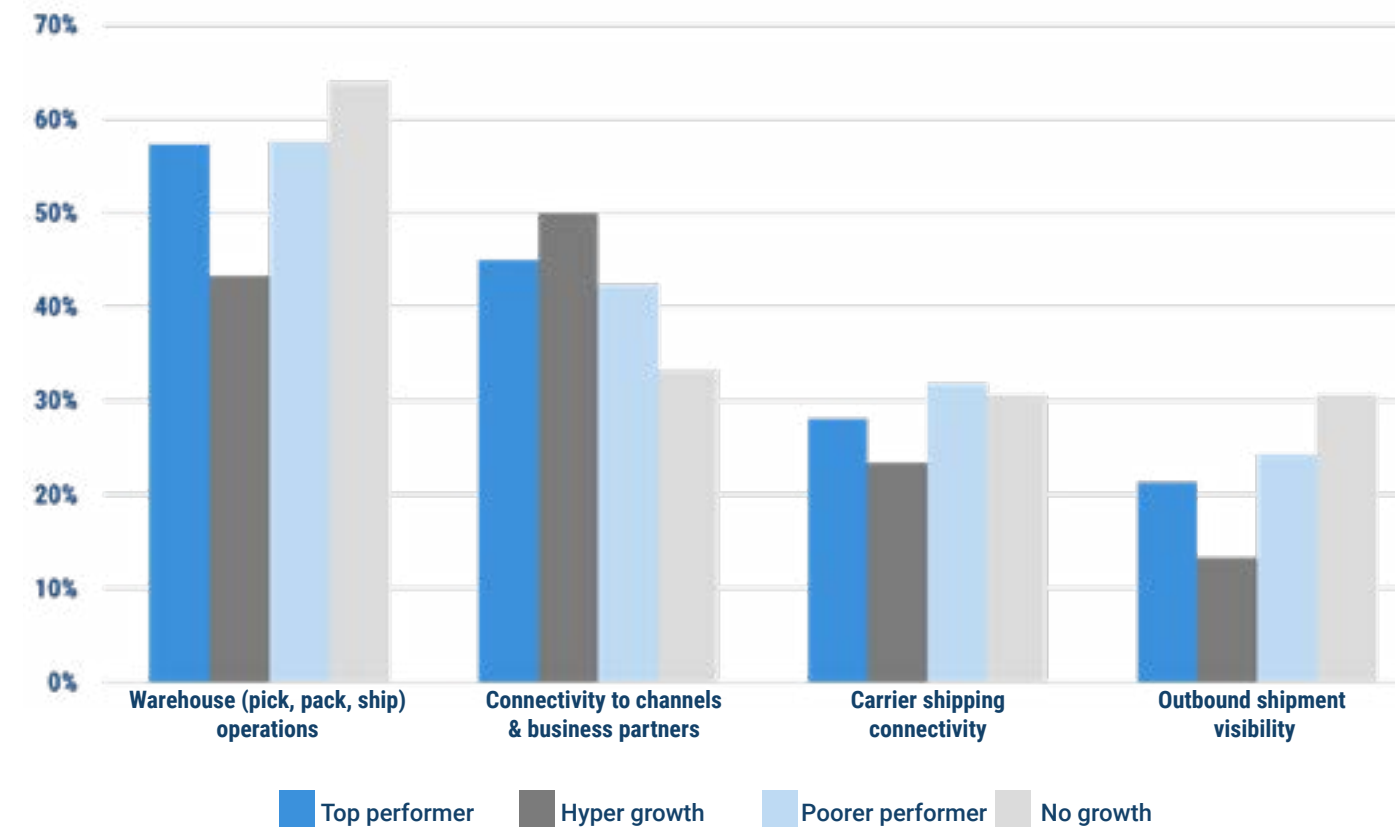
How will your IT spending change over the next 2 years?



## Future IT investments

- Overall, 57% of respondents plan to make their greatest future IT investments in warehouse operations.
- The percentage of No-Growth company respondents (64%) surpassed other groups focused on investing in warehouse IT.
- However, when considering projected increases in IT spend, Top Performers and Hyper-Growth firms will spend much more on warehouse operations.
- The top investment area for Hyper-Growth firms (50%) will be in connectivity to channels and business partnerships.

In which areas will you make your greatest IT investments in the next 2 years?



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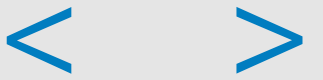
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- Overall high-market ecommerce growth rates accelerated due to COVID-19, which created challenges handling extremely high volumes, especially for Hyper-Growth and Top Performing companies.
- Results indicate a definite correlation between how well a company performs financially and its expected growth rate, e.g. Top Performers are almost twice as likely to project hyper growth versus Poorer Performers.
- While big marketplace providers are projected to have the greatest impact on future ecommerce business, Hyper-Growth firms view delivery capacity & performance as an equally important development for their operations.
- Successful companies plan to invest in technology and consider ecommerce fulfillment as a competitive advantage.
- Poorer Performers are more focused on cutting costs and view fulfillment operations less strategically.
- Warehouse operations is the area where most firms plan to invest over the next two years, with Top Performers expected to spend the greatest amount in this arena.

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Descartes can help your company grow ecommerce revenue and profitably scale warehouse and shipping operations. Our solutions enable your fulfillment and delivery operations to easily integrate into sales channels and benefit from ecommerce-focused warehousing technology, advanced shipping capabilities, mobile fulfillment solutions and an enhanced home delivery experience.



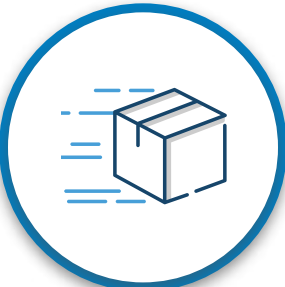
### ECOMMERCE CONNECTIVITY

Seamlessly integrate and connect with ecommerce marketplaces, shopping carts and other systems



### WAREHOUSE MANAGEMENT

Digitally transform warehouse operations through intelligent, mobile-based solutions



### SHIPPING

Level parcel shipment optimization and execution to reduce costs and improve service



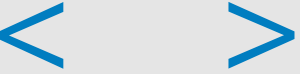
### HOME DELIVERY

Create a differentiated home delivery experience from appointment booking through proof of delivery (POD)



### DATA ANALYTICS

Transform and visualize ecommerce shipping and fulfillment data with a powerful business intelligence solution



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# About Descartes Systems Group



Descartes is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to:

- route, schedule, track and measure delivery resources
- plan, allocate and execute shipments
- rate, audit and pay transportation invoices
- access global trade data
- file customs and security documents for imports and exports
- complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more about our [ecommerce shipping and fulfillment solutions](#), and connect with us on [LinkedIn](#) and [Twitter](#).



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