REPORT

DELIVERY LOCKERS

Unlocking the final mile

In partnership with Retail Economics

Contents

Insights contained in this research include analysis from a nationally representative UK survey (n = 2,000) conducted in January 2024.

Introduction

The retail landscape is rapidly evolving and delivery lockers are becoming integral to its evolution. This ongoing transition reflects developments in technology, operational capabilities and shifts in consumer behaviour.

Consequently, today's customer journeys have become highly complex with online and in-store experiences requiring flexible and adaptable approaches to meet customer needs across various touchpoints and platforms. By integrating digital technologies and enhancing online experiences, retailers aim to provide a seamless and cohesive journey for consumers across all channels.

However, despite this digitalisation, physical touchpoints such as stores, delivery lockers, and pick-up-drop-off locations remain integral to the omnichannel journey. These physical touchpoints offer convenience, immediacy, and tactile experiences that complement the digital shopping experience, enriching the overall customer journey and enhancing engagement. When considering the current macroeconomic climate and retail trends, it becomes immediately apparent as to how and why out-of-home delivery is highly popular, necessary, and demand is rising.

This research looks at the rise of delivery lockers in a more complex environment ('delivery' lockers also referred to as parcel-, automated-, or self-service lockers). It explores various issues around online delivery, and consumer sentiments about the current state of play.

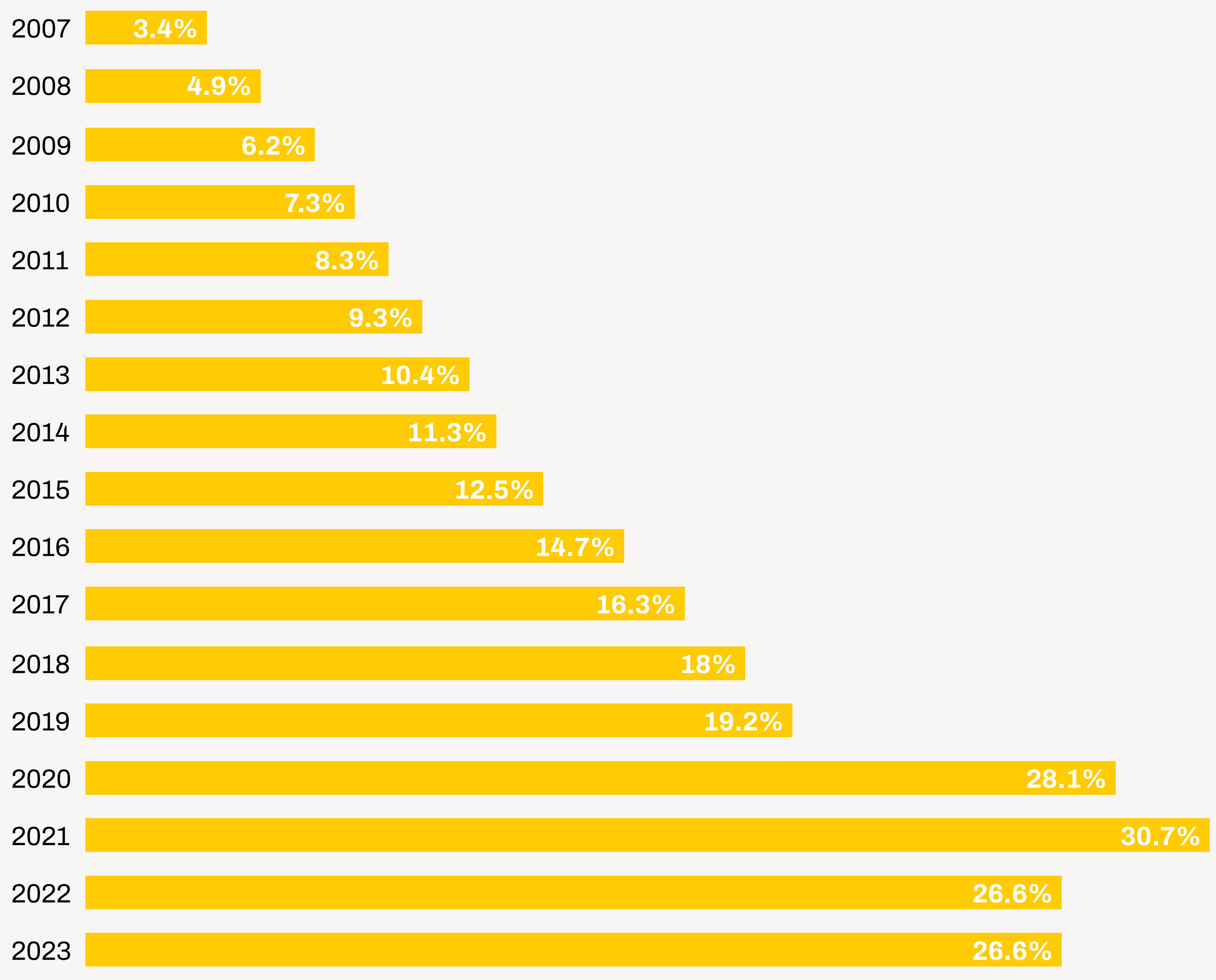
Our research indicates that **over half of consumers have already embraced delivery lockers, particularly appealing to younger, affluent, and frequent online shoppers.** This trend highlights the growing demand for hassle-free and efficient delivery solutions that cater to diverse consumer needs.

From an economic perspective, the outlook for UK retail remains uncertain. Consumers are grappling with tough economic conditions amidst a cost-of-living crisis which is entering a second phase, where inflation rate hikes have transitioned to elevated interest rates (climbing to over 5% impacting 4.4 million households exiting fixed-rate mortgages) *(Source: Bank of England, Retail Economics analysis).*

This shift has impacted more income brackets, and consumers are still focussed on value and reducing costs. Despite inflation cooling entering 2024, the recovery is being slowed by geopolitical tension and energy price increases, with consumer confidence remaining subdued. Also, pandemic-induced impacts are still being felt.

During the pandemic, consumer behaviour and preferences were altered greatly. Online penetration tipped above 30% of total retail sales in 2021 (Fig. 1), and new cohorts of consumers experienced shopping online for the first time for many products. Interestingly, our research shows that today, at least half of consumers' pre-purchase activity is now online; so, although there's been a return to physical stores, consumers are well versed in online shopping processes and tactics.

Fig. 1 - Internet sales as % of total retail sales



Source: ONS

With household budgets squeezed, shoppers want to avoid unnecessary associated costs with online purchases such as delivery and return fees. This poses challenges for retailers already grappling with margin pressures and rising operating costs, prompting a re-evaluation of strategies.

From a retail trend perspective, sustainability and the environmental cost of last-mile delivery is a primary concern. Here, delivery lockers present a compelling solution, particularly for high frequency or low value online purchases. With their self-service convenience, parcels can be collected by consumers on routine out-of-home journeys (e.g. commutes), eliminating the need for separate deliveries to distributed locations, thus reducing final-mile emissions.

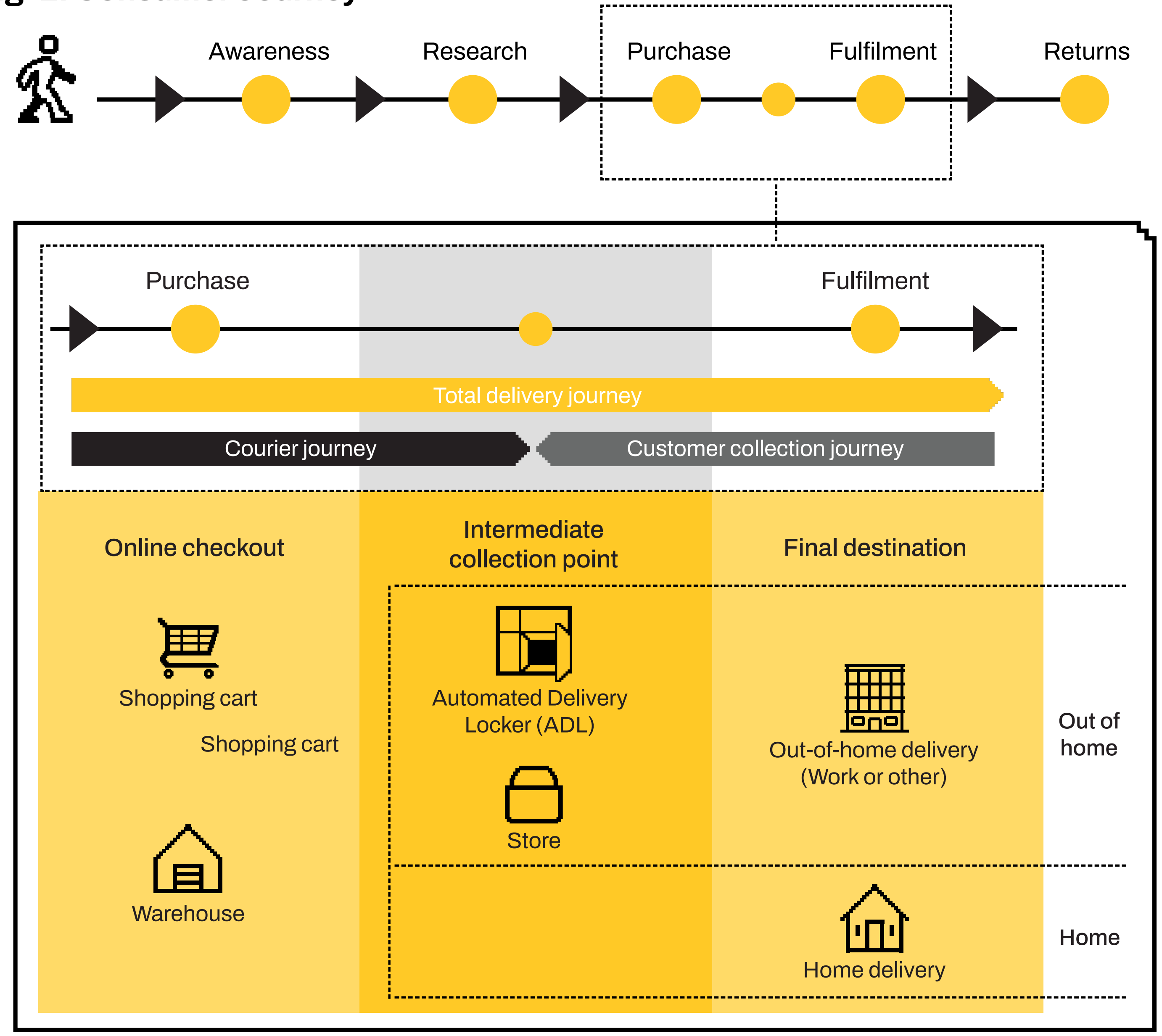
The idea of a more centralised delivery point is also aligned to the concept of the '15-minute city' (where key services are within a 15-minute walk of homes) or 'convenience living' solutions involving mixed-use complexes. If these town planning concepts are realised in the future, delivery lockers will play an increasing role within these scenarios.

Traditionally, consumers think of home delivery when they make an online purchase. However, there are various delivery methods and destinations to consider, including delivery to workplaces or vehicles, click-and-collect options at different locations, and emerging methods like drone and autonomous vehicle deliveries.

Within this landscape, mastering final mile delivery at scale becomes very challenging; and factoring for different consumer preferences such as speed, reliability and cost, this challenge becomes even greater. Figure 2 shows automated delivery lockers (ADLs) and the parcel journey, in context of other key delivery options including:

- Pick-Up Drop-Off points (PUDO) (e.g. in-store or parcelshops)
- Out of home delivery (e.g. to work or other address)
- Home delivery

Fig. 2: Consumer Journey



The Delivery Landscape & Omnichannel Journey

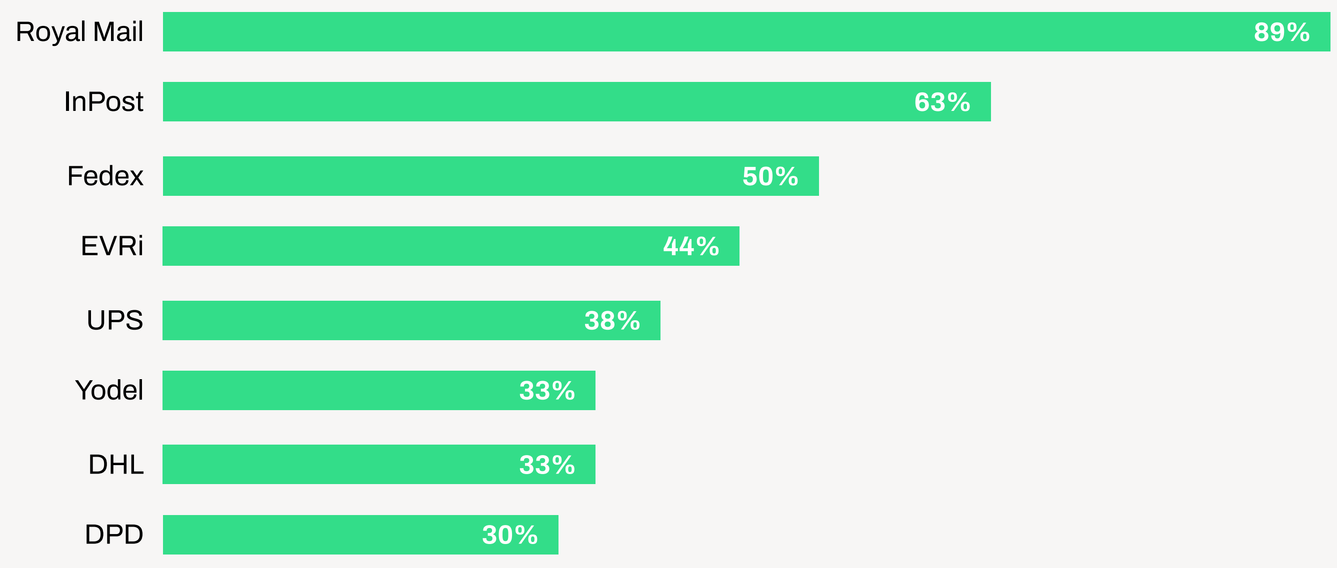
Advances within the delivery landscape, combined with advances within omnichannel retailing are reshaping many parts of the industry. Consumers are demanding seamless experiences, and delivery expectations have soared to new heights. As such, the stakes are high. Retailers offering inadequate delivery options run the risk of consumers abandoning carts, underlining the importance of flexible delivery solutions for sales growth.

Today's consumers demand delivery choices tailored to their preferences and busy lifestyles. From same-day delivery to click-and-collect, retailers must cater to varying needs to remain relevant. Consequently, brands are pivoting towards 'unified commerce' where online, off-line, supply chain insight and a single customer view, operate in concert to deliver seamless and cohesive shopping experiences.

By quantifying shoppers' delivery preferences, valuable insight can be gained into consumer behaviour and driving motivations, enabling retailers to tailor their delivery strategies effectively to increase conversion and market share.

In the UK, the perception that Royal Mail leads the delivery service sector persists, even though other courier networks collectively handle the majority of online shopping deliveries. Yet, as online shopping and its resultant returns have surged over the past decade, delivery lockers have gained prominence. InPost manages a considerable share of these returns, signifying a critical phase within the customer journey where many consumers may first encounter the brand.

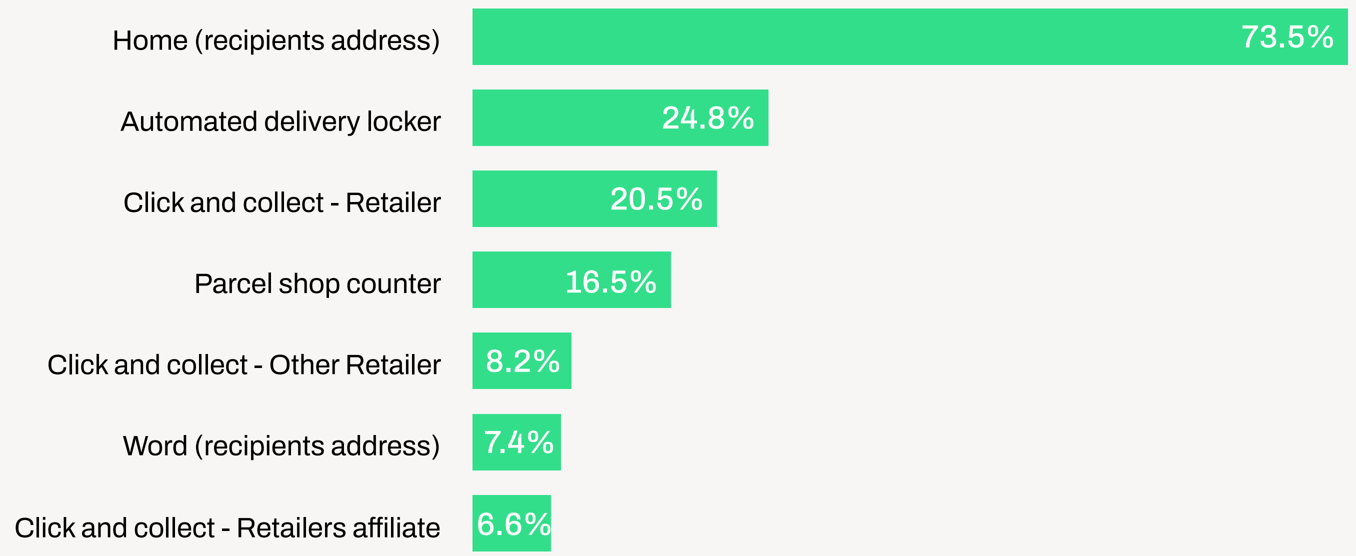
Fig. 3 - UK consumers are particularly familiar with Royal Mail and Inpost for sending or returning items



Source: InPost, Retail Economics

For online deliveries, our research reveals that 'Home' delivery remains the dominant choice among consumers (73.5%) (Fig. 4). However, a quarter (24.8%) of consumers who use lockers, indicate this method as their most frequent delivery choice, emerging as the second most popular option. Notably, of those who have used delivery lockers, more than half ranked them as either their first or second choice in delivery options, and almost three quarters (71.7%) in their top three. These findings underscore the shifting preferences within the delivery landscape, highlighting a distinct cohort of shoppers that retailers can tap into, explored later in the report.

Fig. 4 – Consumer use of online delivery options



Source: InPost, Retail Economics

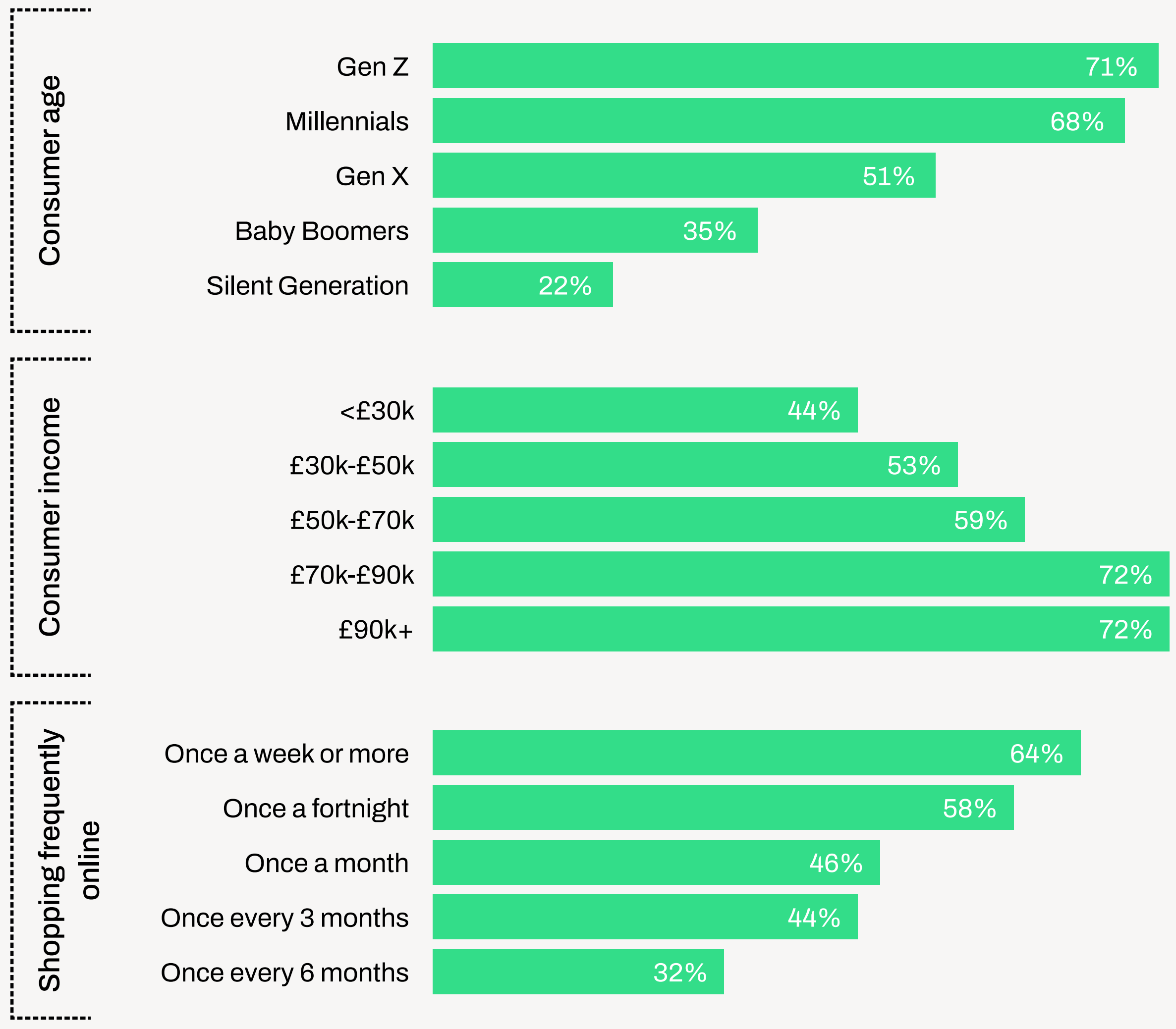
Lockers increasingly the choice for Gen Z and Millennials

The research revealed that more than half (52.8%) of all consumers have used a delivery locker at least once; **this rises to 71% for Gen Z, and 68% for Millennials** (Fig. 5). One in three consumers used a delivery locker within the last three months of being surveyed (January 2024), rising to two in five consumers who used them in the last six months.

Fig. 5 – Locker users tend to be younger more affluent consumers

How to read this chart: Each bar represents the proportion of consumers (in that segment) that responded 'yes' to the question - *Have you used delivery lockers to send and receive parcels?*

Example insights: 71% of Gen Zs have used delivery lockers to send and receive parcels. 44% of consumers earning £30K/year or less have used delivery lockers to send and receive parcels.

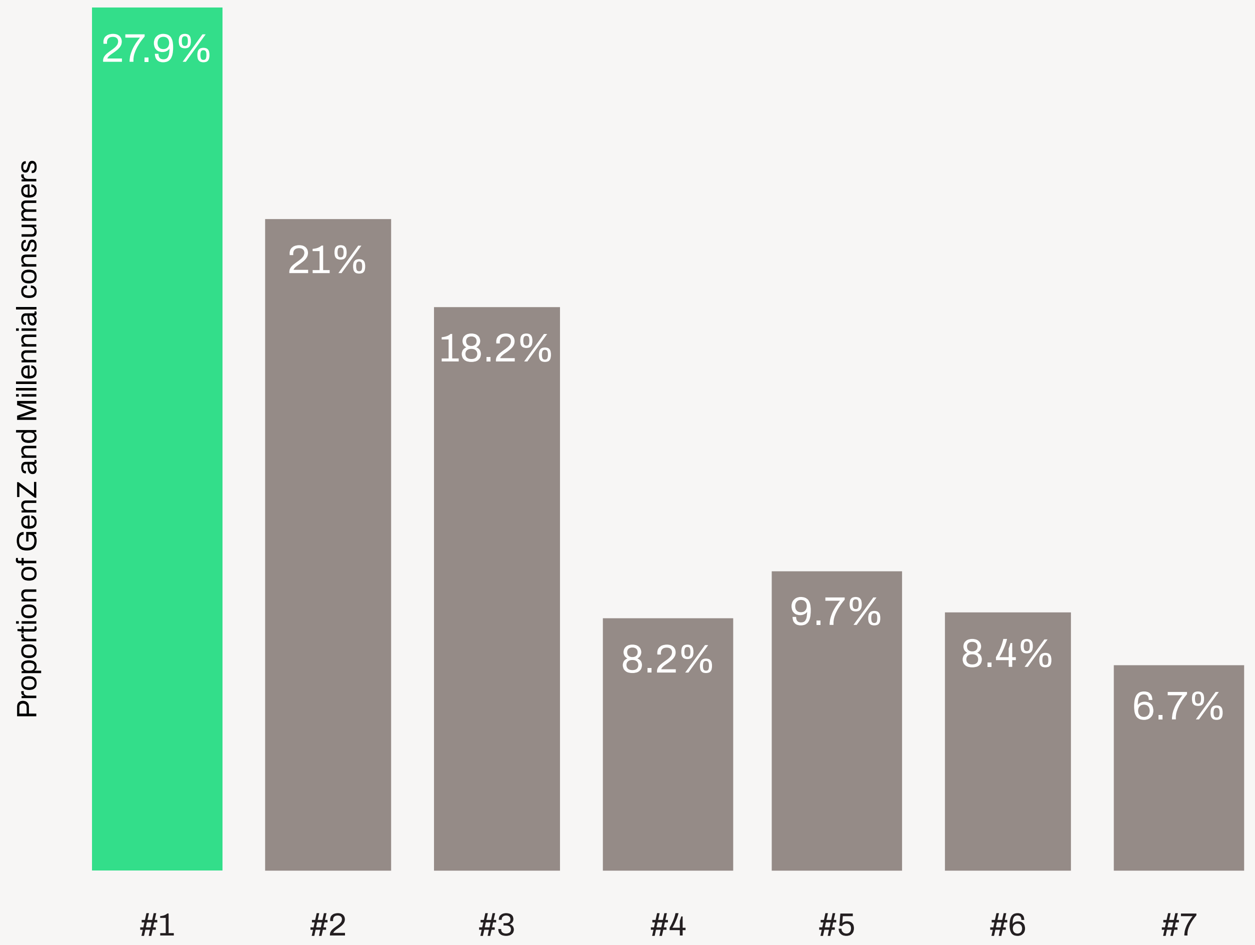


Proportion of consumers who have used delivery lockers to send and receive parcels

Source: InPost, Retail Economics

More than half of all consumers (52.8%) have used a delivery locker at least once.

Fig. 6 – Nearly 30% of Gen Zs and Millennials rank lockers as their number one choice



Source: InPost, Retail Economics

'Locker Lovers' vs. 'Home Deliverees'

Considering most shoppers opt for home delivery for their online purchases, an interesting comparative analysis involves looking at consumers who choose lockers for their most used delivery option – 'Locker Lovers', versus consumers who say home delivery is their most frequently used option – 'Home Deliverees' (Fig 7).

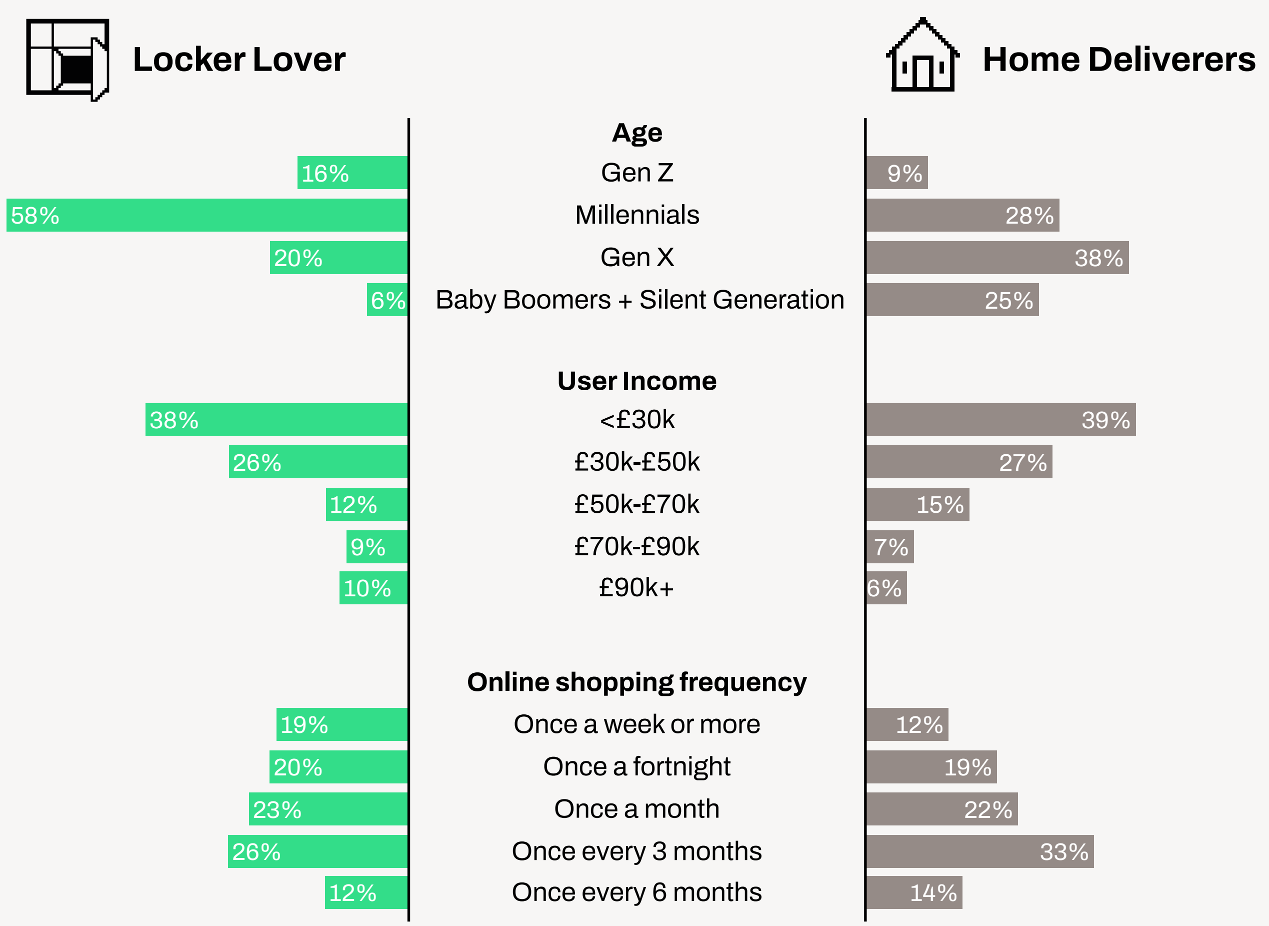
Our research shows that true 'Locker Lovers' are disproportionately comprised of Millennials (58%), and heavily weighted towards younger consumers compared with 'Home Deliverees'.

While there is less variance concerning affluence, 'Locker Lovers' are still more likely to be high earners, with 19% of this cohort with incomes over £70,000 per annum, compared with 13% of 'Home Deliverees'.

In terms of shopping habits, 'Locker Lovers' could be considered digital natives having grown up with technology like mobile phones and social media, and are significantly more digitally focused than other groups. Almost one in five (19%) say that they shop online more than once per week (versus 13% for 'Home Deliverees'). This rises to 62% who shop online at least once per fortnight (versus 53% for 'Home Deliverees').

These 'high earning frequent online shopping Millennials appear to: (1) value the convenience and low-cost option of using lockers; (2) often live in urban areas with more services; and (3) have increased awareness of lockers and their benefits. Almost a third (29.3%) of consumers living in the South East of England say that lockers are the most frequently used option for online deliveries.

Fig. 7 – 'Locker Lovers' vs. 'Home Deliverees'



Source: InPost, Retail Economics

Our research reveals that locker users are typically younger, more affluent and shop more frequently online (Fig. 7). These characteristics are highly attractive for most retail brands. More than seven in ten consumers with incomes of £70,000 per year (or higher) have used delivery lockers at some point, considerably higher than 44% of consumers who have incomes of less than £30,000 per year.

In addition, the most frequent online shoppers are more likely to use lockers, with almost two-thirds (64%) of consumers who shop online once per week or more having used them.

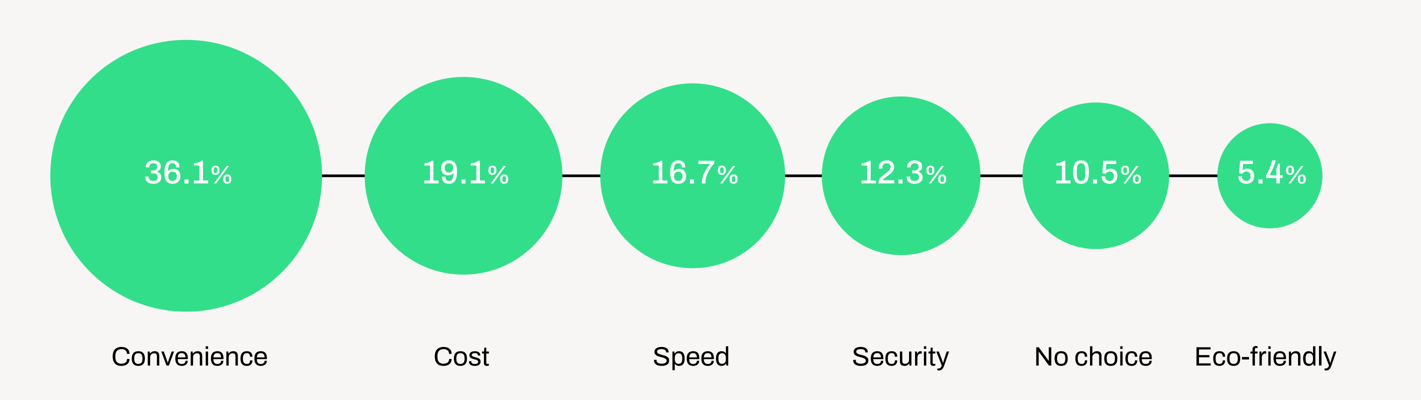
Even a third of those who shop online just once every six months claimed to have used lockers too, suggesting locker use is widespread, not just digital-first shoppers.

Of Gen Zs and Millennials who use delivery lockers amongst other options, 27.9% said they used lockers as their most frequent delivery choice (Fig. 7).

Understanding the motivations of locker users is crucial for businesses to optimise their propositions and hone messaging. By delving into the reasons behind what motivates consumers to use (or not use) lockers such as convenience, cost or speed, companies can better tailor their services to enhance customer satisfaction, and streamline logistics.

Our research shows that the convenience of pick-up point (36.1%), cost (19.1%) and speed (16.7%) are the top three motivators driving locker use (Fig. 8). These factors are often prioritised depending on the individual's needs at the time. Furthermore, retail brands need to recognise these top motivating factors as an opportunity cost can arise in securing sales from consumers with these driving motivations.

Fig. 8 – Convenience is by far the primary motivating factor for parcel locker use

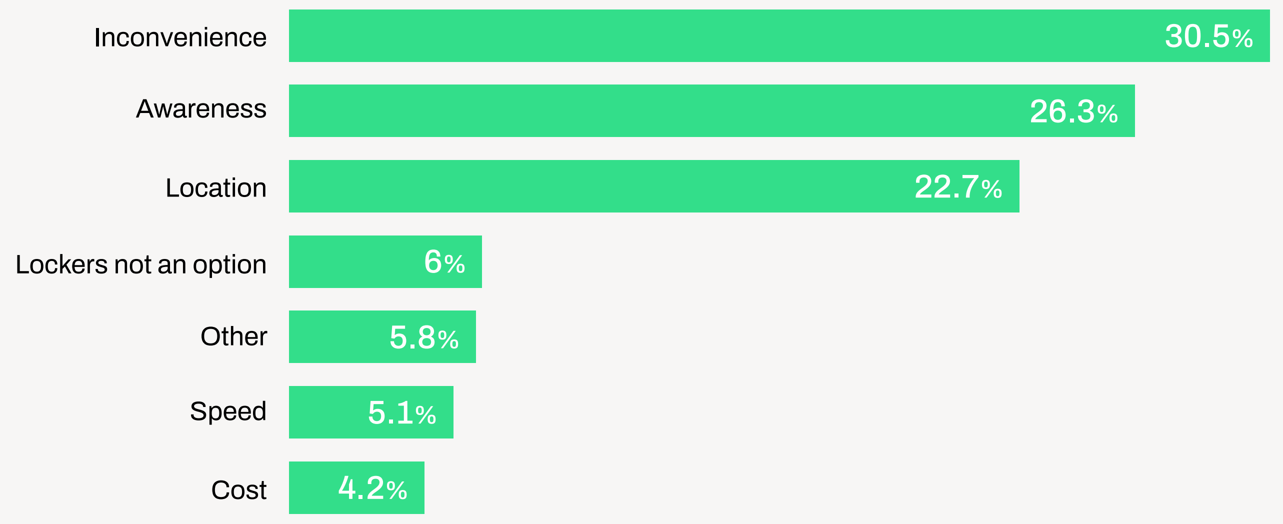


Source: InPost, Retail Economics

Proportion of consumers surveyed

Conversely, the top three reasons for why shoppers overlook their use include inconvenience (compared to other options, 30.5%), awareness (unfamiliarity with service, 26.3%), and location (not sure where lockers are, 22.7%) (Fig. 9).

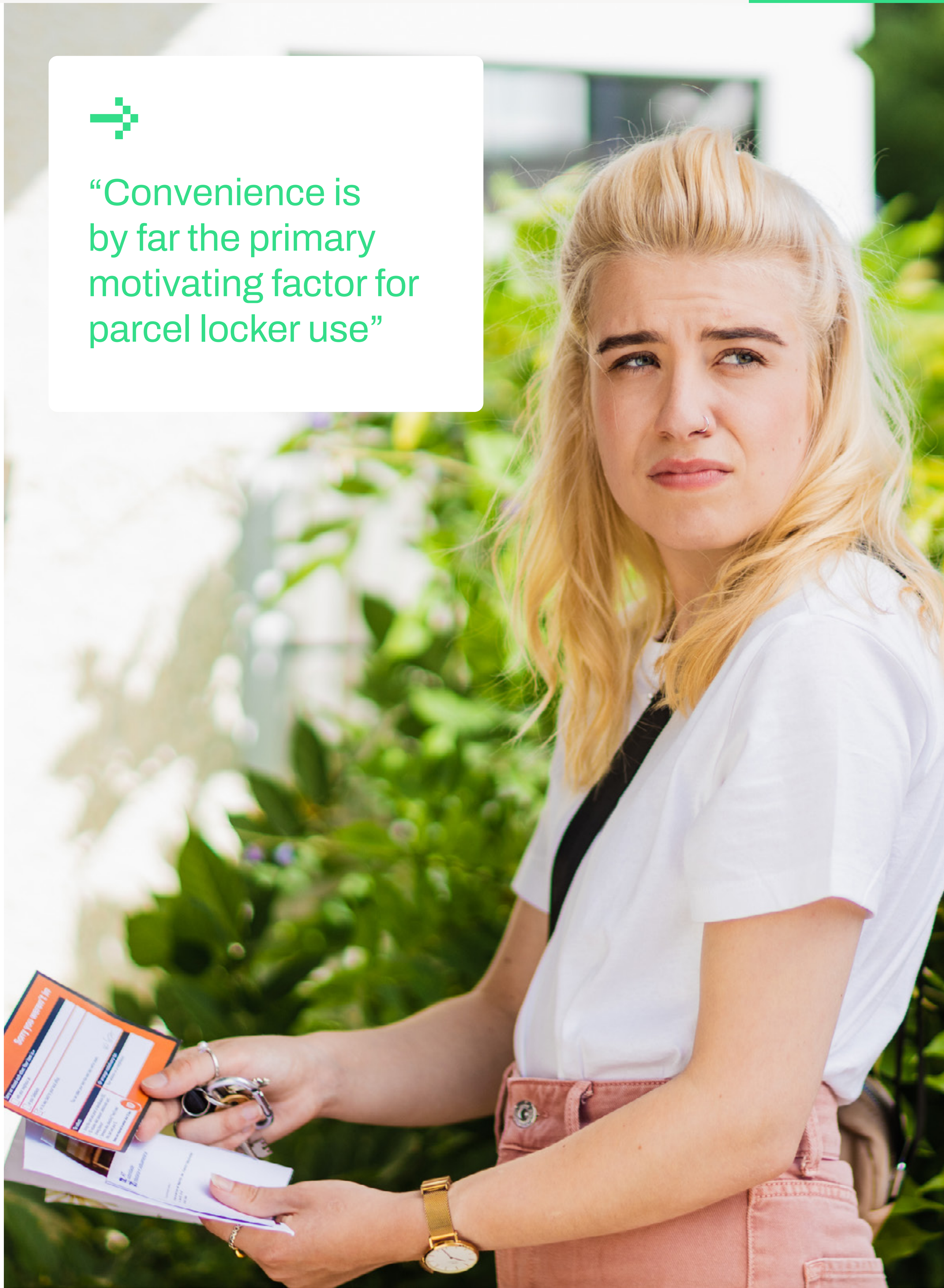
Fig. 9 – Reasons slowing uptake of parcel locker use



Source: InPost, Retail Economics

Proportion of consumers surveyed

"Convenience is by far the primary motivating factor for parcel locker use"



Delivery Expectations and the Cost of Friction

In this section, we look at consumer preferences and expectations regarding delivery options offered by retailers. The research found that consumers are seeking diversity of options and cost effectiveness. This stems not only from the fact that individual preferences vary widely in general, but also because preferences change depending on a shopper's circumstances at time of purchase (e.g. the shopping mission, physical location). The section also looks at typical delivery problems experienced by consumers, online basket abandonment, boycotting due to delivery, and preferences towards parcel lockers versus parcel shops.

Importance of delivery options for frequent online shoppers

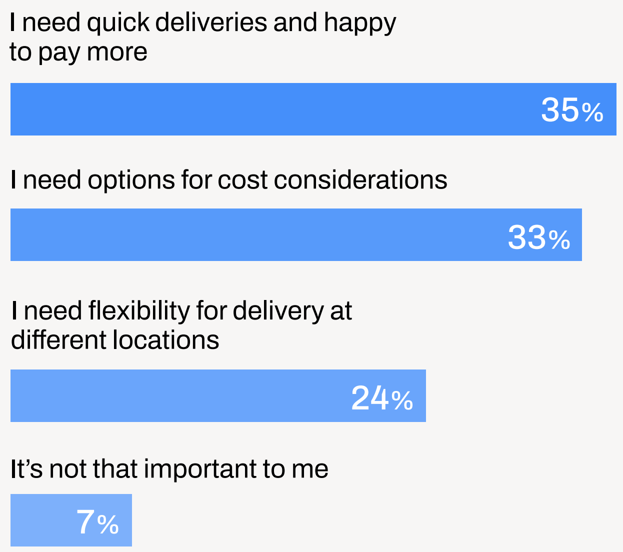
Our research highlights the critical role that a diverse array of delivery options plays in the online shopping experience. As consumers complete varied shopping missions, they require a wide range of delivery options to fulfil a multitude of needs. This section looks at why having a broad range of delivery options available at online checkout is important.

The work reveals that [90% of Gen Zs and Millennial consumers feel that having a range of delivery options is important to them] (Fig. 10). A third of shoppers (35.5%) from these consumer groups said having options to meet their need for delivery speed was most important – and that they were happy to pay more for it.

The second most important reason, as stated by another third of shoppers from these cohorts, was cost (33.3%); indicating that they need options to alter the delivery mode and speed to save money.

Lastly, flexibility to deliver to different locations was considered most important by one in four (24.2%). For comparison, almost half (48.5%) of consumers aged over 65 years old feel that being offered a broad range of delivery options is unimportant.

Fig. 10 – Why diverse delivery options are important for Gen Z and Millennials



Source: InPost, Retail Economics

Convenience and the shopper mission

Convenience is hugely important for all types of shopper missions. Be it a considered purchase, an impulse buy, a gift, a distress purchase, or a top up buy, offering convenience within delivery helps to ensure customer satisfaction. However, there are different aspects or attributes of 'convenience', including:

- Speed
- Reliability
- Range of delivery options
- Cost

The following graphic (Fig. 11) represents the importance of several crucial factors that come into play during the shopper mission.

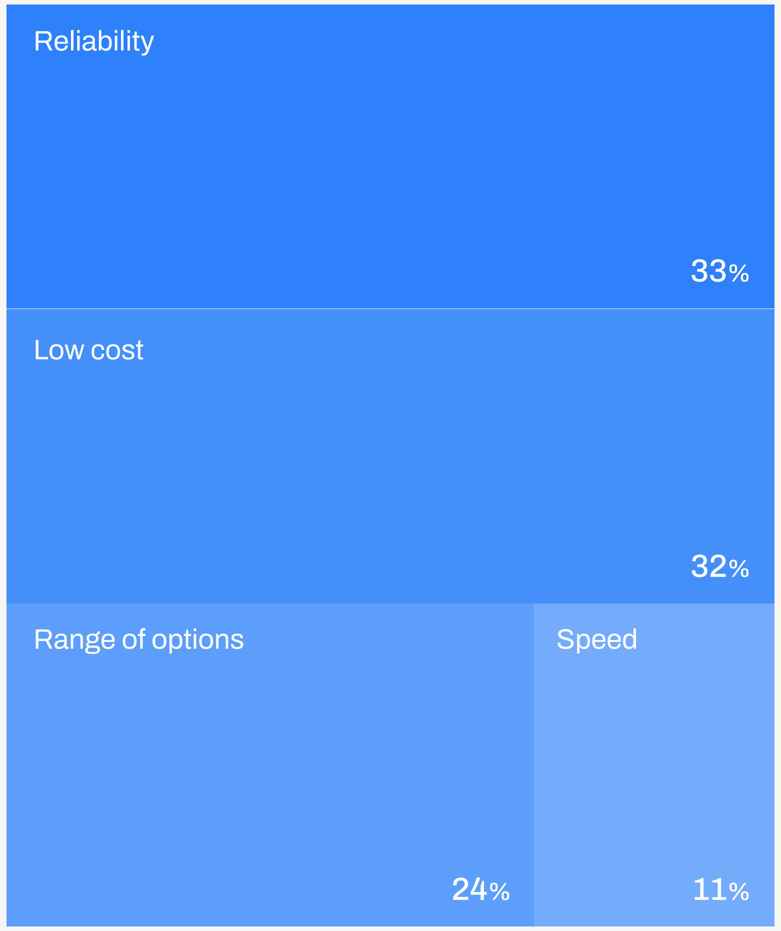
The relative area of the rectangles which make up the mosaics in Figure 11 (and percentage values), indicate the proportion of consumers stating their most important aspect of convenience.

Fig. 11 – The relative importance of convenience aspects for different shopper missions

Question: Which delivery factor is most important to you for the different shopping scenarios?

Considered purchases: Occur when consumers are searching for a specific item and want to compare options to ensure they make the right choice. They are typically associated with higher-value items and often involve longer pre-purchase research.

Here, consumers most value reliability, which increases in importance with age and within lower-income households. This likely reflects the significant investment in time taken during the research phase of the customer journey before committing to a purchase. Ensuring that orders are received when expected is particularly crucial for higher-value items. Free delivery also ranks as a close second since considered purchases are not often needed immediately.

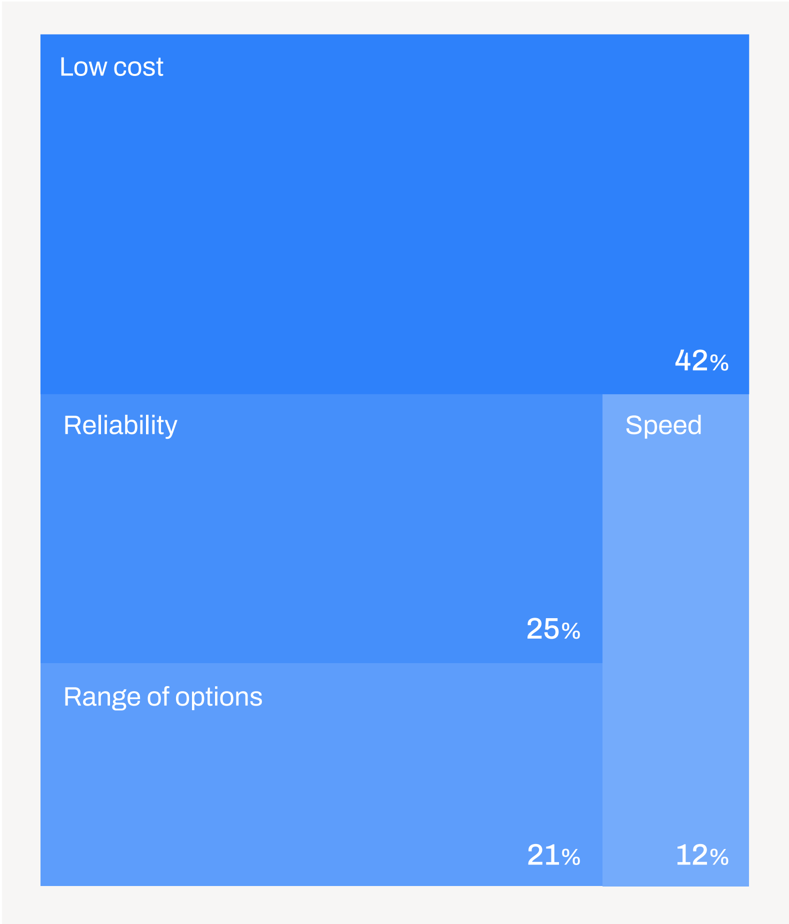


Source: InPost, Retail Economics

Impulse buy: Happens when a shopper is browsing and is inspired, or stumbles across something unexpected, and decides to buy.

For unplanned impulse purchases, ‘low-cost’ or ‘free delivery’ emerges as the most important factor. Our research found that consumers are willing to trade off reliability and speed to a greater extent when purchasing a product they had not planned to buy.

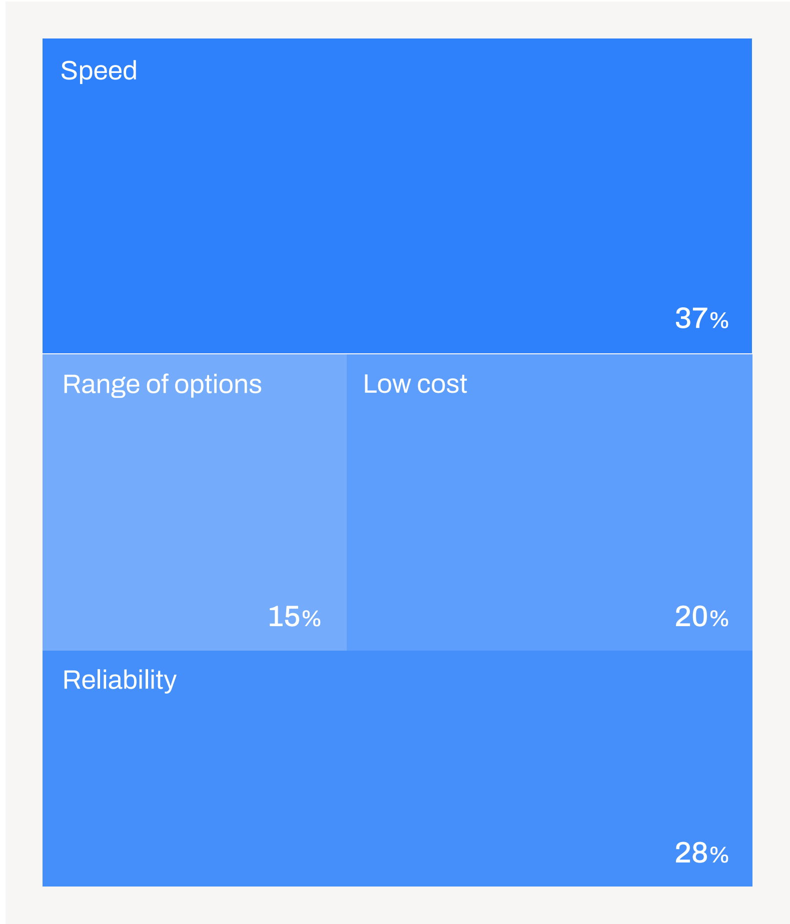
This tendency is consistent across all age groups but increases in importance for older consumers, with more than half of those aged over 65 years indicating that cost is the most important factor.



Source: InPost, Retail Economics

Distress purchase: Arises when consumers need to replace a broken item or something is needed urgently.

In this scenario, consumers value ‘speed’ as the most critical convenience attribute. Faced with the need to replace an item quickly, consumers are willing to trade off ‘low cost’ and a ‘range of options’ for ‘speed’, although ‘reliability’ is a close second.

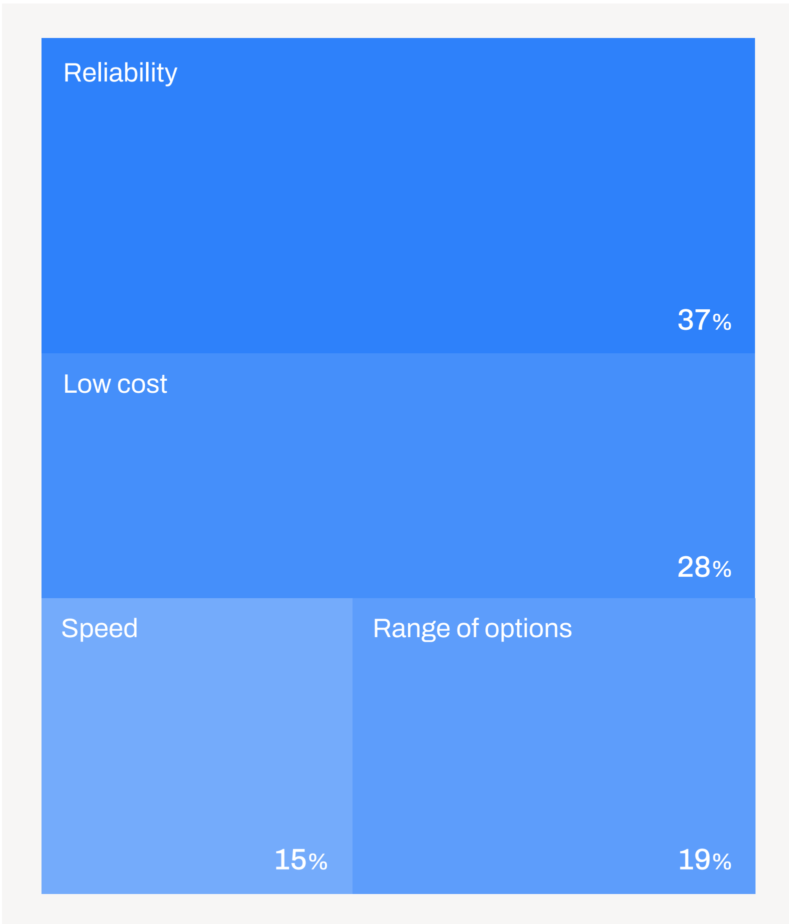


Source: InPost, Retail Economics

Gifting: Occurs when consumers are shopping for presents for family, friends, or others.

Unsurprisingly, ‘reliability’ is ranked as the most important aspect of convenience for delivery in this situation. These purchases are often more time-bound, so consumers need certainty that online orders will be delivered on time.

While younger consumers rank ‘reliability’ as the most important factor, ‘speed’ is a close second in terms of importance. In contrast, the second most important convenience attribute for older consumers in this shopping scenario is ‘low cost’ – perhaps reflecting lifestyle differences.

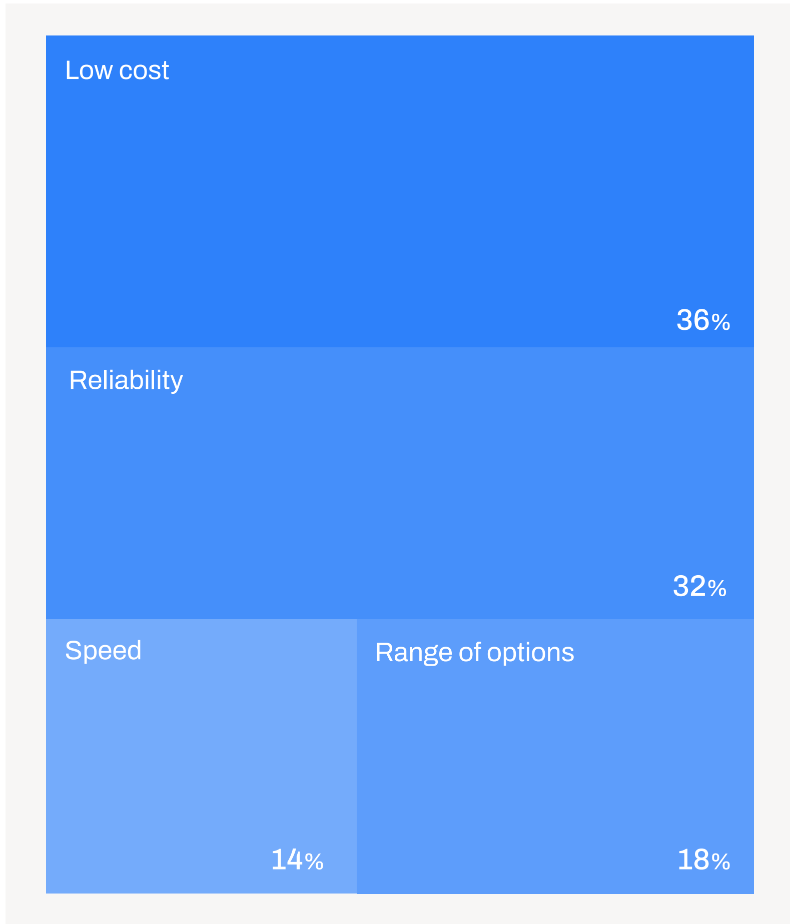


Source: InPost, Retail Economics

Top-Up buy: Occurs when consumers are buying a product they regularly use or need to stock up on.

‘Low cost’ and ‘reliability’ are ranked as the most important convenience aspects, since top-up shopping is usually planned and scheduled. As reliability comes in second place, this suggests that top-up purchases (e.g. grocery, office consumables etc.) tend to be important to the shopper also.

A ‘range of options’ and ‘speed’ are significantly less important in this instance.



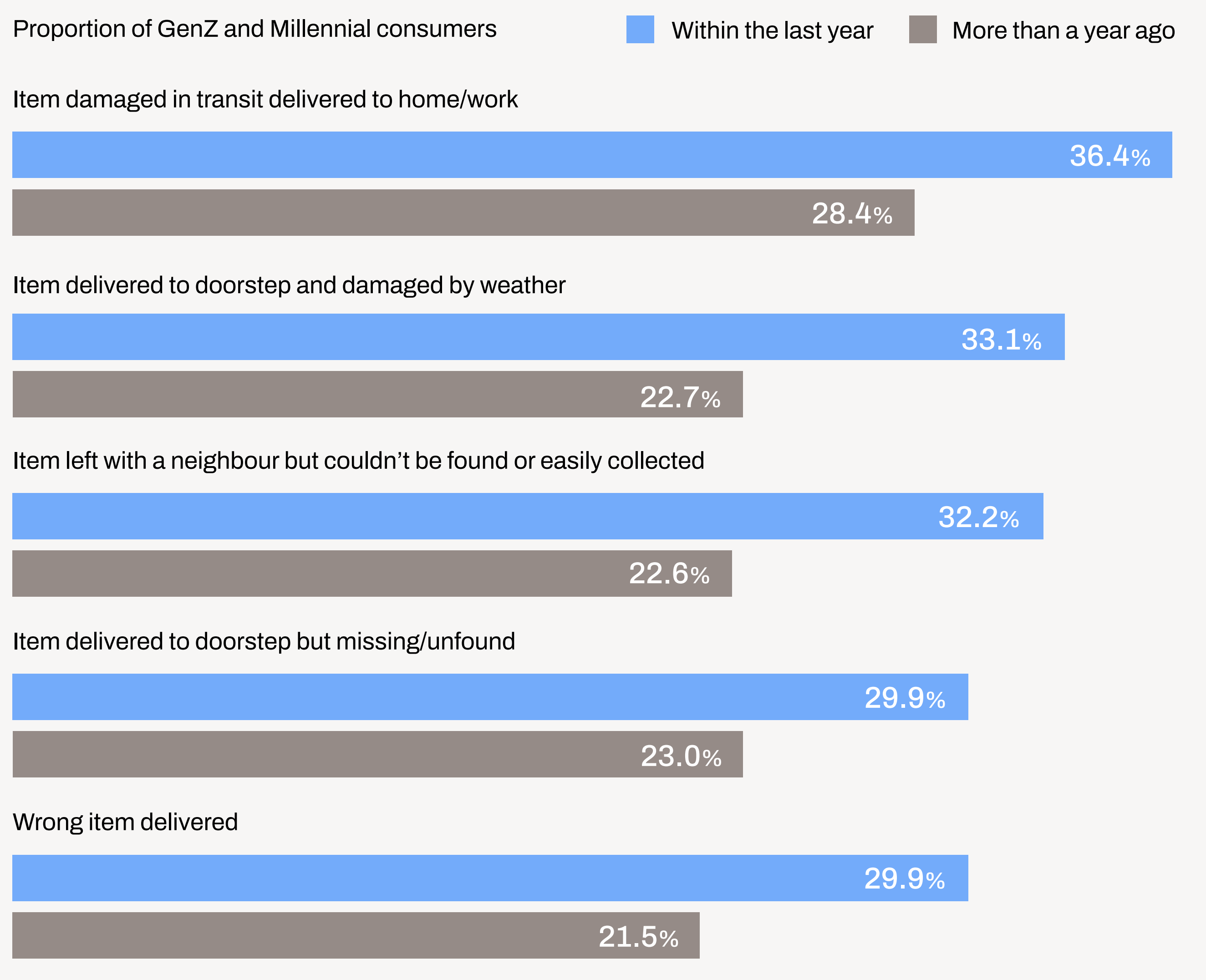
Source: InPost, Retail Economics

Typical problems with online delivery

Delivering parcels on time, to the right location, undamaged, and ensuring they are easily retrievable remains a persistent challenge. Numerous factors influence success, including: parcel handling, packaging quality, logistical errors, weather conditions, delivery route planning, recipient occupancy, and much more. Also, the increasing demand for faster shipping options can strain existing capacity, often leading to delays and a higher likelihood of parcels being mishandled or lost during transit.

As a result, the research looks at some of the key delivery problems as reported by Gen Z and Millennial consumers who are high frequency online shoppers, compared to other age groups. Essentially, more than half of consumers say they have experienced all five of the listed problems in Figure 12 recently or in the past. Damage to a delivered item, either in transit (36.4%) or by weather conditions (33.1%), is the most common issue, stated by one in three consumers.

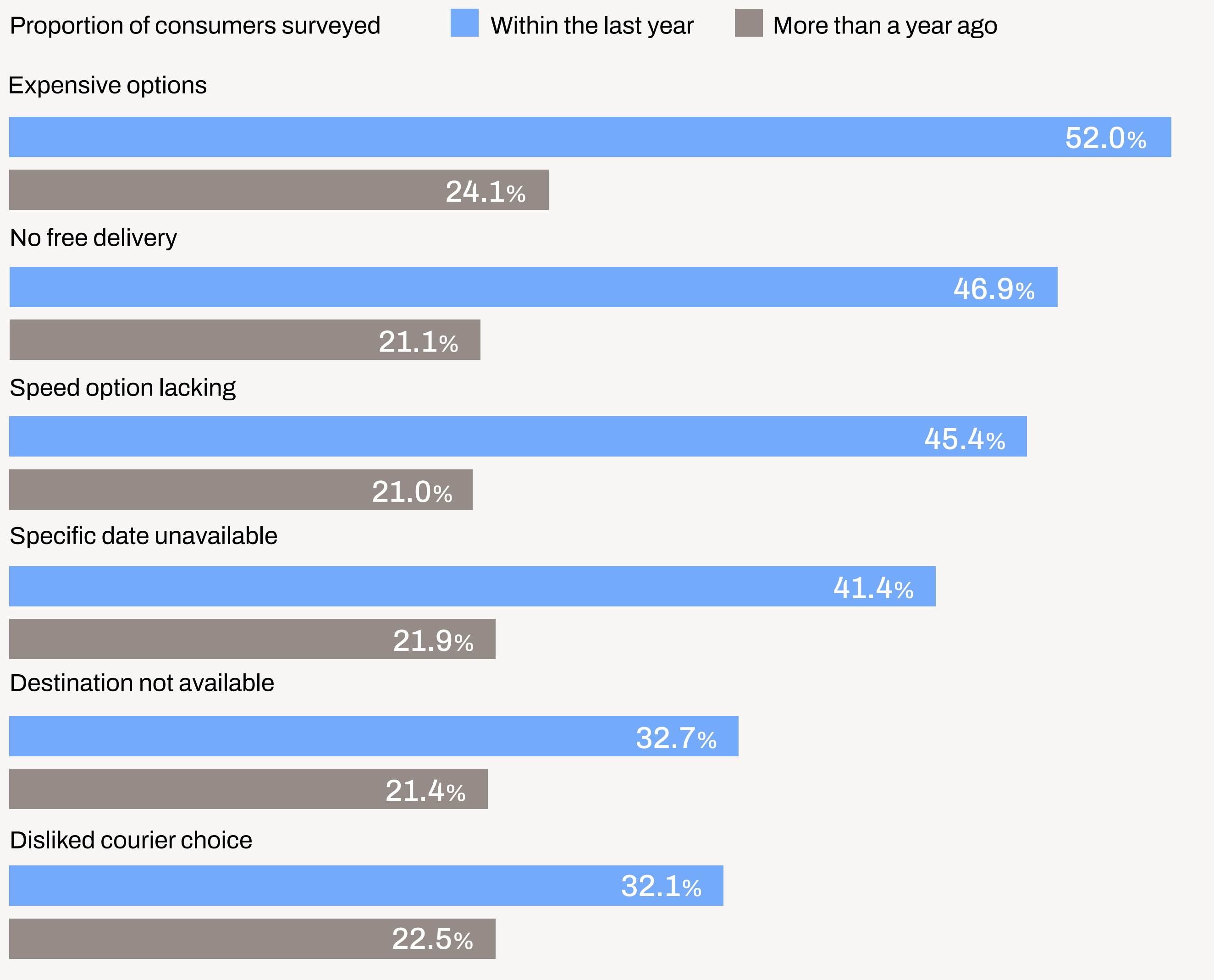
Fig. 12 – Top reported problems with online delivery by frequent Gen Z and Millennial users



Source: InPost, Retail Economics

Not only do consumers continue to report problems with the actual delivery of their online orders, but they also abandon the online checkout process because of restricted delivery options. Our research shows that more than half (52%) of consumers have abandoned online baskets due to expensive costs; 46.9% left checkout because 'free delivery' wasn't an option; and a similar proportion (45.4%) failed to complete online payment due to lack of speed options. Once again, cost and speed are highlighted as critical factors to get right.

Fig. 13 – Reasons for online shopping basket abandonment



Source: InPost, Retail Economics

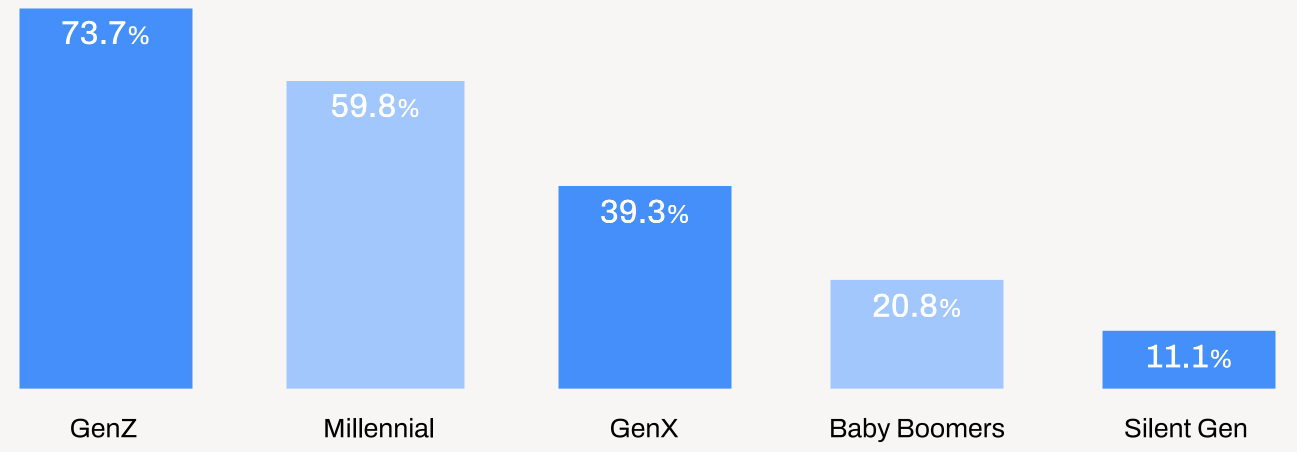
Consumer boycotts of retail brands over delivery issues have become increasingly common, reflecting a broader trend of heightened expectations, akin to sustainability practices. These boycotts underscore the critical importance of robust delivery systems and fast complaint resolution, as shoppers now place as much value on the efficiency and flexibility of shipping options as they do on product quality and brand ethics.

Here, our research finds a fairly linear trend by consumer age group. Gen Z are the most passionate boycotters with three quarters (73.7%) having 'protested with their wallets' at some point (Fig. 14). This is followed by Millennials (59.8%) and Gen X (39.3%).

The research confirms that the tendency to boycott also increases with consumers' frequency of online shopping – the higher frequency the greater likelihood (Fig. 15).

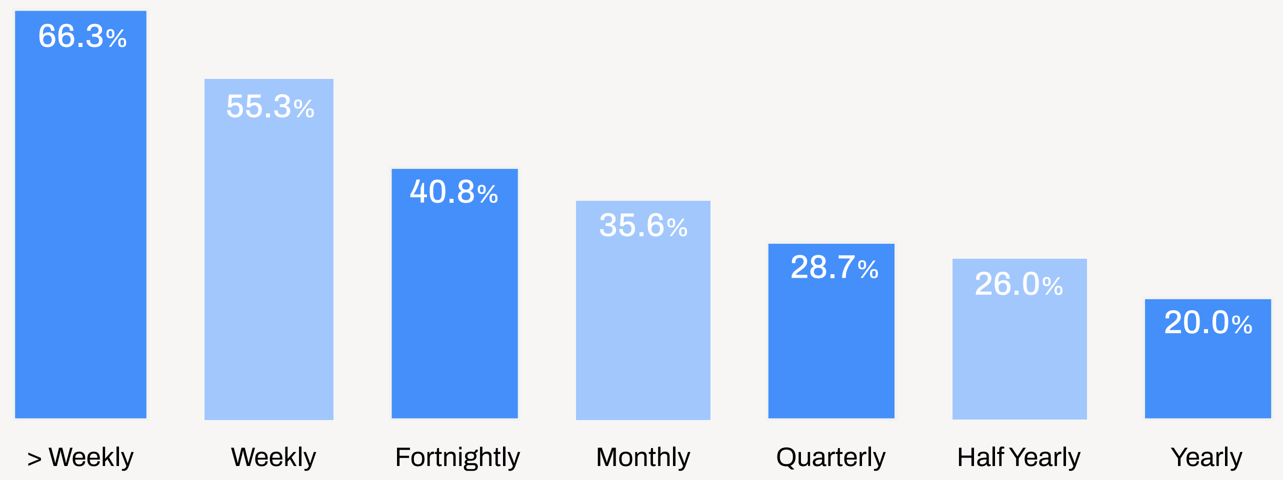
Gen Z are the most passionate boycotters with three quarters (73.7%) having 'protested with their wallets' at some point

Fig. 14 – Consumer age is linked to tendency for boycotting brands over delivery-related issues



Source: InPost, Retail Economics

Fig. 15 – Tendency to boycott increases with frequency of online shopping



Source: InPost, Retail Economics

Parcel lockers vs. parcel shops

The main intermediate delivery points for consumers to collect online orders are either at parcel lockers or parcel shops. Both options have pros and cons (Fig. 16) with differing impacts dependent on individual preferences.

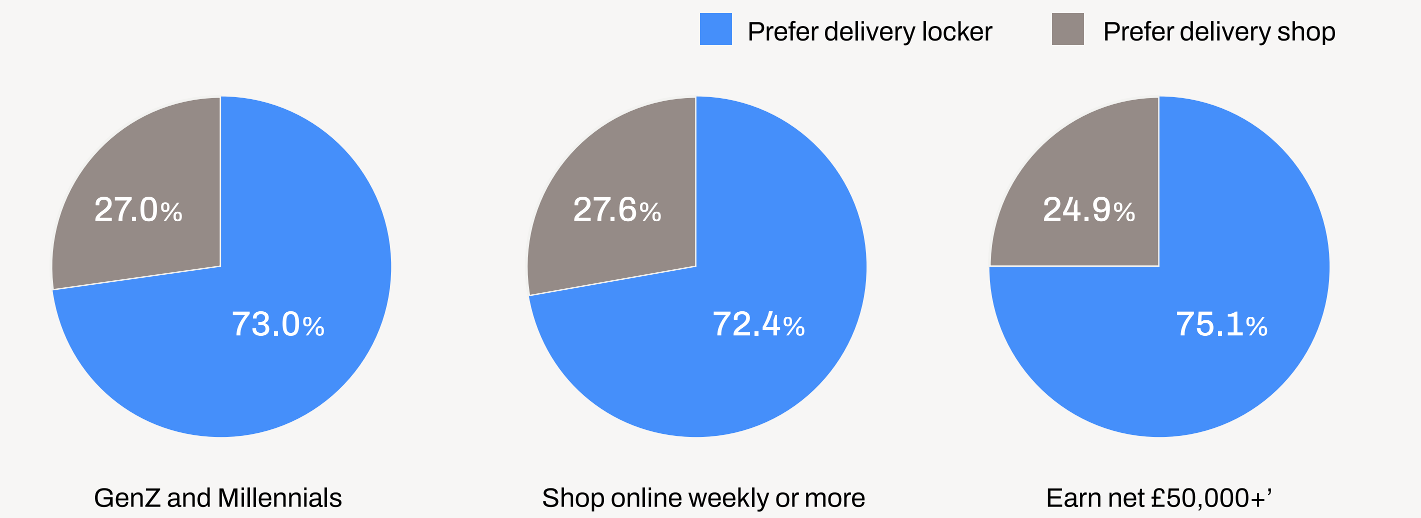
Fig. 16 – Pros and cons of parcel lockers and parcel shops

Delivery Options	Pros	Cons
Parcel Locker	24/7 availability for convenience - Automated - Many locker locations - Collection via routine journeys - Reduced carbon emissions	Limited size capacity for some items - Potential security concerns
Parcel Shop	Personal interaction for social benefits and security - Extended opening hours offering some flexibility - Issue resolution can be quicker	Limited opening hours vs. lockers - Possible waiting times with queues during peak hours - Location may not be as accessible

When asking consumers about whether lockers or parcel shops were their preferred option (all other factors being equal), our research found that parcel lockers were more favourable (Fig. 17).

Amongst high frequency online shoppers, three in four Gen Z and Millennials look to use parcel lockers over parcel shops. Interestingly, this proportion is also reflected in online shopping frequency and income.

Fig. 17 – Preference for parcel lockers vs. parcel shops

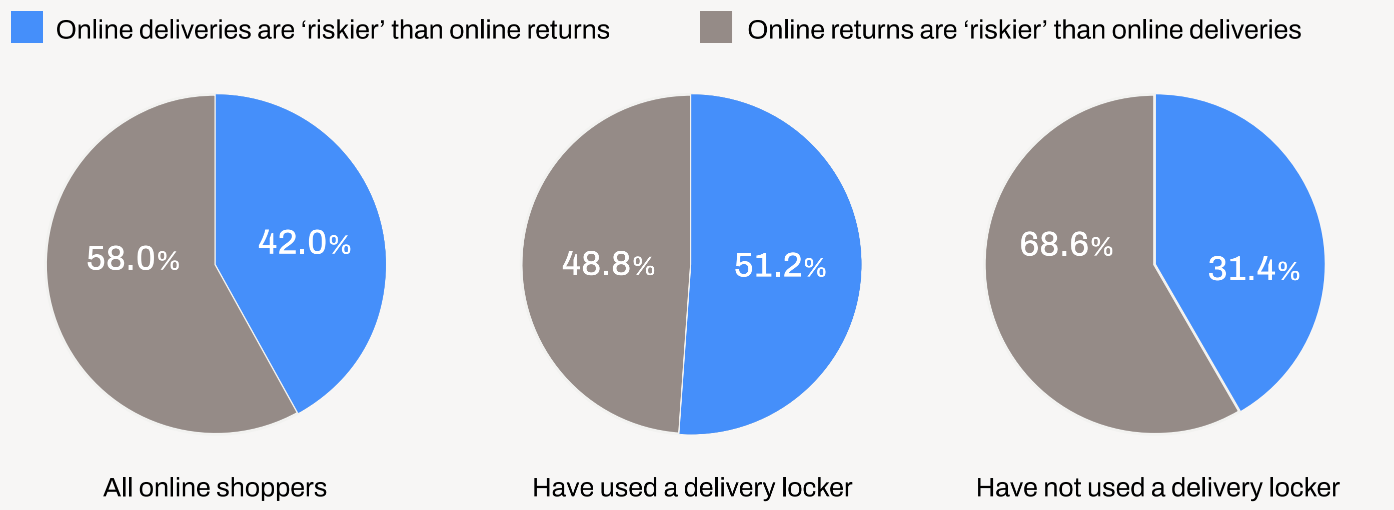


Source: InPost, Retail Economics

As parcel lockers are used for both online deliveries and online returns, it's useful for retailers to understand how consumers feel about the relative risk associated with both services.

On balance, our research showed that amongst 'all online shoppers', nearly three in five (58%) feel that using lockers for online returns is riskier than online deliveries.

Fig. 18 – How consumers feel about online returns is influenced by whether they have used parcel lockers before



Source: InPost, Retail Economics

Evolving consumer behaviour and ‘15-minute cities’

The world of online retail is constantly evolving. The remarkable surge of e-commerce over the last twenty-five years stands as a clear indicator of the value to which consumers place on convenience. Among other benefits, this has accelerated online shopping experiences through innovative functionality, competitive pricing strategies, and diversified delivery options.

As the online ecosystem develops, shifts in online consumer behaviour are likely to be impacted by: (1) the influence of the cost-of-living crisis; (2) the emergence of discount non-food retailers (e.g. Shein and Temu); and (3) increasing concerns over sustainability.

While these factors could alter consumer behaviour, we now compare them with an emerging counter-trend – the ‘15-minute city’. This city planning concept strives to give people access to key services within a 15-minute walking distance from their homes. If implemented, the 15-minute city idea could have a significant impact on how e-commerce and delivery systems evolve, and give rise to new customer journeys in the future.

The cost-of-living impact

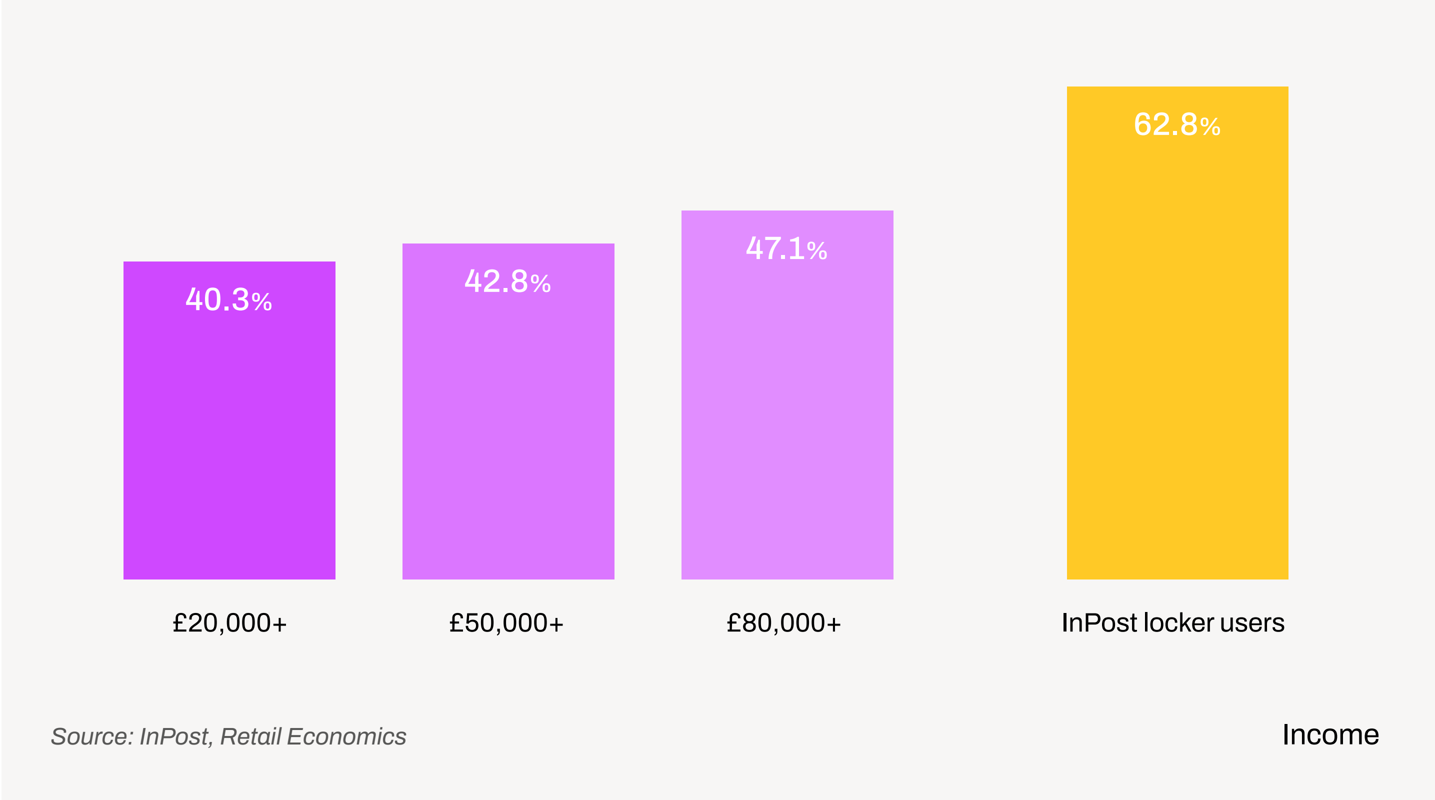
The cost-of-living crisis continues to be a key influencer of shopper behaviour. Our research reveals that 40% of online shoppers have made an extra effort to shop with retailers who offer free (or cheap) delivery since the crisis began, with higher-income individuals surprisingly leading this trend (Fig. 19).

However, the current shift away from online shopping isn’t solely about delivery costs. In-store promotions and exclusive membership deals are tempting shoppers back to physical stores, where they also prefer the ease of immediate returns and the instant processing of refunds.

An increase in cash payments suggests consumers are wanting to use tangible currency to keep better track of spending. These behaviours point to a broader trend where consumers are rediscovering the benefits of in-store shopping, attempting to avoid additional costs linked to online shopping like delayed refunds.

Fig. 19 – Higher income consumers now more sensitive to delivery costs

Chart shows the proportion of consumers who said that they ‘made an extra effort since the start of the cost-of-living crisis to shop with retailers who offer free or at least cheap delivery’.



Source: InPost, Retail Economics

Compromising on delivery speed for price

The ongoing rise of discount supermarkets like Aldi and Lidl highlight the trend where consumers are willing to compromise on customer service for more attractive prices. Valuing cost savings over experience is akin to the initial stages of online shopping in the late 1990s.

Recently, Shein & Temu (two relatively new non-food players operating in the online discount space) have made significant strides.

With Shein achieving a turnover exceeding £1bn within just two years, their business model which includes delivery times extending over a week, starkly contrasts with the fast, next-day delivery services offered by many established retailers.

As delivery expectations soar, the critical question for these retailers now is whether consumers are willing to accept slower delivery times for the benefit of reduced prices. Our findings indicate that slower delivery times of around 10 days is not a ‘deal breaker’ for most consumers who shop online (Fig. 19).

Fig. 20 – Two-thirds of consumers do not view 10-day delivery as an online shopping 'deal-breaker'

What this chart shows: Bars represent three consumer groups (split by age, online shopping frequency, and income) who think that a 10-day delivery time would not put them off some online purchases. Interestingly, approximately two-thirds of consumers from each group feel this to be the case.

Source: InPost, Retail Economics

Younger demographics like Gen Z and Millennials are accepting of longer delivery times for cost savings, with older generations of shoppers being even more accepting (Fig. 21). Given these attitudes, it's plausible to predict that online discounters will continue to capture more market share in the next three to five years, propelled by their ability to offer cost-effective delivery options as a cornerstone for their growth.

> Younger demographics like Gen Z and Millennials are accepting of longer delivery times for cost savings

Fig. 21 – Older shoppers are more open to slower deliveries for lower costs than younger generations

Question: Would you be open to shopping with a retailer with slow delivery times if the cost was acceptable? ('yes' responses)

Source: InPost, Retail Economics

Sustainability

Parcel lockers present a viable option to help reduce carbon emissions within the ecommerce delivery landscape by leveraging on their centralised locations, which contrasts with the dispersed nature of individual home deliveries.

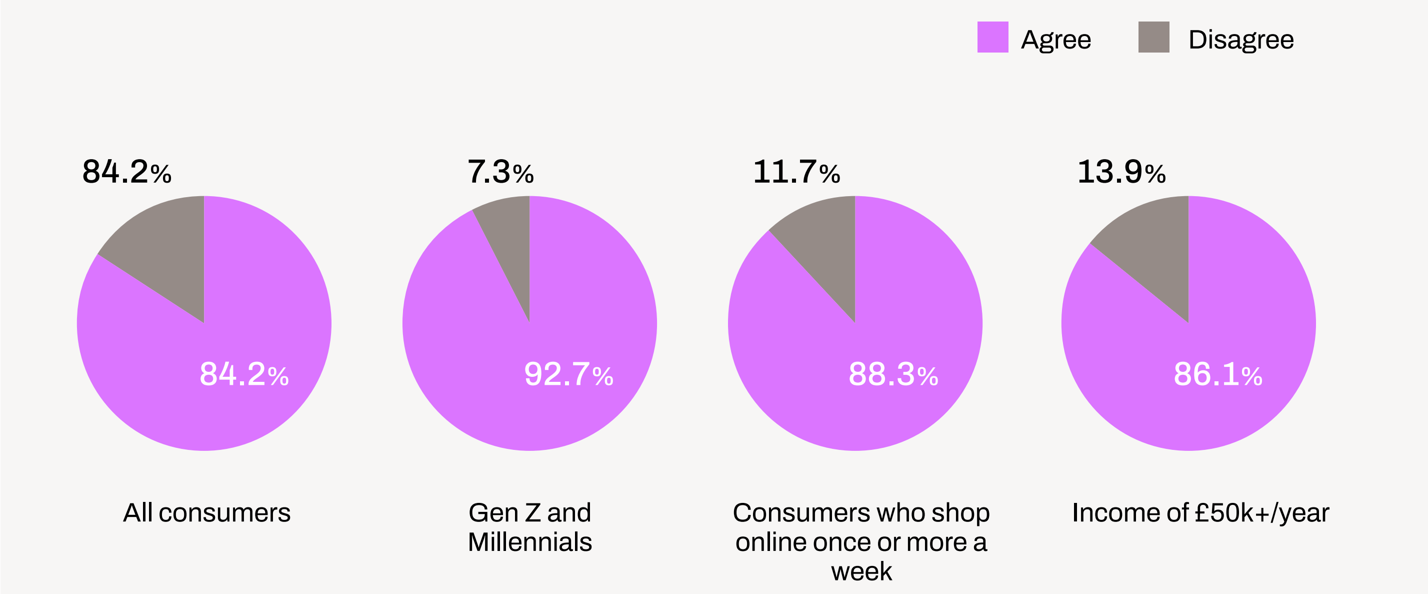
By consolidating shipments and minimizing the need for multiple delivery attempts, a locker can offer an environmentally friendly solution that aligns with the growing consumer demand for sustainable shopping practices.

Our research shows that four in five shoppers (84.2%) believe that parcel lockers are more environmentally friendly compared to hand delivery to home or work locations (Fig. 22). In addition, consumers who shop frequently online (once a week or more) and earn above £50K+/year are more likely to think this. This belief is also linked with age, whereby Gen Z (93.5%) feel that lockers present a greener solution, more than Gen X (81.8%) and the Silent Generation (70.7%).

Sustainability concerns with resource use and recycling are strong with many consumers, particularly Gen Z. As a point of interest, we explored consumer senti ments about companies offering to recycle or reuse packaging materials. More than three-quarters of consumers indicated that they are either already active in this area or were interested to know more about shopping with companies who recycle packaging (Fig. 23). Our findings show that consumer interest in this area is represented by more affluent Millennial and Gen Z (70.6%) consumers who shop online frequently.

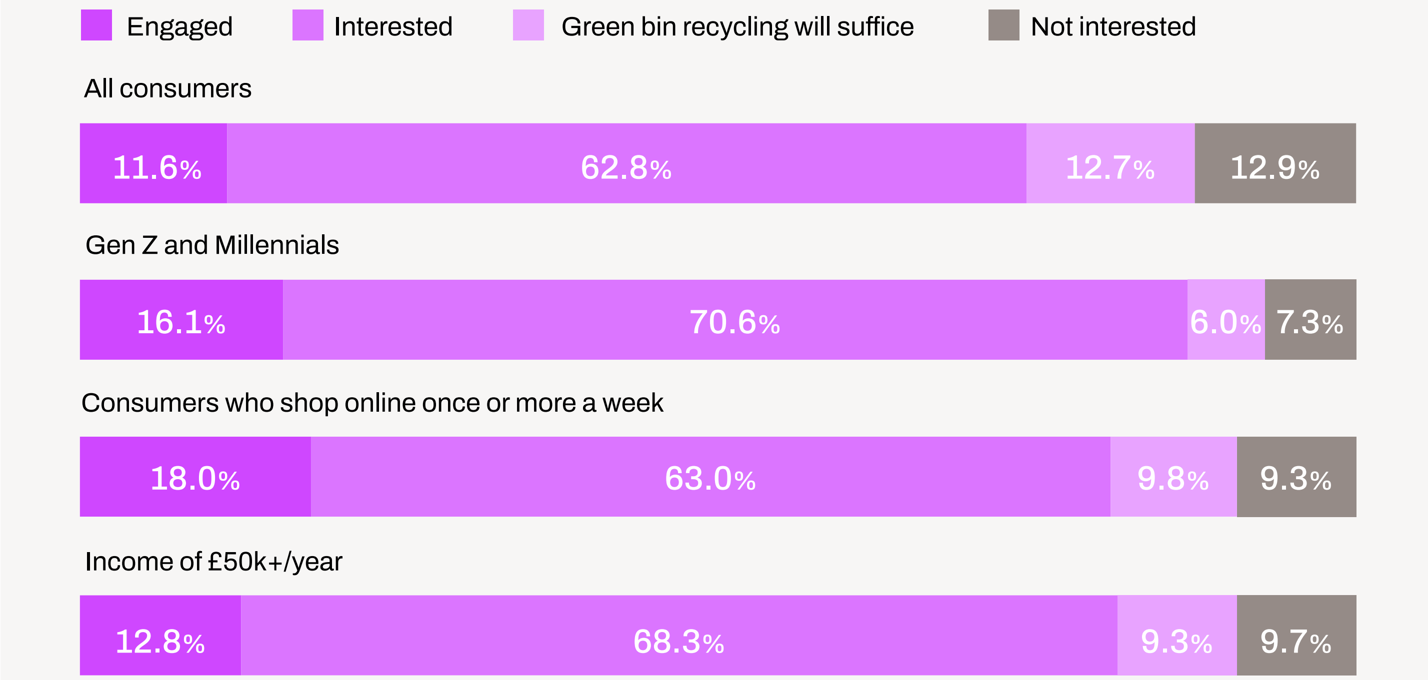
Four in five shoppers (84.2%) believe that parcel lockers are more environmentally friendly compared to hand delivery to home or work locations.

Fig. 22 – Consumers overwhelming feel that delivery lockers are better for the environment



Source: InPost, Retail Economics

Fig. 23 – Three-quarters of consumers are engaged and interested in shopping with brands that recycle packaging



Source: InPost, Retail Economics

The role of efficiency and proximity in true convenience

Amid rising cost-of-living and environmental concerns that influence consumer spending, world leaders recognise that enhancing convenience for a wide array of daily needs is crucial for driving business growth.

The '15-minute city' concept (where essential services are within a 15-minute walk of homes) embodies principles where centralisation of services could help to reduce energy use and increase convenience in certain areas of day-to-day life.

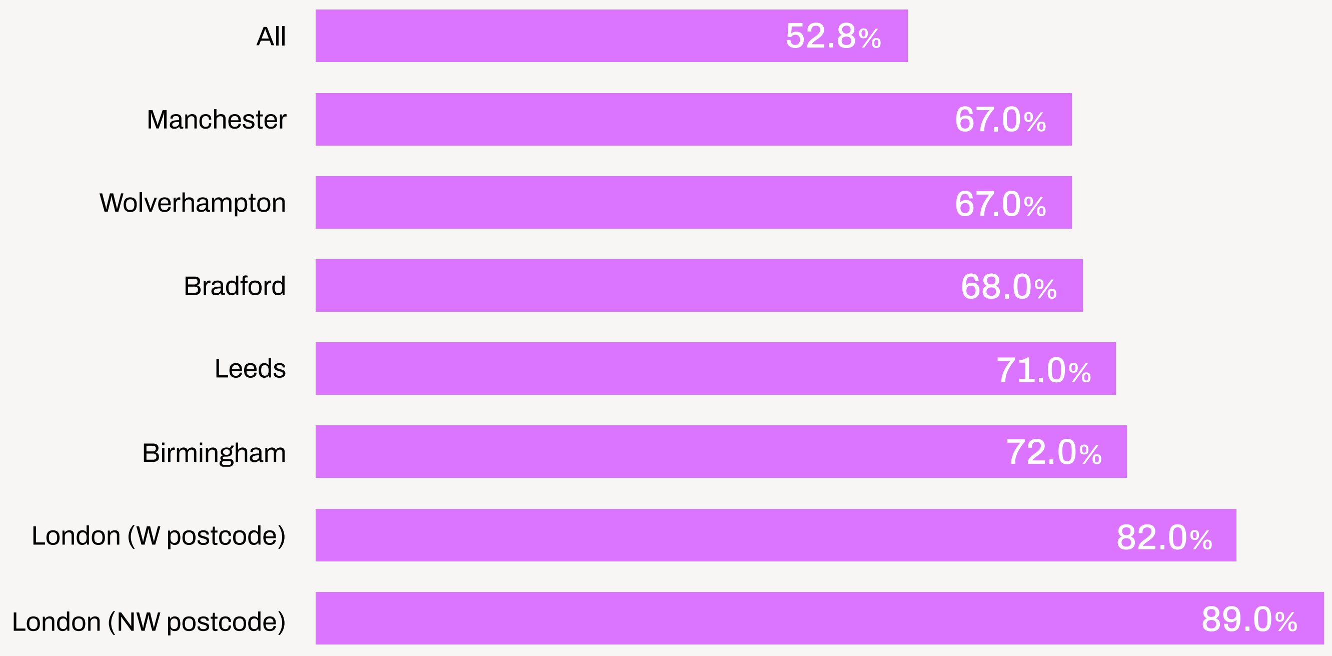
However, our research suggests that convenience isn't solely about instant access to goods and services - it's often about the efficiency of the entire shopping journey, including delivery. True convenience encompasses the ability to efficiently complete various tasks, with physical proximity playing a vital role in fulfilling these needs – 'proximity' in this context associated with regional town planning schemes and urban housing density.

Parcel locker use by UK region and housing type

While locker use by region does not appear to vary considerably (e.g. Southwest versus West Midlands versus Northeast), London shows the highest overall use, notably higher than the Southeast region.

But a distinction between urban and rural locker becomes more evident when analysing location at a postcode level (Fig. 24).

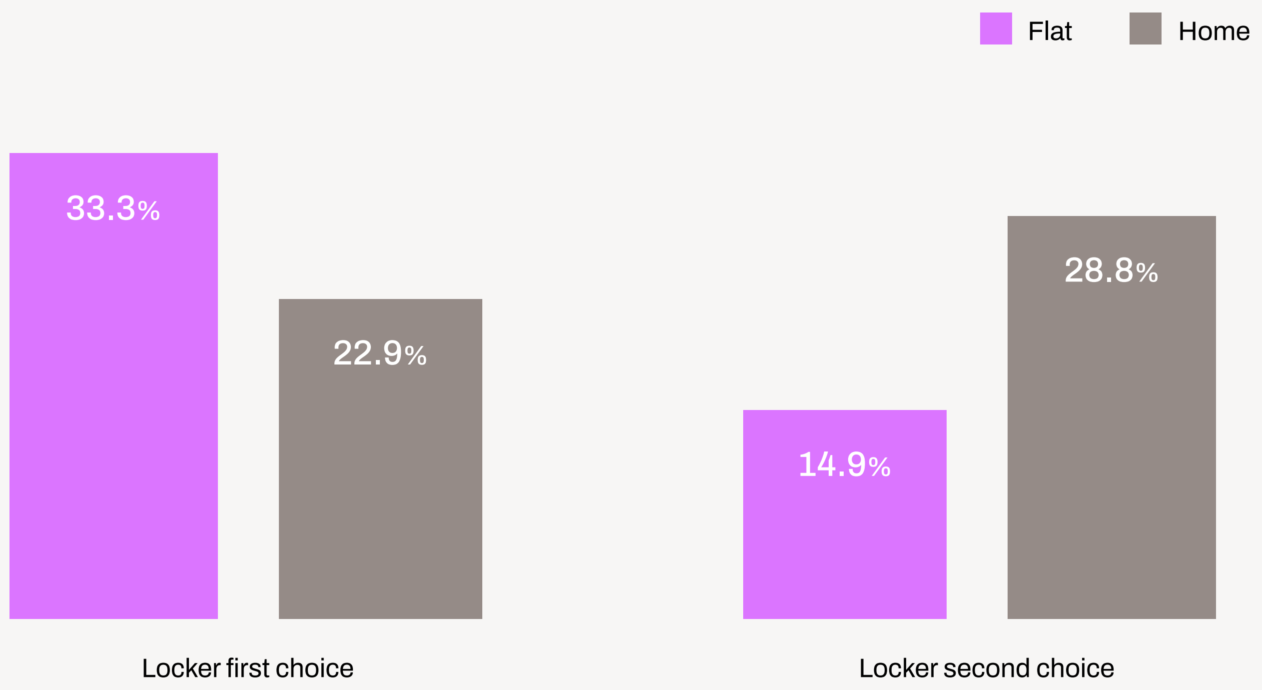
Fig. 24 – Locker use by region (note: all regions vs. high urban density locations)



Source: InPost, Retail Economics

While it is evident that delivery locker use increases in higher urban density locations, dwelling type is also a significant factor. Practical differences arise between locker users living in houses (where doorstep delivery is more successful), versus people living in flats (where doorstep delivery may be impractical and pose higher risks). From consumers that use lockers, when looking at their first and second choices for delivery options, those living in flats tend to select locker delivery as their first option, whereas those living in houses tend to choose lockers as their second preference (Fig. 25).

Fig. 25 – Locker users living in flats (vs. houses) are more likely to choose lockers as their preferred delivery option



Source: InPost, Retail Economics

In other words, delivery lockers are of particular relevance in higher density urban environments where office working, and apartment living is more prevalent. This notion aligns with the '15-minute city' principle, where more centralised services are embedded into planning schemes.

Conclusion

In the dynamic world of retail, the integration of parcel lockers within the omnichannel journey represents a significant evolution in delivery preferences. Although home delivery remains the predominant delivery option, over half of consumers have now experienced the convenience of delivery lockers. And significant adoption has been observed by wealthier Gen Z and Millennial shoppers who shop more frequently online.

This shift marks a growing contrast between locker use and home delivery, with motivations for locker use hinging on factors such as convenience, speed, cost, and the appeal of their centralised network to address sustainability concerns.

With today's elevated customer expectations, retailers can enhance their propositions by offering a comprehensive range of delivery options that address the changing nature of individual preferences and shopper missions. Unnecessary friction caused by insufficient delivery options can lead to online basket abandonment and, in severe cases, consumer boycotts—highlighting the need for a robust and flexible delivery system.

Consumer behaviour and delivery are impacted by broader societal shifts, such as the cost-of-living crisis, the sustainability movement, and the emerging concept of '15-minute cities'. In this regard, delivery lockers have emerged not only as a cost-effective solution but offer the potential to reduce carbon emissions associated with final mile delivery.

As we navigate the changing tides of consumer delivery expectations and environmental demands, the role of parcel lockers is set to become increasingly prominent. Their ability to offer a practical solution position them as a keystone in the architecture of the future delivery landscape. Retailers have the opportunity to capitalise on these trends, continue to innovate, and adapt to changing preferences, ensuring that the convenience of the ecommerce experience is matched by the efficiency and sustainability of delivery.

About InPost

InPost is Europe's leading delivery platform for eCommerce. Founded by Rafał Brzoska, the first Parcel Locker appeared in Kraków in 2009 and quickly became an indispensable part of online shopping, delivering guaranteed speed and convenience.

Today, the InPost network is Europe's largest and most convenient automated parcel collection and delivery system, with over 35,000 modern APMs and over 30,000 PUDO points in 9 countries (UK, France, Poland, Italy, Spain, Portugal, Belgium, Luxembourg, the Netherlands).

About Retail Economics

Retail Economics is an independent economics research consultancy focused on the consumer and retail industry. We analyse the complex retail economic landscape and draw out actionable insight for our clients. Leveraging our own proprietary retail data and applying rigorous economic analysis, we transform information into points of action.

Our service provides unbiased research and analysis on the key economic and social drivers behind the retail sector, helping to inform critical business decisions, giving you a competitive edge through deeper insights.

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