

State of Commerce Ops 2024

Navigating the future of commerce with key trends, insights and opportunities for online sellers.



What are the **biggest** commerce trends of 2024?

2024 is shaping up to be an exciting year for online retailers. Nearly half of all retailers are gearing up to broaden their horizons into new channels and marketplaces.

But do these companies possess the operational connectivity to provide exceptional customer experiences and meet rising demand as they scale?

Linnworks surveyed over **2,000 consumers** and **1,000 ecommerce retailers** to create the most comprehensive analysis of the priorities and challenges both consumers and retailers are facing in 2024.

Our research shows that to work through these challenges, retailers need to aim for a connected commerce operation.



Connecting

to new marketplaces and shipping couriers with ease



Automating

time-consuming tasks like inventory and order processing



Centralizing

order, inventory, listing, and shipment management

Note: The State of Commerce Ops Report is sponsored by ShipStation and Virtualstock. It was conducted on behalf of Linnworks by OnePoll in January 2024. **Keep reading** to find out the biggest consumer and retailer trends of 2024.

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The top six key takeaways from the report

Consumers are gravitating towards online marketplaces for their shopping needs, with a strong emphasis on getting the best value for their money, free shipping, and hassle-free returns. Interestingly, next-day delivery is no longer a top priority.

Small to mid-sized retailers are keen to meet these evolving consumer expectations, but operational inefficiencies are holding them back.

The persistent reliance on spreadsheets and disjointed back-end systems often fail to provide a solid foundation for companies looking to seize growth opportunities.





1. Marketplaces are the leading sales channel

51% of consumers said marketplace website, such as Amazon and eBay, were their favorite places to shop, followed by brand websites at 20% and social media at 4.5%.

Marketplace websites delays	51%
Brand websites	20%
Social media	4.5%



2. Shipping delays and damaged items are the biggest complaints

Delays (62%), damage to items (44%) or incorrect items being delivered (33%) were consumers' biggest issues when it comes to shipping.

Delays	62%
Damage to items	44%
Incorrect items being delivered	33%



3. Shoppers want free shipping and free returns

Free shipping (52%) and real-time package tracking (49%) is the biggest expectation when it comes to shipping. Next-day deliveries, not so much (13%).

Free shipping	52%
Real-time package tracking	49%
Next-day deliveries	13%





4. Expanding to new markets and channels is the number one goal

52% of retailers state their number one goal is to grow. Expanding to new markets and new channels is their top priority. Optimizing performance on existing sales channels (45%) comes next.

Expanding to new markets and channels	52%
Optimizing performance	45%
Investing in technology or automation	37%



5. Shipping costs and connecting to new marketplaces is providing a major challenge

Despite the desire to expand to new channels, 33% of online retailers say that connecting to them is one of their biggest operational challenges alongside managing delivery costs (38%).

Connecting to new channels	33%
Managing delivery costs	38%
	30 %
Managing logistics and fulfillment across multiple platforms	33%



6. Retailers are still relying on custom and manual integrations

A significant number of online retailers are still relying on custom-built (42%) and manual integrations (46%) to link their operations to marketplaces.

Custom built	42%
Manual integrations	46%

Retailers want to grow, automate and connect



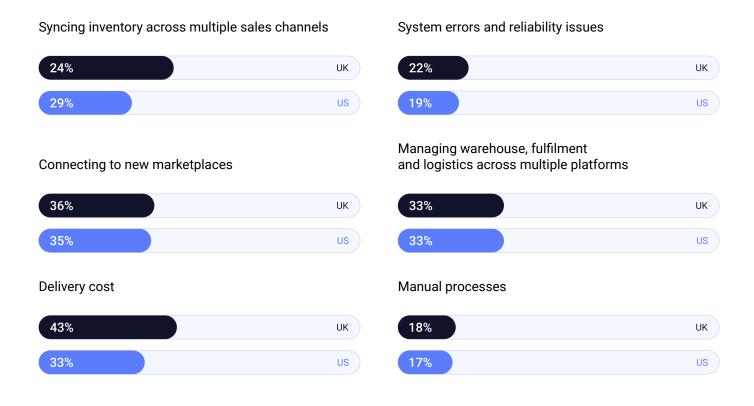
Shipping costs and marketplace connectivity are **major challenges**

UK (43%) and US online retailers identified managing delivery costs (33% of respondents) and connecting to new marketplaces (36% for UK, 35% for US) as the main operational challenges during business growth. These concerns align with consumers' top issue - delivery cost.

Other significant retailer pain points include coordinating warehouse, fulfillment, and logistics across various platforms, and syncing inventory across multiple channels.



What are the top operational challenges you experience as your business grows and complexity increases?





When considering an efficient commerce operation, integration is key. The goal is a seamless flow of capabilities to sell into various marketplaces.

First, there's access to channels. It's about the ecosystem that allows selling wherever customers can be found. From eBay to Walmart to Amazon, our integrations let our customers conduct their business smoothly.

Second, it's about the ability to execute logistics. Many online sellers might not have a logistics infrastructure or warehouses and may have inventory scattered globally. Our ability to connect with all these channels and partners drives a seamless process, enabling our sellers to grow their businesses efficiently.

Chris Timmer

CEO, Linnworks

Mid-market retailers are investing heavily in **inventory visibility**

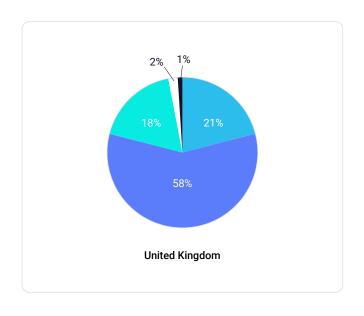
Retailers with higher revenues, likely due to more available investment, have superior inventory visibility across their sales channels and warehouses.

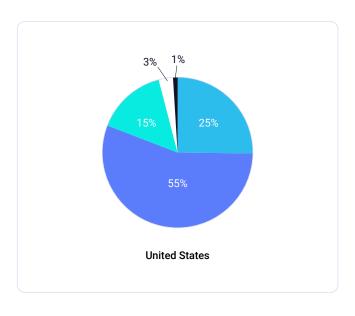
Four out of five UK firms with a turnover between \$1M and \$50M reported 'good' or 'excellent' visibility, closely followed by US retailers within the same revenue range. This underscores the significance of inventory visibility as businesses grow.

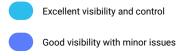
As retailers scale, investing in superior inventory visibility becomes crucial. It not only helps to streamline operations but also improves efficiency, leading to greater customer satisfaction and potentially

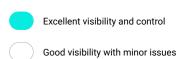
higher revenues.

How would you describe the visibility of inventory across your sales channels and warehouses?











Retailers are powering ahead with **process automation**

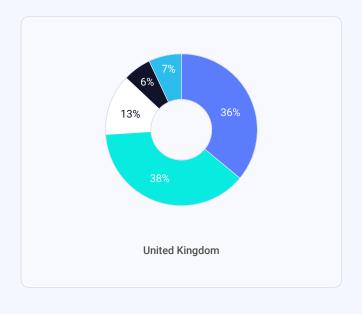
Automation is becoming essential for retailers to scale sustainably and cost-effectively. While only a few industry pioneers in the UK (7%) and US (10%) have fully automated operations, over a third of retailers in both countries have automated significant parts of their business.

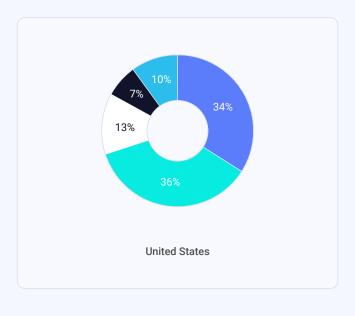
Businesses generating between \$1M and \$10M revenue show the highest automation rates, with 49% in the UK and 51% in the US. Approximately one in five of firms still have minimal or no automation in their ecommerce operations

There is a big opportunity for retailers to stand out by embracing automation. It not only improves operational efficiency but also offers a competitive edge, especially for

those yet to adopt this technology.

How much of your ecommerce operations involve automation?











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VP of Partnerships, Linnworks

Inventory and order automation comes first

Ecommerce businesses are focusing their automation efforts on order processing and inventory management. More than 60% of retailers in both the UK and US have automated their order processing, while approximately half have optimized inventory management. Firms with revenue between \$500,000-\$1M and \$10M-\$50M are leading in this domain.

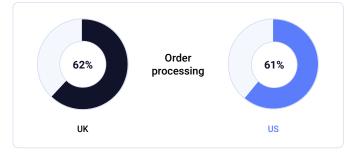
Automating manual ecommerce processes is the third most common area, with around a fifth of US respondents and a quarter of UK respondents prioritizing this. Successful firms view automation as an ongoing, organization-wide initiative, not just an isolated effort.

Takeaway To enhance efficiency and productivity, retailers should consider automating key areas such as order processing, inventory management and manual ecommerce processes. Viewing automation as a continuous, organization-wide effort can lead to more significant benefits and

How would you describe the visibility of inventory across your sales channels and warehouses?









Two to three marketplaces is the **sweet spot**

Most firms (74% in the UK and 70% in the US) sell their products on one to three marketplaces such as eBay, Amazon, and Etsy. However, about a quarter (UK 24% and US 28%) expand their reach by selling through four or more marketplaces.

Nearly half of US firms (47%) and over a third (35%) of UK firms with revenues exceeding \$10M target more than four marketplaces. Generally, retailers with higher revenues tend to sell on more marketplaces.

Expanding sales across multiple marketplaces can be an effective strategy for growth. The data suggests that higher-revenue retailers often use this approach, highlighting its advantages for reaching more

customers.

How many online marketplaces do you currently sell on?











0 marketplaces

1 marketplace

2-3 marketplaces

4-5 marketplaces

6+ marketplaces

Retailers are still reliant on custom and manual integrations

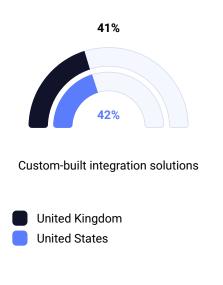
A large portion of online retailers still use custom-built or manual integrations to connect their operations to marketplaces. Approximately 40% of retailers in both the UK and US use custom solutions, and nearly half (46%) use manual integrations.

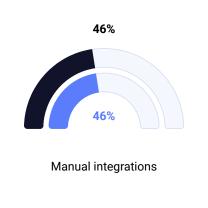
48% of UK and 60% of US retailers use third-party software tools. Notably, the higher a retailer's revenue, the more likely they are to use third-party tools – with 71% of US and 60% of UK retailers earning over \$10M doing so.

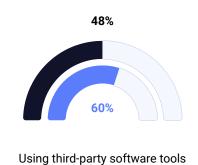
- Takeaway

Retailers can reap huge benefits from using third-party software tools for marketplace integration. These tools can possibly make operations smoother, enhance efficiency, and foster growth.

How do you integrate online marketplaces into your operations?









Custom-built solutions achieve greater integration control and flexibility but require extensive planning and resources.

Whereas retailers using manual integrations likely face limitations due to inadequate IT infrastructure for managing multichannel shopping experiences. Adopting out-of-the-box solutions can mitigate these challenges by preventing errors, improving efficiency and enhancing profitability.

Tim Hay-Edie

Head of Technical Pre-Sales, Virtualstock

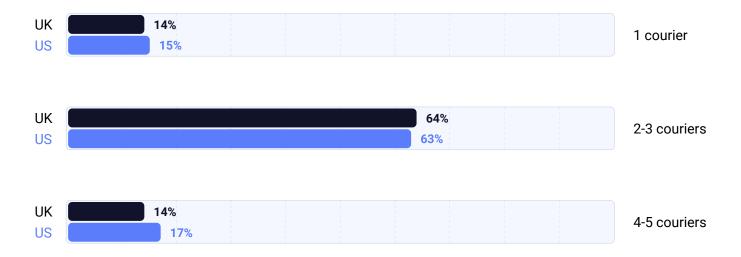
Most retailers aren't connected to enough shipping couriers

Retailers in the US and UK have a similar approach to shipping, with 63% and 64% respectively connecting with two to three shipping services. Our research shows that companies generating higher revenues tend to engage with more shipping services.

For instance, 34% of US firms with revenues exceeding \$10M partner with four or more shipping providers. Scaling up the number of shipping partners can be an effective strategy for retailers aiming to increase revenues.



How many different shipping courier services are integrated into your logistics operations?



Delivery times and costs are the #1 fulfillment challenge

Order fulfillment can pose significant challenges, especially during periods of rapid growth. A large number of retailers (47% in the UK and 45% in the US) said that managing delivery times and shipping costs was their primary challenge when order volumes surge.

The next set of major challenges, cited by about a third of respondents, included handling returns/exchanges and maintaining inventory accuracy. As revenue increases, it's clear retailers find it difficult to scale fulfillment, keep accurate inventory and coordinate with multiple couriers or suppliers.

As a retailer grows, so does the complexity of its operations. Efficient management of delivery times, shipping costs, returns, exchanges, and inventory accuracy becomes crucial. Investing in robust supply chain management systems and processes can help address these challenges and support sustainable growth.

What are the main challenges you have in fulfilling orders efficiently as volume increases?



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CEO, Linnworks

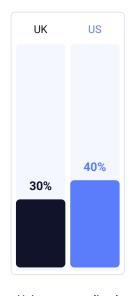
Retailers still use spreadsheets to track **product listings**

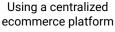
Many retailers invest in a centralized ecommerce platform or an order management system to maintain a unified view of products across sales channels. In the UK, 40% utilize an inventory/order management system, while in the US, 40% prefer a centralized platform.

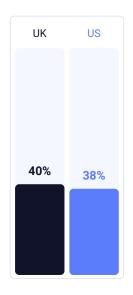
A considerable percentage still use spreadsheets for this purpose: 25% in the UK and 17% in the US. While spreadsheets and disconnected technological systems present scalability challenges, integrated and automated systems provide enhanced possibilities for growth.

Takeaway To ensure scalability and efficient product visibility across all sales channels, retailers should consider investing in connected and automated systems over traditional methods like spreadsheets.

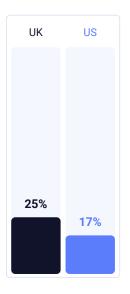
How many different shipping courier services are integrated into your logistics operations?







Employing an inventory or order management system



Using spreadsheets



I don't have a single view of my listings

Nearly half of retailers use spreadsheets to **forecast inventory**

A significant number of retailers, nearly half from both the UK (45%) and the US (47%), rely on spreadsheets for inventory forecasting. Only a slightly higher percentage use third-party software (47% in the UK and 54% in the US).

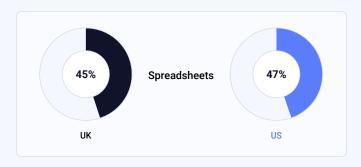
In the UK, the use of spreadsheets remains relatively steady across different retailer turnovers, with 44% of those with a turnover between £10M to £50M using them. In the US, the scenario varies, with smaller firms using spreadsheets the least (29%), compared to 60% of retailers with a \$10M to \$50M turnover.

Many businesses use spreadsheets for online inventory forecasting, but they aren't the most efficient solution, especially for larger firms. By investing in inventory forecasting software, firms can enhance both their forecasting accuracy and

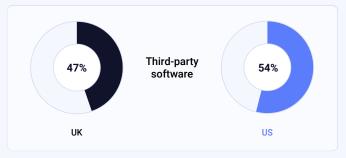
efficiency, which will foster better

operational decisions and growth.

Which tool(s) do you use to forecast inventory?









Expanding to new markets and channels is the number one goal

In 2024, breaking into new markets and channels is the top goal for retailers, with 48% in the UK and 55% in the US prioritizing this. Sales channel optimization is the second biggest focus, identified by 44% of UK retailers and 46% of US retailers.

Approximately two-fifths of retailers (36% in the UK and 39% in the US) plan to invest in technology and automation. Other key areas of focus include reliable commerce operation management, sustainability and connecting with more warehouse and fulfillment partners.



What are your top business priorities for 2024?

Expanding to new markets or channels

48%

UK

55%

US

Optimize performance on existing sales channels

44%

UK

46%

US

Investing in technology or automation

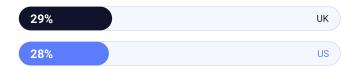
36%

UK

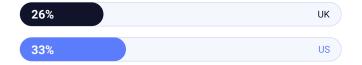
UK

UK

Switching to a more reliable system to manage your commerce operation



Connecting to more warehouse and fulfillment partners to streamline logistics



Focusing on sustainability



Consumers want free shipping and fewer delays



Customer service is key to a positive experience

Customer service (49%) and product quality (46%) are the leading contributors to a positive customer experience across all ages and genders in both the UK and the US, particularly among older demographics. However, beneath these primary demands, customers' needs vary across their purchasing journey.

These specific requirements, reliant on seamless commerce operations, include hassle-free online experiences, quick shipping, easy returns and smooth online interactions.

Takeaway To enhance customer satisfaction in 2024, businesses should focus not only on delivering superior customer service and product quality but also ensure a seamless, frictionless end-to-end customer journey.

Which of the following elements are most influential in whether you have a negative customer experience?









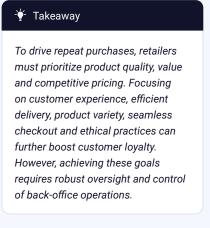




Quality, value and price are key to repeat purchases

The decision of consumers to make repeat purchases hinges significantly on factors such as the quality and value of the product, as well as its price. These factors are slightly more influential for UK consumers, with 69%-73% stating they would repurchase based on these criteria, compared to 57%-61% in the US.

Around half of consumers (53% in the UK, 45% in the US) cite a positive customer experience as a crucial factor. Additional aspects influencing repeat purchases include quick delivery, diverse product range, seamless checkout, and ethical business practices.



What factors, if any, influence your decision to become a repeat customer?





Shoppers prefer buying from online marketplaces

Ecommerce platforms such as Amazon and eBay remain the favored choice for online shoppers, with 51% of surveyed individuals from the UK and US expressing a preference for these marketplaces. Direct-to-consumer (D2C) brand websites are the second most preferred option, chosen by 24% of UK and 16% of US shoppers.

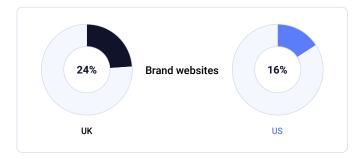
While other channels like social media platforms, retailers' mobile apps, and online marketplace mobile apps do not enjoy the same popularity overall, they are frequented more by younger consumers, particularly those in the US. For instance, 8% of US survey respondents prefer to shop on social media platforms such as Facebook Marketplace, a figure that drops to just 1% among UK respondents.

Retailers looking to maximize their ecommerce potential should focus on online marketplaces and direct-to-consumer websites. However, they should not overlook the growing

popularity of social media platforms

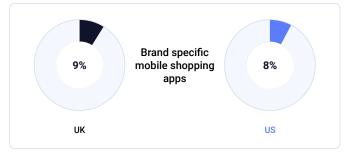
among younger consumers.

What is your preferred channel for making an online purchase?





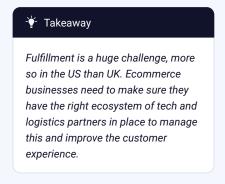




Almost half of US consumers experience issues buying online

A total of 45% of US respondents sometimes, often or very often face issues while shopping online. This is in contrast to just over a quarter (26%) of UK shoppers.

Consumers aged 25-34 from both countries are the ones most likely to encounter negative online shopping experiences, with 55% of male US shoppers regularly encountering difficulties. It's crucial for retailers to efficiently handle complexities during expansion to avoid negative customer experiences.



How often do you experience issues with your purchase when ordering a product online?







Shipping errors come from many places — typos, improperly packed items or mishandling to name a few.

Ensuring safe delivery involves accurate order processing through shipping software, using appropriate packaging, choosing reliable carriers, and maintaining open communication with customers. Offering additional parcel insurance options can also bolster buyer confidence.

Krish Iyer

Vice President, Strategic Partners & Industry Relations, Auctane

Shipping delays and damaged items are consumers' biggest complaints

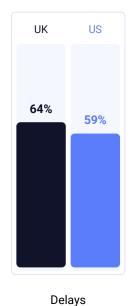
Shipping delays top the list of consumer grievances, affecting a significant number of consumers in both the UK and US. Approximately two-thirds (64%) of UK shoppers and 59% of US shoppers have experienced late item deliveries.

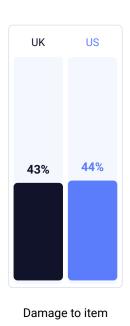
The second major concern for consumers is receiving damaged items, with over two-fifths of shoppers (43% in the UK and 44% in the US) having received faulty goods.

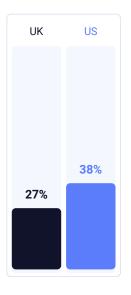
🛉 Takeaway

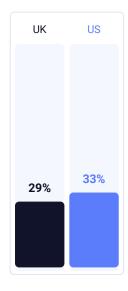
Ensuring damaged goods do not leave the warehouse is paramount, making inventory visibility and quality control critical steps in the fulfillment process. Once items are dispatched, having an efficient operational setup becomes crucial to mitigate the risk of delays. Implementing automated order routing can significantly aid in managing such issues, enhancing the overall efficiency of the operation.

What issues have you experienced when purchasing online?









Incorrect items

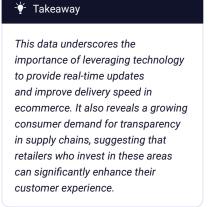
Poor customer service

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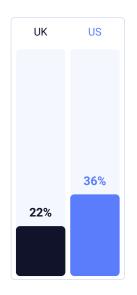
CMO, Linnworks

Technology is key to a **better online experience**

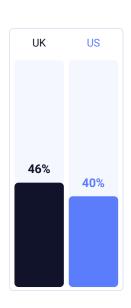
A significant number of individuals surveyed in the UK and US feel that technology can play a vital role in enhancing online shopping experiences. They specifically highlight the need for features such as real-time order tracking and immediate visibility of stock levels. More seamless payment methods and supply chain transparency were also raised.



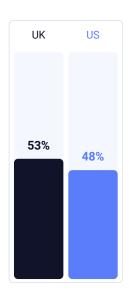
How would you like to see technology improve your online shopping experience?



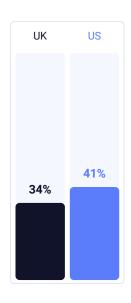
Seamless and secure payment process (e.g. more one-click purchase)



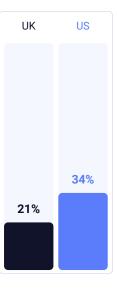
Real-time stock avalability



Real-time tracking information



Faster deliveries

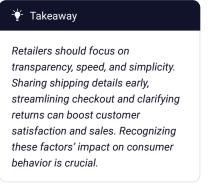


Supply chain transparency

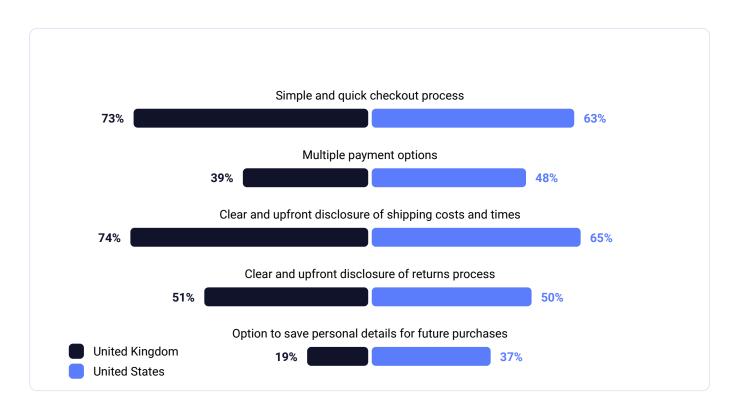
Shipping costs need to be clear and upfront

A significant majority of consumers (69%) expect retailers to be transparent, disclosing delivery costs and times early in the process to prevent unexpected surprises. Similarly, 68% of consumers expressed a desire for a quick and straightforward checkout process.

Clear information about return policies is crucial as it often influences consumers' purchasing decisions.



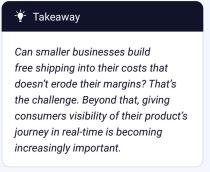
Which features do you consider essential to make a smooth experience during online checkout?



Consumers want

free shipping

When it comes to delivery, the majority of consumers named free shipping as their biggest expectation. Dig a little deeper, however, and measures designed to combat delivery anxiety, such as parcel tracking and delivery notifications, prove to be just as important. Interestingly, the demand for same-day or next-day delivery ranks lower when averaged across both countries.



When it comes to deliveries, what are your primary expectations?





Consumers want

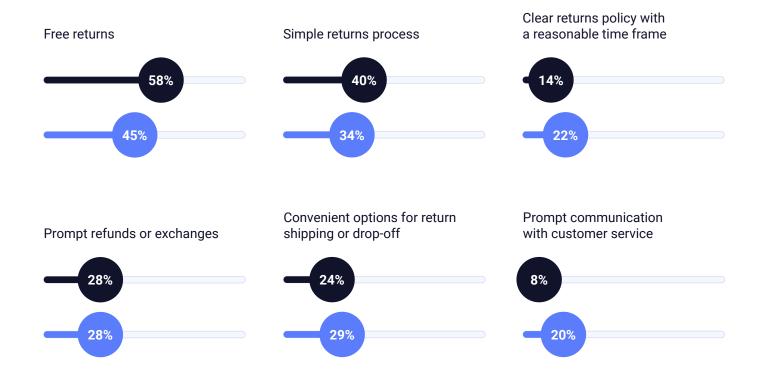
free, simple returns

Consumers expect not only free returns but also simple returns processes with quick refunds or exchanges. This is particularly important for UK consumers aged 18-24, with 82% considering it crucial. Efficiently managing the reverse supply chain can be challenging without fully integrated order and inventory management systems.

Takeaway To meet consumer expectations and enhance customer satisfaction, retailers should offer free, simple return processes and ensure prompt refunds or exchanges. Especially for younger demographics, these factors can significantly influence purchasing decisions. Retailers may need to invest in comprehensive management systems to achieve this

efficiently.

When it comes to deliveries, what are your primary expectations?





Free returns are a double-edged sword.

They attract customers — but the costs can be significant. Consider offering multiple returns options, integrating exchanges into your returns process or partnering with returns service providers that can bring processing costs down.

Krish lyer

Vice President, Strategic Partners & Industry Relations, Auctane

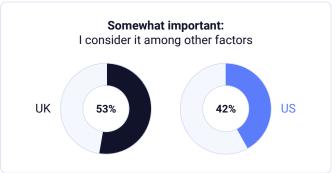
Sustainability is now a major reason to buy

Sustainability is a major consideration for consumers, with 68% of UK and 72% of US shoppers considering sustainable retail practices important. Male US shoppers and female UK shoppers value sustainability the most. The age group that prioritizes sustainability the most is 25-34 in both countries, with 96% of this demographic in the US rating sustainability as important.

With the majority of consumers placing high importance on sustainability, retailers must prioritize sustainable practices to attract and retain customers. The market clearly signals a shift towards more conscious consumption, indicating that sustainability is not just a trend but a long-term expectation from consumers.

When it comes to deliveries, what are your primary expectations?





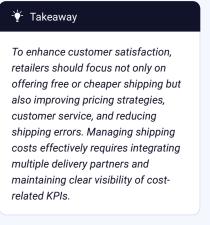




Consumers' biggest pain point? **Shipping costs**

Cheaper or free shipping tops the wishlist for UK and US shoppers in 2024, with 50% of US and 59% of UK consumers citing shipping costs as a major concern. Young and old age groups are most worried about these costs. UK shoppers, especially men, believe reduced shipping costs would enhance their shopping experience.

Other areas for improvement include competitive pricing, better deals, improved customer service and reducing shipping errors and product damage.



What do you want to see online retailers doing more to improve your shopping experience with them?

Reducing stockouts

13%
128

22%
220

Reducing shipping mistakes and/or receiving damaged products

26%
263

43%
431

Cheaper or free shipping options

59%
593

50%



Connectivity means stability in 2024 and beyond

The modern customer demands an easy, speedy shopping experience paired with top-tier products and service. But as retailers expand, fulfilling these expectations becomes more challenging.

The key to overcoming these challenges? **Connectivity.**

By implementing a connected commerce operation, ecommerce retailers can:



Improve inventory visibility across their warehouses and channels



Automate inventory management and order processes



Connect to new marketplaces and shipping couriers easily



Improve warehouse quality control



Manage listings, inventory and fullfilment - all from one centralized platform

As we venture into 2024 and beyond, connectivity will serve as the cornerstone for stability in ecommerce.

By capitalizing on connected commerce, online retailers can establish an infrastructure empowers them to scale rather than holds them back.



This connectivity enables growth.

CMO, Linnworks

5 tips for ecommerce retailers in 2024



≘linnworks Report 2024



1. Spreadsheets and a patchwork of tech systems will only get you so far

Our research shows that retailers achieving the highest levels of growth have invested in connectivity, visibility and automation.



It's not possible to scale without a unified, real-time view of your operation. To grow sustainably, businesses need to build a connected tech ecosystem.



2. Bad habits and challenges scale with your business

Many retailers are still using custom-built or manual integrations to connect to marketplaces and shipping couriers, while forecasting or keeping track of listings using spreadsheets.



Many entrepreneurs wait too long to change. If you're not solving operational challenges – mistakes, spiraling costs, having to work weekends – they're only going to get bigger.



3. Multichannel retail is critical to success

Our survey reveals that the higher a retailer's turnover, the more marketplaces and channels they are likely to target.



70% of customer searches now begin on marketplaces or social media. The key is how you manage multichannel in a way that mitigates complexity and risk.





4. Connectivity provides stability

The majority of retailers told us they now invest in systems automation and visibility, but there is still much work to be done.



To scale without adding risk or cost, a retailer needs to connect and automate every aspect of their ecommerce operations, from the moment an order is placed right through to delivery.



5. Invest in the right tech, at the right time

Our survey reveals that the higher a retailer's turnover, the more marketplaces and channels they are likely to target. Retailers number one priority for 2024 is breaking into new markets and channels, but attempting to achieve growth without taming complexity is not sustainable.

🖫 Takeaway

Investing in a Connected
CommerceOps platform like
Linnworks allows you integrate with
hundreds of marketplaces, sync your
inventory and order data in one place
and put your ecommerce operation
on autopilot.

Connect your commerce ops with Linnworks



We connect...

your back-office systems to an expansive network of global marketplaces, direct-toconsumer platforms, shipping providers and third-party logistics partners using powerful integrations. This enables you to be where your customers are, effortlessly enabling you to thrive on every channel.



We automate...

your ecommerce operations, including inventory management, order processing and multi-channel synchronization. This automation increases accuracy, speed and efficiency of your online business, enabling you to fulfill large volumes of customer orders quickly and accurately.



We centralize...

your operations using our unified dashboard, which consolidates data from multiple sales channels to create a single view of listings, inventory, orders and shipments. We unify this data, consolidating it into a single, accessible repository.



We deliver...

a scalable solution that grows with your business, accommodating new product lines, sales channels and increased order volumes. We also use data analytics to help your business scale, platform integration to grow your ecosystem, customizable plans to cater for your business needs.

⊕linnworks •

Find out how Linnworks can grow your business. Request a demo at www.linnworks.com/demo