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LOGISTICS REPORT

Online Shopping's Fast-Delivery Race Is Slowing Down

Shoppers are showing more willingness to wait for deliveries as concerns grow over the cost of fulfillment



Amazon helped set the pace for online delivery speed after it rolled out its Prime membership in 2005 with free delivery within two days.

PHOTO: CHRIS HELGREN/REUTERS

By *Liz Young* [Follow](#)

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Julia Belkin does plenty of shopping online, ordering goods from kitchen sponges to workout apparel, but she's not buying into the e-commerce push to get orders into consumers' hands in the fastest way possible.

"If it's something like home décor, furniture, if it's a really good bargain, I will wait as long as it takes," said Ms. Belkin, a 28-year-old content marketer in Brookline, Mass.

Ms. Belkin frequently orders deeply discounted items on e-commerce site Temu, run by China-based PDD Holdings Inc., even though shipping can take up to three weeks.

"It's kind of exciting when you don't know when the package is going to come exactly," Ms. Belkin said.

That kind of patience reflects what may be the fastest-growing trend in online commerce, as many shoppers begin to back away from demands for urgent delivery that have fed a race among online retailers and parcel carriers to fill orders in just a day, within an hour and even faster. Delivery apps

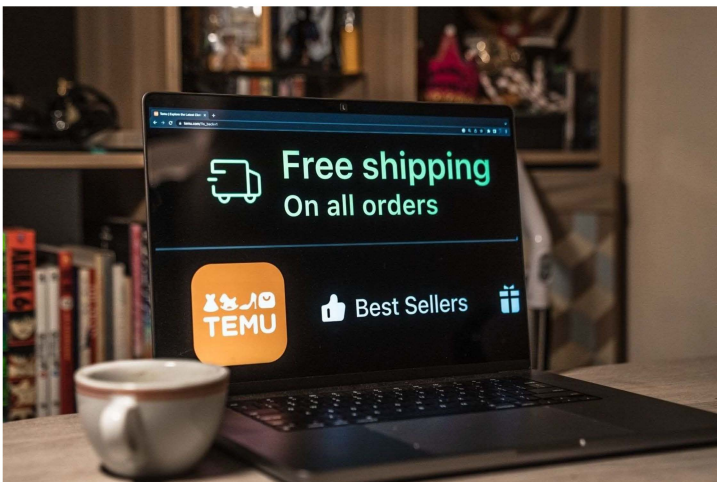
including Instacart have started offering delivery in as little as 15 minutes, a service aimed at food and pharmacy orders.

The competition accelerated early in the Covid-19 pandemic, when locked-down households began ordering all kinds of goods online and triggered a boom in e-commerce business. That has also quickened the search for faster paths to last-mile delivery, including technology such as drone delivery aimed at overcoming hurdles such as traffic and distance.

Now, some consumers are showing more willingness to wait and greater reluctance to bear the costs of getting basic household items in hours rather than days.

A service Amazon.com Inc. offers that allows customers to designate a day of the week to receive all their deliveries has become more popular over the past few years. The e-commerce retailer launched the shipping option in 2019. Consumers choosing slower shipping can get a credit of up to \$1.50 per order.

Packages shipped through that service have doubled since 2020 as customers look to receive fewer deliveries, an Amazon spokesperson said. The company didn't say how many customers use the service.



Online shopping site Temu has soared in popularity in the U.S. since its launch in September.

PHOTO: LAM YIK/BLOOMBERG NEWS

Amazon helped set the pace for online delivery speed after it rolled out its Prime membership in 2005 with an offer of free delivery within two days. It has continued speeding up shipping since, including adding same-day delivery of some items.

Other retailers have been working to play catch up to stay competitive, experts said. Target Corp. recently said it is investing \$100 million to further its next-day delivery options. Sam's Club, owned by Walmart Inc., is adding fulfillment centers to its network to speed up delivery to more customers.

Delivery providers FedEx Corp. and United Parcel Service Inc., pushing to serve e-commerce customers, rolled out accelerated shipping options that include Sunday deliveries and same-day options. However, FedEx last summer cut back on some of its Sunday deliveries, citing moderating package volumes.

Fewer e-commerce shoppers preferred same- or next-day delivery in a recent survey than a year earlier, down to 10% from 18%, according to e-commerce shipping services provider Popout Inc., which does business as Shippo.



Shippo co-founder and CEO Laura Behrens Wu

PHOTO: FABRICE COFFRINI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Laura Behrens Wu, co-founder and chief executive of Shippo, said supply-chain disruptions and product shortages during the pandemic left consumers more anxious about getting their orders. Now, online shoppers are “not expecting next-day shipping anymore,” Ms. Behrens Wu said. “People tend to be fine with two- to three- day shipping, even five- to eight-day shipping.”

ShipStation, owned by shipping-services company Auctane Inc., said its recent survey of online shoppers found fewer people ranked delivery speed as the most important factor in placing an order, down to 22% from 29% last year. Shipping cost grew in importance as 41% of respondents chose that option, up from 33% in 2022.

The dimming attention to speedy delivery comes as the broader boom in online shopping has pulled back, with growth trends now tracking closer to prepandemic levels. E-commerce surged from 11.9% of all U.S. retail sales in the first quarter of 2020 to 16.4% in the second quarter of that year, according to the U.S. Census Bureau. By the fourth quarter of 2022, the share was back down to 14.7%.

Satish Jindel, president of ShipMatrix Inc., which analyzes package-shipping data, said its surveys of shoppers have found people don't open and use 85% of what they order online for several days. He said many people choose membership services that offer fast shipping because they want to know when a package will arrive rather than caring how quickly it comes.

“Retailers need to realize customers do not need speed, they need certainty,” Mr. Jindel said.

Some small businesses are becoming more transparent with their customers about the financial and environmental cost of speedy delivery and more willing to pass along the cost to consumers.

Those costs are rising as parcel carriers increase their prices at a rapid pace, in part to cover the higher costs of delivering to homes over business-to-business service. FedEx and UPS raised their rates an average of 5.9% in 2022, the first time in eight years they had gone beyond 4.9%. The carriers have increased their prices on average another 6.9% this year.

“Shipping cost is a higher priority for people,” said Ms. Behrens Wu.

Agood.com AB, a Swedish company that sells items from notebooks to toothbrushes under the name agood company, offers customers a slower delivery method that allows the retailer to bulk-ship items and then deliver last mile through bikes and electric vehicles. Anders Ankarlid, the company’s co-founder, said three-quarters of its customers choose that option.

If they want faster shipping, he said, there is an option for that where they are charged the full cost the retailer pays for that service as well as a premium meant to offset the climate impact of the shipment.

“Maybe customers are starting to at least digest a little bit, ‘Is it so urgent that I get it the day after? And what’s the cost of getting it so quick?’” he said.

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