



Supply Chain Sustainability and E-commerce:

How Customer Expectations are Shaping Sustainable Shipping Practices



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Delivering faster, smarter and more sustainably

Customer concerns around sustainability are louder than ever — and the pressure is on for businesses to meet those needs. Supply chain sustainable practices are needed to shape our future and create a positive environmental change. While each business must play its part, sustainability practices need to work in harmony with other business objectives to create a win-win situation.

The drive for more sustainable shipping practices is taking place at the same time as huge e-commerce growth. Throughout 2020 and 2021, the supply chain went through a major transformation to meet the needs for more flexible and faster delivery options during COVID-19. Emerging trends from before the pandemic accelerated rapidly. Now, customer expectations around the ease of shopping online and the speed of receiving their deliveries are at an all-time high.

The pressures of sustainability and a seamless supply chain are often at odds with one another. Making deliveries at higher volumes and greater speed can compromise efficiency. These issues show up in a lack of shipment consolidation, excessive packaging, inefficient delivery routes and unused truck space. As people shop online more frequently, businesses need to get serious about streamlining their supply chain if they hope to meet both shipping and sustainability needs.

In this original research report, we've asked important questions that connect the expectations of shipping with the necessary conversation surrounding supply chains and sustainability.

- What are businesses doing to create a more sustainable workplace – both generally, and within their shipping efforts?
- What do customers really want from their shipping experiences?
- How do Canada and U.S. sustainability efforts and focus differ and compare? And,
- Do customers' shipping expectations conflict with sustainability efforts?

What is sustainability in supply chain management?

Within supply chain management, environmental sustainability means operating in a way that minimizes or avoids the depletion of natural resources so that they continue to be available for future generations.

In this report, some of the sustainable practices identified by e-commerce consumers and shippers include:

- Recycling and reusing materials
- Reducing plastic and paper usage
- Using recycled/sustainable packaging
- Reducing their emissions and energy consumption



Methodology

Methodology

We partnered with the Canadian market research firm, Leger, to survey customers and shippers across Canada and the U.S. In the report, we've combined these results to show the overall trends in North America, except where there are significant differences.

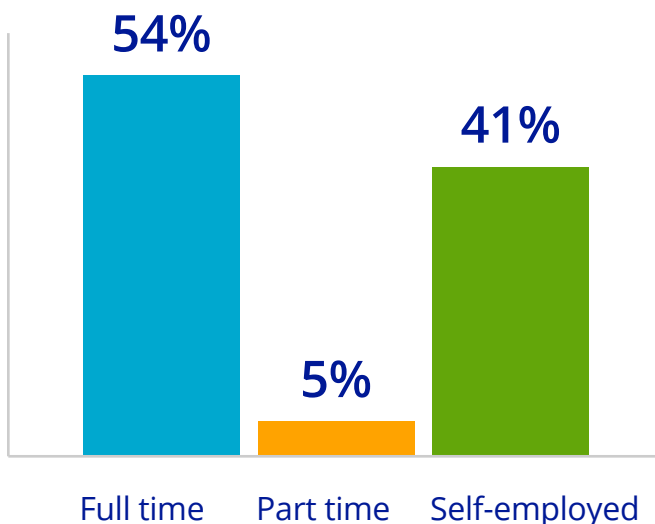
The main questions answered in this report include:

- What sustainable measures have businesses implemented?
- Is the e-commerce landscape disrupting sustainability measures?
- Are shoppers and businesses helping to create a globally-sustainable supply chain?
- How important is sustainability to the future of supply chain?

To understand how companies are responding to calls for sustainability, we surveyed 501 employees of Canadian businesses. Their employment status, roles and age ranges are as follows.

CANADA

n=501 | Employment status of the people we interviewed:



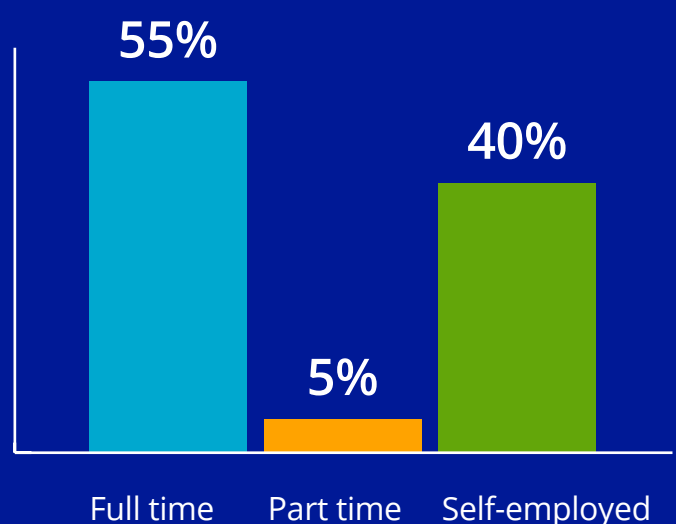
Among the shipping providers, we captured insights from people across a variety of roles and departments. The vast majority have a role in decision-making at some level of their organization.

We also looked at age demographics to understand the ways different generations perceive the importance of shipping trends and sustainability. We highlight these differences at key areas throughout this report.

To represent the sustainability efforts of companies in the U.S., we also surveyed 501 employees of U.S. businesses. Their employment status, roles and age ranges are as follows.

USA

n=501 | Employment status of the people we interviewed:



CANADA

Roles of the people we interviewed:

36%

C-Suite Executives
or Company Owners

11%

Consultant or
Specialist

3%

President
or VP

27%

Other

23%

Directors or
Managers

USA

Roles of the people we interviewed:

5%

President/VP, Consultant/
Specialist or Team Leader/
Supervisor levels

26%

Director or
Managers

27%

Other

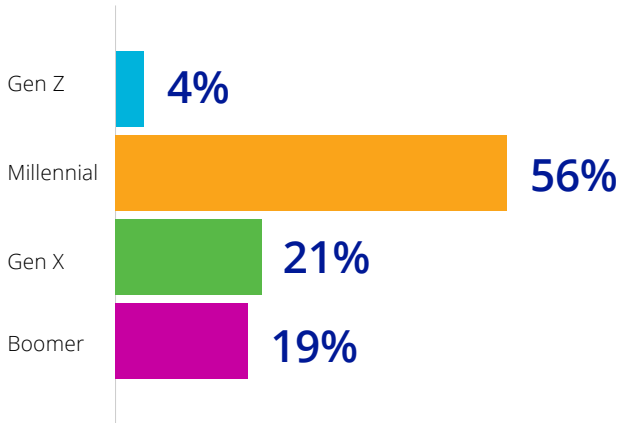
51%

C-Suite Executives or
Company Owners

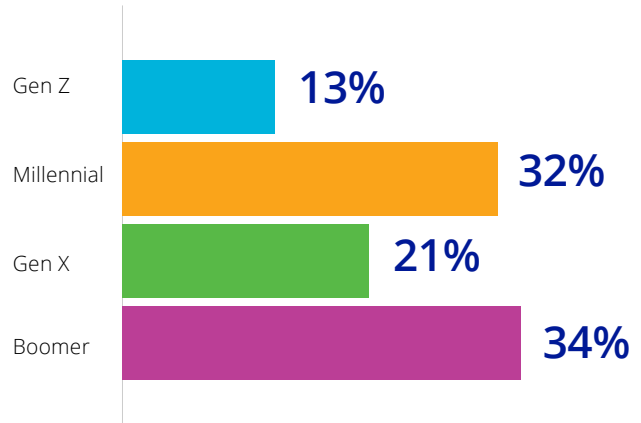
CANADA

The other relevant group to this research is consumers. So in addition to business employees, we interviewed 1,500 Canadian consumers.

Age ranges of the business employees we interviewed:



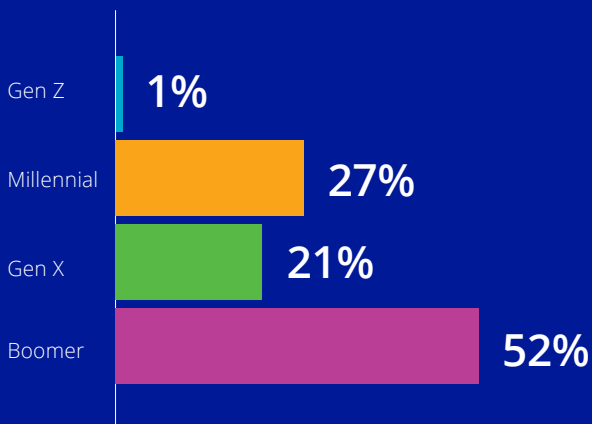
Age ranges of the consumers we interviewed:



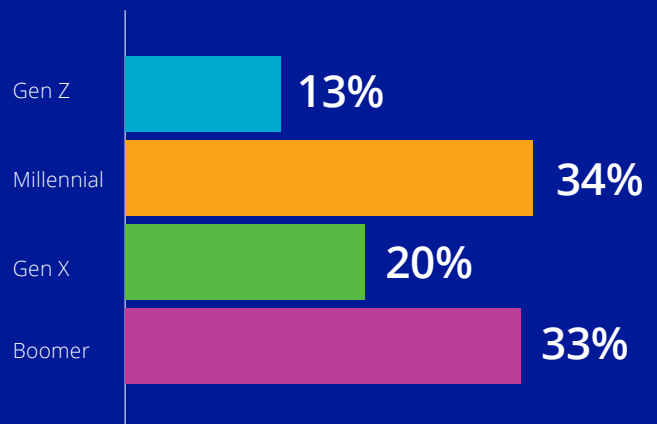
USA

And to understand U.S. consumer behaviour, we also interviewed 1,500 U.S. consumers.

Age ranges of the business employees we interviewed:



Age ranges of the consumers we interviewed:



This methodology underlies our research. Throughout this research report, we present Canadian and U.S. data as a single number, averaged from the two sources. We've done this where the information between the two countries is similar and trends the same. In a few instances where there are significant differences, we isolate and compare Canadian and U.S. trends.

Research was conducted in June 2021, so any mentions of timeframe are geared around that date. E.g. A stat about shopping behaviours in the past 12 months refers to the period between June 2020–2021.



What sustainable
measures have
businesses implemented?

What sustainable measures have businesses implemented?

Businesses are in a unique position to influence environmental sustainability through the choices they make in their supply chain. Their actions to reduce packaging and compile multiple products into the same shipments have direct impacts on sustainability efforts, and also on their business's results.

When it comes to perceptions about sustainability, 69% of companies believe their organization is making actionable commitments to improve its environmental sustainability in the next 10 years. For companies who have a higher annual revenue, ship more packages monthly and spend more on courier services, environmental sustainability is more likely to be top of mind. It seems that offsetting their higher shipping volumes is a priority — and they have more funds available to invest in making improvements.

The main questions answered by employees about their business:

- When did sustainability become an area of focus?
- What's being done to improve sustainability efforts?
- Who is internally leading sustainability commitments?
- How important is it to choose a sustainability-conscious delivery partner?

We also dug deeper with some insightful discoveries:

- Do respondents think their supply chains are more sustainable than their competitors?
- Do respondents really believe they're making a difference with their sustainability commitments?
- What are the reasons that some companies aren't making sustainability commitments?

How important is sustainability within the supply chain?

Sustainability has been an important topic for decades, and many employees feel that their company is making actionable commitments, but when and why did it become important to businesses?

Overall, 50% of companies have started focusing on sustainability in the past four years and 69% of those have a concrete action plan.

Having actionable steps to improve environmental sustainability is especially top of mind for companies that have a higher revenue and average monthly shipping volume. Even among companies that don't yet have an action plan, employees recognize the importance of making actionable commitments to sustainability. 43% of companies without an action plan recognize its importance (for the reasons listed below) and say they need one.

Top reasons given for committing to sustainability:

59.5%

say sustainability is important and helpful to the environment

16.5%

want to help the planet

9.5%

want to support future generations

Only 50% of companies have started focusing on sustainability in the past four years.

What would deter a company from creating a sustainability action plan? 50% of companies reported feeling that they shouldn't contribute to sustainability because they feel it has no impact. While this is especially the case for businesses that have a low monthly shipping volume, there are still mixed perceptions around the impact of supply chain on the environment.



While businesses may not be completely convinced by the motivation of environmental impact, their sustainability efforts are being spurred on by customer demand. Customer expectations are shifting, both in regards to shipping and businesses' sustainable practices.

These are the top sustainability measures shoppers expect to see:



72.5%

Reduce packaging



70%

Recycled materials/products



67%

Reduced/renewable energy



58%

Reduce shipping travel



50%

Electric delivery

Who is influencing the change?

Many environmental movements happen in a grassroots, bottom-up approach. Those on the frontlines see first-hand how processes can be improved. But within the businesses we surveyed, we found that sustainability decisions are happening from the top down. 48.5% of companies say that their C-suite or owner is influencing sustainability measures across the organization. Putting these practices into place requires operational oversight and, for half of the companies surveyed, includes a formalized process with set key performance indicators (KPIs).

By having the drivers of change sit at the top of the organization,

72.5%

of companies say they are able to be proactive about their sustainability efforts.

How are companies improving their sustainability efforts?

Companies are looking to go green. They have specific actions being taken to improve supply chain sustainability efforts. Do they believe these changes are working? The outlook is positive! A majority (88.5%) feel that their actions have positively influenced sustainability.

The competitive landscape is shifting, as more companies share in these sustainability goals. So when asked whether they believe their efforts outweigh the positive impact of competitors, just under half said yes. There's still room for improvement in the minds of businesses to match the efforts of others in the industry. Collectively, there's an opportunity to make a greater change in favour of the environment.

The measures that are being taken to improve sustainability:



Recycling/reusing materials



Using sustainable packaging and materials



Reducing paper usage



Reducing energy consumption

The biggest changes that have been made:



Recycling/reusing materials



Reducing waste

The importance of sustainability when choosing a delivery provider

A delivery provider can play a big role in the sustainability of a business. Businesses absolutely recognize the importance of this relationship: 74.5% say sustainability is important in transportation. For those organizations that are making actionable commitments to improve environmental sustainability, looking for a transportation partner to help them achieve those goals is very important.

Other factors are also at play in finding the balance between sustainability and logistics. Companies with larger monthly shipping volumes have their sights set on creating efficiencies that transportation can help them with. And they're making the investment to support these efforts. Organizations spending more on courier services in a year are even more likely to say that environmental sustainability has become an important area of focus in the past four years.

Want to make your shipments kinder to the environment?

Find out how Purolator helps deliver on the promise of a better future.

[Learn more](#)

Companies focused on environmental sustainability are spending more on courier services

As we've explored, over the past few years, and especially in the past year, more companies have recognized the importance of sustainability. This awareness is reflected by the growing number of companies who have an actionable sustainability plan. There is an even more acute awareness of environmental impact by companies of a larger size and who have higher shipping volumes.

For these larger players, one of the key areas of investment is in courier services, as companies recognize the role of their shipping partners in achieving more efficient and environmentally-friendly practices.

So, for those who are taking action, how much are they spending on their courier services? What can other companies who hope to follow suit expect of the investment they will have to make over time?

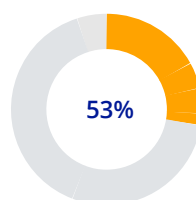
Of the companies we surveyed, those who have made sustainability a focus in the past year are spending on average between \$12K-17K or upwards of \$250K on their courier services. Budgets size is significant even for companies who have been focused on sustainability for longer, in the past 2-4 years, with the average spending of \$75-250K. These budgets reflect both the larger volumes these companies ship and their commitment to courier services that offer efficiencies in both an environmental and operational capacity.

When environmental sustainability became a priority within:

the last 12 months



the last 2-4 years



Amount spent on courier services

- \$12K - 17K
- \$250K+
- \$75K - 250K

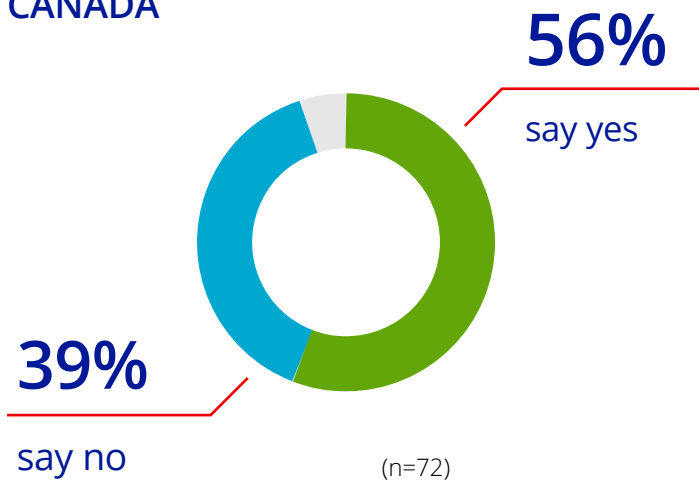
How sustainability values differ between the U.S. and Canada

Canada and the U.S. are similar markets in many ways, but when it comes to environmental sustainability, there are some differences in perceptions. In both cases, companies see the importance of improving sustainability in logistics over the next 3-5 years. It's likely that this will only gain momentum due to the combined pressures of customer expectations and policy changes over the next few years.

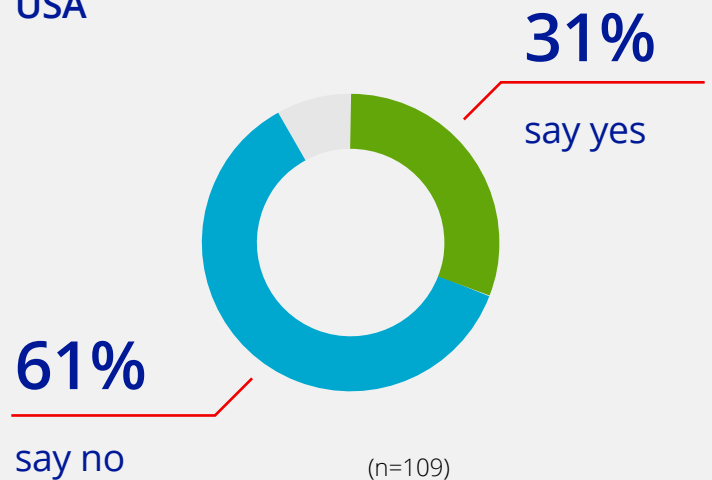
An interesting difference arises in those organizations that have not yet made a commitment to sustainability. In Canada, 56% of those without an action plan for the upcoming few years feel they should create one. However, 61% of U.S. companies without an action plan feel that there is no need, their main reason being they feel it doesn't have an impact. This reveals a connection between perception and plan. It may take decision makers communicating the influence of the supply chain on the environment to get more people on board with setting concrete goals.

For organizations who have not made a commitment to sustainability in the next 3-5 years, should they?

CANADA



USA



Commitments to recycling vary between Canada and the U.S. Companies from both countries say their biggest shift towards sustainability in the past decade has been recycling and reusing materials. Yet in Canada, only 17% of companies identified recycling as one of their top commitments, compared to 28% in the U.S. Are Canadians less concerned about recycling? Perception may be at play here. It's worth asking: Did these companies already have recycling efforts in place? Do they feel their countries' recycling systems are effective?

How important is sustainability over the next 3-5 years?

CANADA

8 out of 10 Canadians say sustainability is important or very important



32% Very Important **48%** Important

USA

7 out of 10 Americans say sustainability is important or very important



35% Very Important **38%** Important



A woman with long braids, wearing a white short-sleeved button-down shirt and dark trousers, is standing in a clothing store. She is holding a white smartphone to her ear with her left hand and has her right hand resting on a wooden counter. On the counter, there is a laptop and two small potted succulents. In the background, there are clothing racks with various items, including a light-colored fur coat, and a white sign that says "SALE". A large window in the background shows a cityscape. The image has a green vertical bar on the right side.

Is the e-commerce
landscape disrupting
sustainability measures?

Is the e-commerce landscape disrupting sustainability measures?

E-commerce has seen a dramatic boost in recent years. Especially throughout the pandemic where many brick-and-mortar businesses were closed to the public, many went online for the first time or expanded their online presence. Now, more than half of shoppers use an online-only retailer at least once a month. With customers on the other side of a screen, it's even more important to get insights into what they want from their shipping experience and how sustainability influences their preferences.

We surveyed customers to understand:

- How often are shoppers buying online?
- What are customers looking for in their shipping experience?
- Has COVID-19 changed shopping preferences for good?
- What sustainable practices do shoppers care about?

And dug deeper, with insightful results, about:

- What's really more important to shoppers – fast shipping or sustainable shipping?
- What would shoppers be willing to compromise for a more sustainable delivery?
- Do younger generations (Gen Z, Millennials) care more about sustainability?

How are customers shopping?

Shoppers have been progressively replacing in-store shopping with buying online for the past decade or so. Even stores that typically involve a visit to a physical location, such as grocery, are becoming more flexible in their delivery options – and customers are using those options.

As customer shopping shifts online, it's important for businesses to keep in touch with what they really want from their shipping experience.

Shopping patterns in the past 12 months

Customers took their shopping online with greater frequency. Who did they shop from and how often?



Shopping from
online-only
retailers:

66%

monthly basis

28%

weekly basis



Shopping from
retailers with
physical locations:

36%

monthly basis

14%

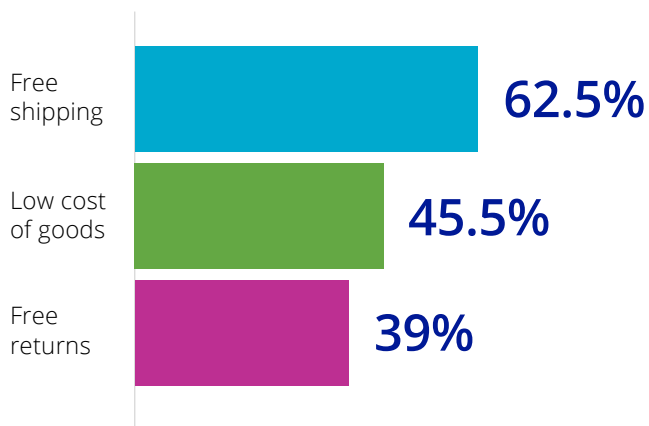
weekly basis

What are the most important positive influences on customer satisfaction?

What do businesses *think* customers want?



What do customers *really* want?



Same-day or next-day shipping is on the rise: Customers who are ordering online more frequently (five or more packages monthly) are more likely to say that fast delivery is significantly more important to them.

How does sustainability fit into these expectations?

What businesses have to say:

Businesses with a sustainability action plan in place are significantly more likely to say that these factors are important to customer satisfaction:

- Locally-made goods
- Recycled/recyclable packaging
- Sustainably-sourced products
- [Fewest number of packages for multiple items](#)

What customers have to say:

Customers identify these factors as key to their satisfaction:

- Locally-made goods
- Fewest number of packages for multiple items
- Recycled/recyclable packaging



Younger generations speak up on sustainability: Millennials and Gen Z are significantly more likely than older generations to say that **delivery options** and **recycled packaging** factor into their satisfaction.

How has COVID-19 impacted shopping expectations?

So far during COVID-19, government mandates and health risks have deterred in-person shopping and kept many people at home. While regulations and risks have shifted throughout different waves of the pandemic, overall there has been a rise in e-commerce and reliance on shipping. Customer expectations have reached a new standard. Now customers and businesses alike need to factor in what this means for sustainability measures.

Adjusting to changing guidelines throughout COVID-19 is a challenge for everyone involved. So it's helpful to know that what customers have come to expect from their shipping experience during the pandemic is the same as what they want beyond it. Fortunately, many businesses have adapted to provide more flexible options during the pandemic. Keeping up this flexibility into the future will be key to meeting the new standard of customer expectations.

76% of businesses say the COVID-19 pandemic is the most important issue motivating their environmental sustainability efforts.

Will online shopping and e-commerce trends continue beyond the pandemic? Customers are shopping online and using [flexible delivery options more frequently](#) – shipping to their home, using curbside pickup or ordering ahead and picking up in store.

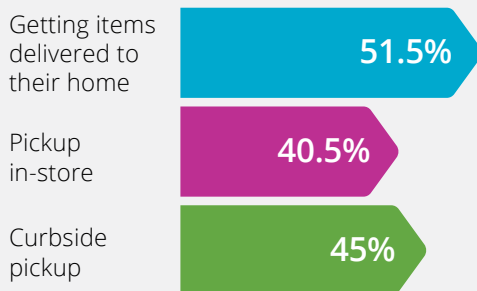
Customers' top five delivery preferences in order of importance are:

1. Free delivery
2. Free returns
3. Tracking capabilities
4. Easy returns
5. Same-day or next-day delivery

How customers' shopping habits have changed

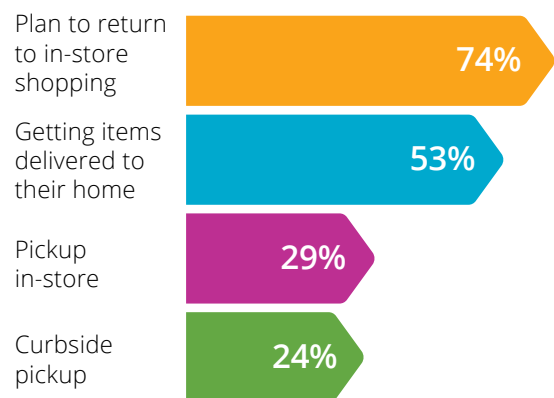
During COVID-19

Customers are using flexible delivery options for their online orders:



After COVID-19

Customers predict that after the pandemic subsides, their shopping habits will look like this:



Gen Z and Millennials say they'll be shopping online more often rather than in-store, compared to Gen X and Boomers.

What's really more important to shoppers – fast shipping or sustainable shipping?

Fast shipping such as two-day or same-day delivery is becoming more desirable. The increase in people working remotely or from home makes it easier to buy online and be home to receive deliveries. Especially for customers who are getting deliveries more frequently (more than five packages monthly), **free returns, a broad selection of goods and same-day/next-day delivery** are significantly more influential to their satisfaction with a particular retailer.

But fast shipping (and some other customer preferences) simply aren't efficient. Are customers willing to give up less sustainable conveniences for a more sustainable delivery?

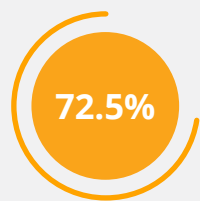
Many customers do wish they could tweak the delivery process in favour of more sustainable alternatives. At the same time, feelings are mixed about the trade-off between speed and sustainability.

Customers have influence over the companies they shop from, and some are using their purchasing power to support companies with more sustainable initiatives. Since the beginning of COVID-19, half have placed more of an importance on environmental sustainability. On one side, businesses are taking action to meet these needs, and on the other, customers are weighing in on how they will compromise to achieve more sustainability.

55% of customers would pick sustainability over speed when told to choose one or the other. But nearly as many say the opposite.

50% of customers have placed greater importance on environmental sustainability since the beginning of the pandemic.

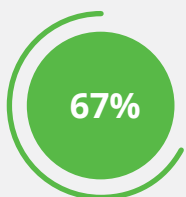
How customers are influencing sustainability



would support a company who strives to reduce packaging in their shipping efforts



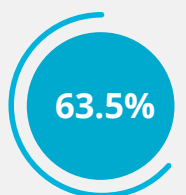
would reduce travel to shipping locations



would support a company actively pursuing energy reduction and renewable energy

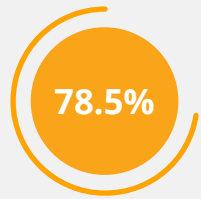


want more electric delivery options



wish they had more control over the amount of packaging

How they'd be willing to compromise for a more sustainable delivery



would drop off cardboard at a designated place for recycling



would accept a delayed delivery by up to one week



would pay more for sustainable delivery methods

Are younger generations more likely to try and find ways to improve their sustainability efforts?

It's a common assumption that younger generations (Gen Z, Millennials) care more about sustainable measures. Generally speaking, they will experience more of the impacts of environmental changes throughout their lifetimes. These generational attitudes towards reshaping the logistics industry to be more sustainable show up in their purchasing behaviours.

Since the beginning of COVID-19, Gen Z and Millennials are significantly more likely to say they have placed more of an importance on environmental sustainability. One area they feel could most greatly benefit from an overhaul is the amount of packaging used in their deliveries.

Among those who are prioritizing sustainability, they are also more willing to accept compromises, including: **dropping off cardboard, delaying delivery up to one week, paying more for sustainable delivery**, and in some cases, **accepting minor damage to items delivered with minimal packaging**. With all of these factors in mind, businesses can extend more good will towards their customers – and ultimately the environment – by balancing great service and quality with factors that show care and intention towards becoming more sustainable.



Are shoppers and businesses helping to create a globally-sustainable supply chain?

Are shoppers and businesses helping to create a globally-sustainable supply chain?

Reaching global sustainability targets will be a combined effort between businesses and their customers. Using our findings so far, it appears that both companies and customers share similar values towards creating a more sustainable future. Through collective action and changing expectations of supply chain coming from all involved, we're headed towards a future with greater reciprocity.

Global supply chain sustainability issues and predictions

Moving in the direction of global sustainability goals requires coordination. So who is truly responsible for seeing these objectives to fruition? Progress could be slowed down unless there are clear commitments and actions in place on the part of both businesses and customers.

The good news is, these efforts are starting from a place of shared values. **65% of businesses feel that sustainable efforts are contributing to global targets.** The same amount feel that global supply chain will positively impact environmental sustainability efforts in the next five years. It's an optimistic view that includes accountability on the part of businesses.

When asked who is responsible for global sustainability, consumers and customers are aligned. Just as within the organization itself, many feel that these changes need to happen from the top down, with governments, industries and businesses taking the lead.

Who is responsible for global sustainability targets?



Businesses say:

28%

consumers are responsible

66%

government, industries and businesses are responsible



Customers say:

21%

consumers are responsible

64.5%

government, industries and businesses are responsible

A woman with curly hair, wearing a dark blue jumpsuit with a small logo on the chest, is pushing a silver hand truck. The hand truck has two large, stacked cardboard boxes on it. She is standing on a paved surface, and in the background, there is a modern building with large glass windows and some trees. The overall scene is outdoors during the day.

Key takeaways
and conclusions

Key takeaways

1 Environmental sustainability is a growing concern.

Since the beginning of the pandemic, half of Canadians and Americans have placed more of an importance on environmental sustainability.

2 Sustainable supply chain is a priority.

When thinking about how their supply chain can be improved over the next 3-5 years, environmental sustainability is important to 76.5% of companies.

3 Companies recognize their impact.

One of the largest changes made to supply chain practices has been recycling and reusing packaging and other materials. 88.5% of companies feel that these actions have positively influenced sustainability.

4 Top-down leadership is effective for making change.

66% of businesses and 64.5% of customers feel similarly that governments, industries and businesses are responsible for reaching global sustainability targets. Within organizations, having top-down leadership is effective for setting KPIs and getting everyone on the same page.

5 Online shopping is expected to stick.

In the past year, more than half of customers have started having items delivered to their home or are doing so more frequently, and at least half are going to continue doing so once things return to normal.

6 Customers want free delivery.

Free delivery was the most important factor to customer satisfaction before the pandemic. Once they return to pre-pandemic shopping habits, 62.5% say it will still top the list.

7 Shipping partners play a key role in sustainability.

Shipping partners can help control factors such as efficiency in delivery and reducing emissions. 74.5% of businesses recognize the importance of environmental sustainability when selecting a transportation partner.

8 Customers want to support sustainable companies.

Customers are using their purchasing power to support companies that a) attempt to reduce packaging b) strive to incorporate recycled products in their operations and c) actively pursue energy reduction solutions.

9 Customers are willing to do their part.

In order to support sustainable supply chain practices overall, customers are willing to compromise somewhat on speed or contribute by dropping off cardboard for recycling. Younger generations especially recognize their role in achieving sustainability goals.

10 Achieving sustainability is a collective effort.

Achieving sustainable supply chain practices takes a coordinated effort from customers, businesses and shipping partners. While customer behaviour often directs change, businesses can amplify their impact by setting clear objectives and finding the right shipping partners to support their efficiencies.

Conclusion

Delivering on the promise of a better future

The global supply chain is being transformed by the dual forces of environmental sustainability and a boom in e-commerce. Customer expectations have dramatically changed, and these themes are expected to last beyond the current landscape created by COVID-19. While flexibility and speed are highly desired traits for shipping, building sustainability into the supply chain is a growing priority, too.

These two goals of sustainability and streamlined shipping experiences are closely connected. They require a coordinated effort on the part of businesses and customers – and the logistics partners that serve as a crucial bridge between the two. As the results show, businesses and individuals are starting to recognize that their actions and expectations around sustainability have an impact on the global supply chain – and beyond that, the environment itself.

More than a package, it's a promise.

Choose a logistics partner that recognizes the impact of the promises you need to deliver.

Purolator is committed to improving environmental sustainability throughout our shipping practices. We work with you to establish services that your business needs while introducing opportunities to optimize your supply chain. Consolidated shipping, reduced packaging and efficient delivery routing are just a few of the ways we can help. To learn more, contact a sales representative today.

[Learn more](#)



More than a package,
it's a promise.

Choose a logistics partner that
recognizes the impact of the
promises you need to deliver.

Contact us

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Promises delivered®

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