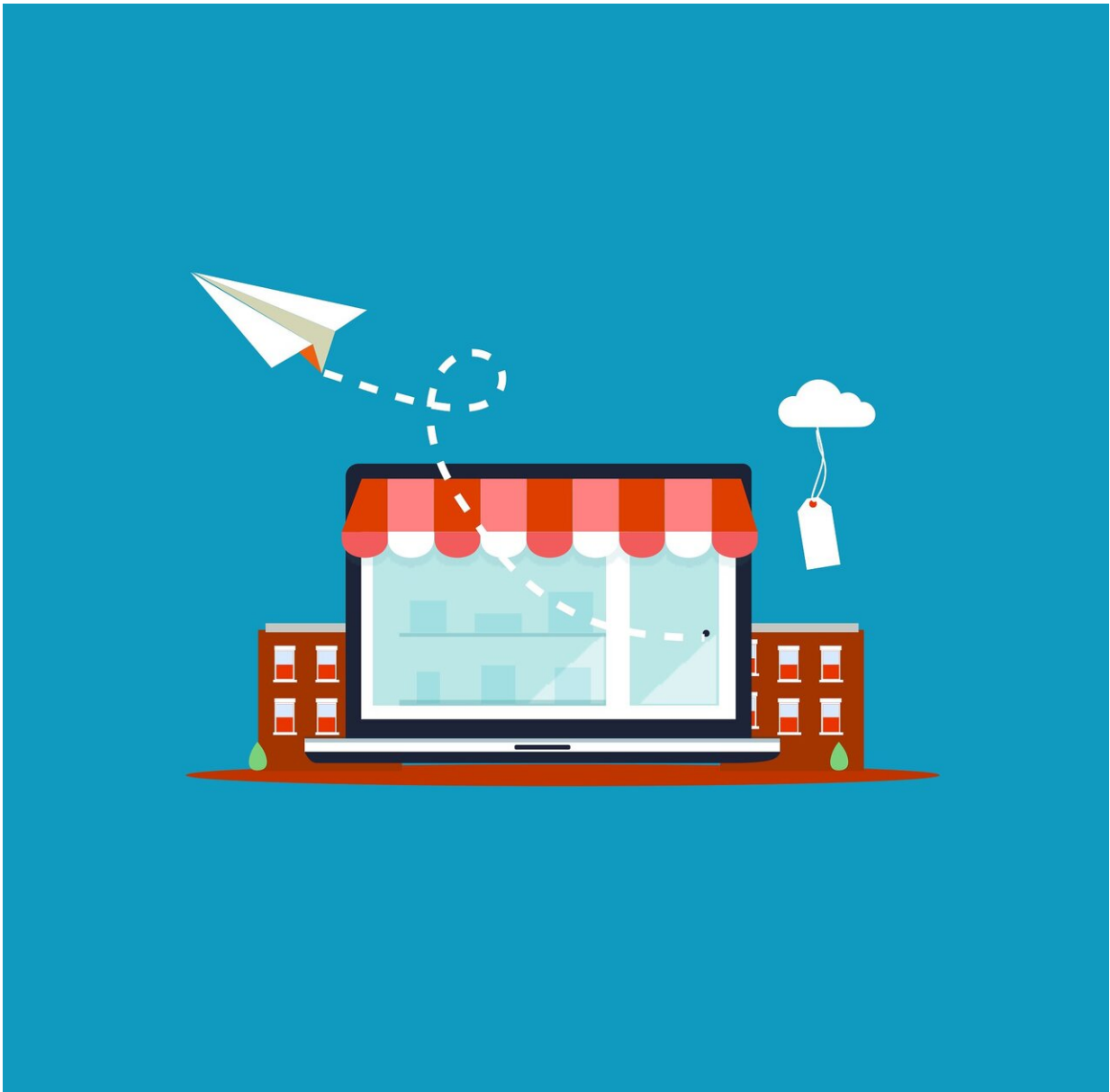


Consumer confidence in package delivery services vital for online retailers

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New research published in an upcoming edition of the INFORMS journal *Management Science* finds that an online retailer's delivery strategy is imperative to that retailer's success and can be a determinant factor as to whether consumers purchase again.

Specifically, the researchers, Ruomeng Cui of Emory University, Meng Li and Qiang Li of Rutgers University, analyzed data from China-based Alibaba.com, the largest international online retail platform. Alibaba carries approximately 800 million product barcodes as compared to the 560 million carried by Amazon.

The researchers focused on a particular shipping issue that occurred in June 2017, when Alibaba customers lost access to SF Express, a prominent Chinese delivery services company, as a delivery option for 42 hours.

During those 42 hours, Alibaba customers had to use other third-party suppliers, and as a result, Alibaba's sales dropped significantly due to the lack of access to that trusted shipper. Instead of delaying their purchases, customers purchased from competing online retailers who were able to ship with the guaranteed delivery of a highly trusted service.

Cui, Li and Li also analyzed the data to determine which products suffered the most when Alibaba's customers lost access to SF Express.

"Popular, expensive and less discounted products were negatively impacted the most, because these are products that are easy for consumers to purchase elsewhere," said Cui, a professor in the Goizueta Business School at Emory.

The researchers noted the importance between not only ensuring a differentiated product [strategy](#), but also the critical nature of their logistics and delivery strategies.

"The retailer has to know how much speed, reliability and quality to build in delivery and they need to decide how much control they want in the [delivery](#) service," said Cui. "In designing the logistics strategy, retailers should evaluate their product portfolios to see whether the high-quality strategy or a cost-effective strategy is a better fit. If retailers do this correctly it can give them a huge advantage in the online e-commerce space."

Provided by Institute for Operations Research and the Management Sciences

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