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## LOGISTICS REPORT

# Retailers Turning to Specific-Day Delivery Over Speediest Shipping

Competition on superfast delivery shifts into low gear as companies try to rein in fulfillment costs that are eating into their profits



A United Parcel Service driver carries a package in the Lincoln Park neighborhood of Chicago. Companies are turning away from more expensive fast delivery as a way of trimming costs.

PHOTO: CHRISTOPHER DILTS/BLOOMBERG NEWS

By *Liz Young* [Follow](#)

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Retailers this holiday season are focusing on delivering packages to customers on specific dates, rather than competing on speed of delivery.

The shift marks an easing in a race for delivery speed in e-commerce in recent years that has pushed goods to shoppers' homes at an ever-faster pace while narrowing retailers' profit margins on sales.

With inflation-conscious consumers now dialing back their online shopping, many retailers are focused on restraining the high costs of fulfillment and last-mile delivery.

Amazon.com Inc. set the pace for competition on speed with its investment in next-day and same-day delivery. In 2019, the e-commerce giant also gave its Prime members the option to pick a specific delivery date. Other retailers and logistics operators are now following suit.

Shopify Inc., which provides e-commerce services to retailers, in May gave merchants using its tools the option to display a badge on their websites and social-media channels next to products that can be delivered in five days or fewer.

The idea is to offer “an anticipated delivery time ... whether that is two days or that is three days,” Harley Finkelstein, president of Shopify, said on the company’s Oct. 27 earnings conference call.

Saks Off Fifth, the discount sister of luxury merchant Saks Fifth Avenue, on Wednesday said it would start showing shoppers what day they can expect any given item to arrive based on factors such as their ZIP Code. The feature refines the retailer’s previous three-to five-day shipping window, said Shivi Shankaran, the company’s chief operating officer.

“To be able to provide them a very clear date when their package is going to get delivered is very valuable to customers,” Mr. Shankaran said.

Jason Murray, co-founder and chief executive of e-commerce fulfillment service provider Shipium Corp., which is working with Saks Off Fifth on its new delivery-date feature, said the choice makes clear to consumers that faster delivery carries a higher cost.

“You need to have a way to express that calculus to people, that trade-off,” Mr. Murray said.

Chinese online apparel retailer Shein, known for its low-price and trendy clothing and accessories, suggests that rapid sales growth and superfast delivery don’t have to go hand-in-hand, even in fast fashion.

The company expects to reach \$24 billion in sales this year, putting it within reach of the sector’s biggest competitors only a decade after it launched, by focusing on the front end of its supply chain, which includes manufacturing and shipping out of Guangzhou, China. Shein has significant business in the U.S. even though its website says it takes 10 to 15 days for American customers to get orders. The company has said its standard shipping time for U.S. customers is seven to eight days on average.

Shein plans to expand its North American business by opening three distribution centers in the U.S., but even those will only speed up delivery by three or four days.

Online shoppers are now more willing to wait for certain deliveries, having gotten used to supply-chain disruptions at the height of the Covid-19 pandemic, said Terry Esper, associate professor of logistics at the Ohio State University's Fisher College of Business.

The most important factor for consumers has become "the visibility of it all and being able to know when to expect a delivery, as opposed to the assurance that it'll be a superfast delivery," Dr. Esper said.

Marc Gorlin, founder and chief executive of delivery platform Roadie Inc., a home-delivery subsidiary of United Parcel Service Inc., said shoppers' circumstances are now dictating delivery times.

"Sometimes they want it really, really fast, or they want it really, really scheduled," Mr. Gorlin said.

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