THG FULFIL

The Value Hidden in your Operations

How ecommerce operations influence brand preference, new customer acquisition and retention whilst reducing cost-to-serve.

PREVIEW · HYPOTHESIS 1

Customers say delivery barely matters...

WHEN ASKED

12.3%

say delivery experience is important when choosing a brand.

...but it influences what they buy almost as much as the product itself.

WHEN MODELLED

93.7%

delivery's modelled impact on purchase intent, vs 93.9% for product quality.

PREVIEW · HYPOTHESIS 2

Not every customer values the same delivery.

47%

of younger shoppers are likely to switch brands for better delivery.

38% vs 16%

Higher-income shoppers were more than 2x as likely to use next-day delivery.

There is no universal 'best' fulfilment proposition.

So what should you build?

INSIDE THE STUDY

Four questions.
Answered with real data.

01 How much does fulfilment really influence which brands customers choose?

02 Does the same fulfilment proposition create the same value for every brand?

03 Customers say delivery affects whether they return. Does their behaviour support it?

04 Where does better fulfilment create commercial value for the brand?

Unlock the full study.

How ecommerce operations influence brand preference, new customer acquisition and retention whilst reducing cost-to-serve – and why the right fulfilment strategy looks different by brand because end consumers ultimately place value on different service propositions.

Contents

INTRODUCTION	From faster fulfilment to fulfilment intelligence	03
HYPOTHESIS 1	Fulfilment is a hidden driver of brand preference	06
HYPOTHESIS 2	Delivery preferences differ by customer type	12
HYPOTHESIS 3	Fulfilment experience drives repurchase behaviour	17
US PROOF POINT	Understanding expectations is only half the equation	23
HYPOTHESIS 4	Better fulfilment can also improve commercial outcomes	24
CONCLUSION	From fulfilment performance to fulfilment intelligence	29
LIFT BY THG FULFIL	Prove how your fulfilment experience impacts brand growth	31

From faster fulfilment to fulfilment intelligence

Let's step back a moment to our 2025 data study. Here we explored whether faster fulfilment could create measurable commercial value.

It did.

10 million

complimentary next-day delivery upgrades over a 12-month period, 2024—2025

+11%

uplift in subsequent order value

10x

return on investment

Complimentary next-day delivery upgrades were associated with stronger customer retention, an **11% uplift in subsequent order value and a 10x return on investment.**

But that raised a bigger question for us.

What if speed isn't what every customer values most?

And what if understanding what different customer cohorts care about could help maximise retention whilst protecting your bottom line?

As we saw in our consumer research, customers do not all value the same things.

Next-day delivery | Free delivery | Convenient cut-offs | Communication | Tracking | Arriving on time

Some customers place greater value on next-day delivery. Others care more about free delivery, convenient cut-offs, communication, tracking or simply knowing their order will arrive on time.

Brands already invest heavily in acquiring and retaining customers. If the fulfilment experience contributes to churn because brands aren't delivering the service attributes customers expect, **that investment can be lost inside the operation without the brand necessarily understanding why.**

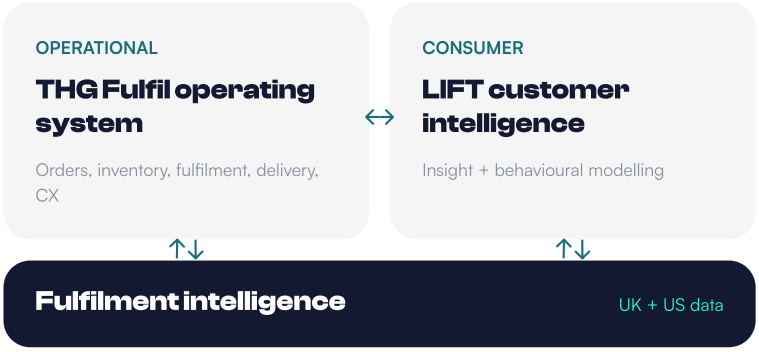
So, we went further.

The technology platform that runs THG Fulfil gives us **quantitative analytics and insight across the end-to-end operation**, connecting orders, inventory, fulfilment, delivery and customer experience in one operating system.

Our new fulfilment customer intelligence platform, **LIFT**, adds the consumer perspective, combining qualitative and quantitative insight with behavioural modelling to show what customers value and how fulfilment influences their decisions.

But insight alone only tells part of the story. By combining LIFT data with real transactional, retention, automation and CX data across the UK and US, we can compare what customers say they value with what happens operationally and how consumers behave after the point of delivery.

2,800+ consumer responses, including 500 from independent beauty consumers outside of the brand's existing customer base, enabling competitor benchmarking and broader market comparison.



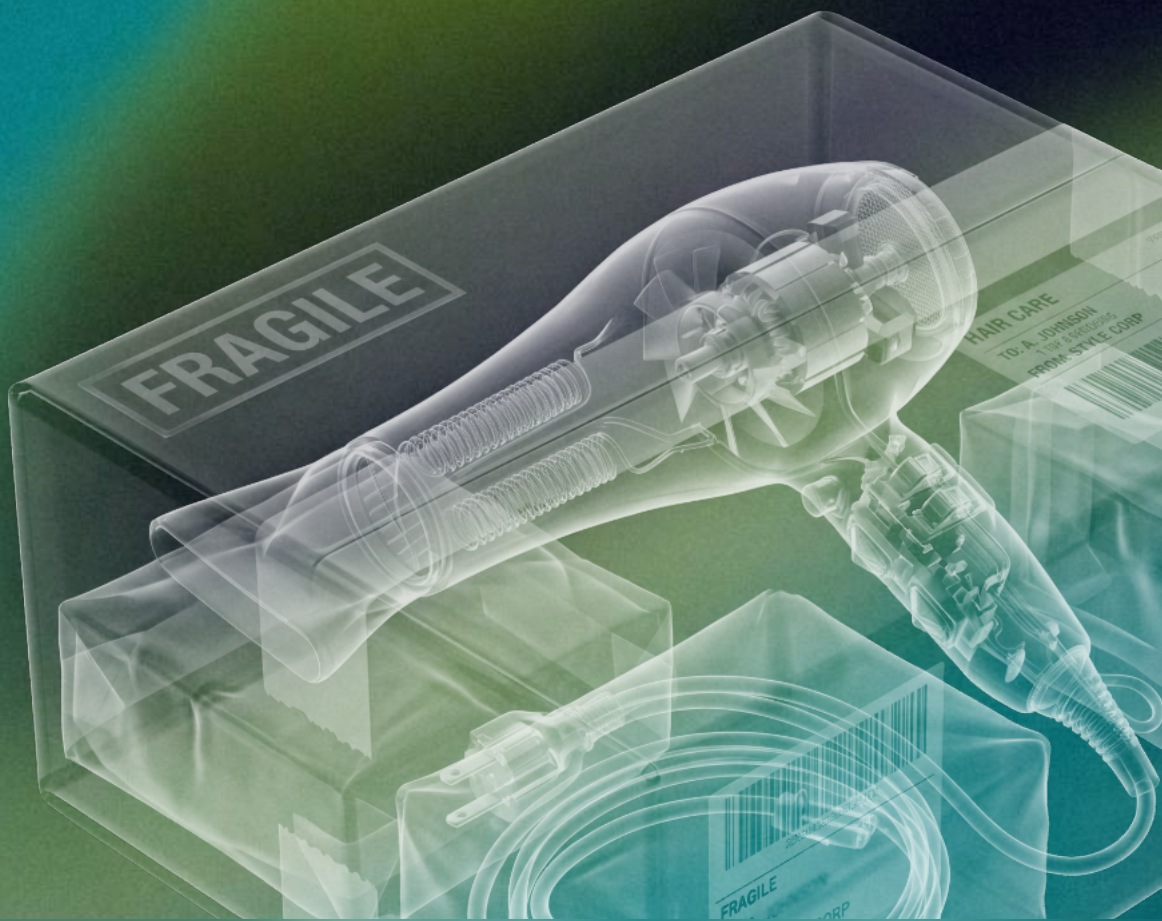
This study explores how fulfilment influences customer behaviour, where that can translate into commercial value, where poor performance can create avoidable cost, and how brands can invest more intelligently around what their customers actually value.



01.

Fulfilment is a hidden driver of brand preference

How much does fulfilment really influence which brands customers choose?



Ask consumers directly what matters when choosing a brand and fulfilment can appear relatively low priority to them — perceived more as a hygiene factor in the purchase journey.

Our LIFT behavioural modelling tells a very different story.

WHEN ASKED

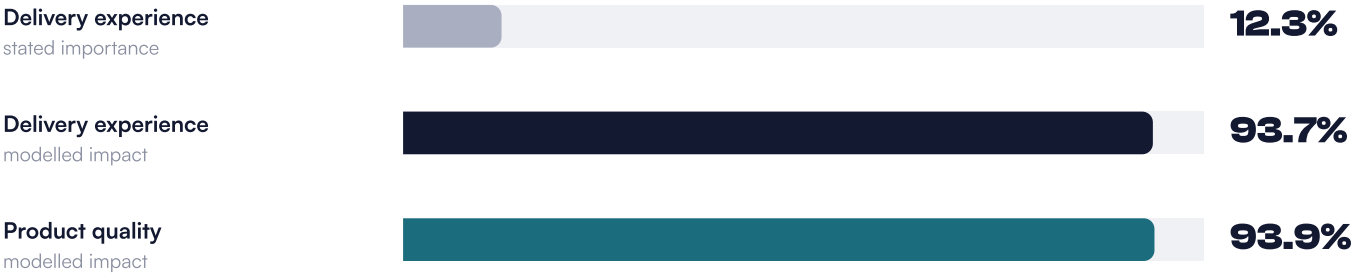
12.3%

of consumers stated delivery experience to be important when choosing a brand

WHEN MODELLED

93.7%

demonstrated the delivery experience to influence purchase intent



7.6x greater modelled impact than consumers consciously realise

Further cross-analysis showed that delivery experience was almost level with **product quality at 93.9% modelled impact**, despite product quality receiving much higher 'stated importance' by consumers.

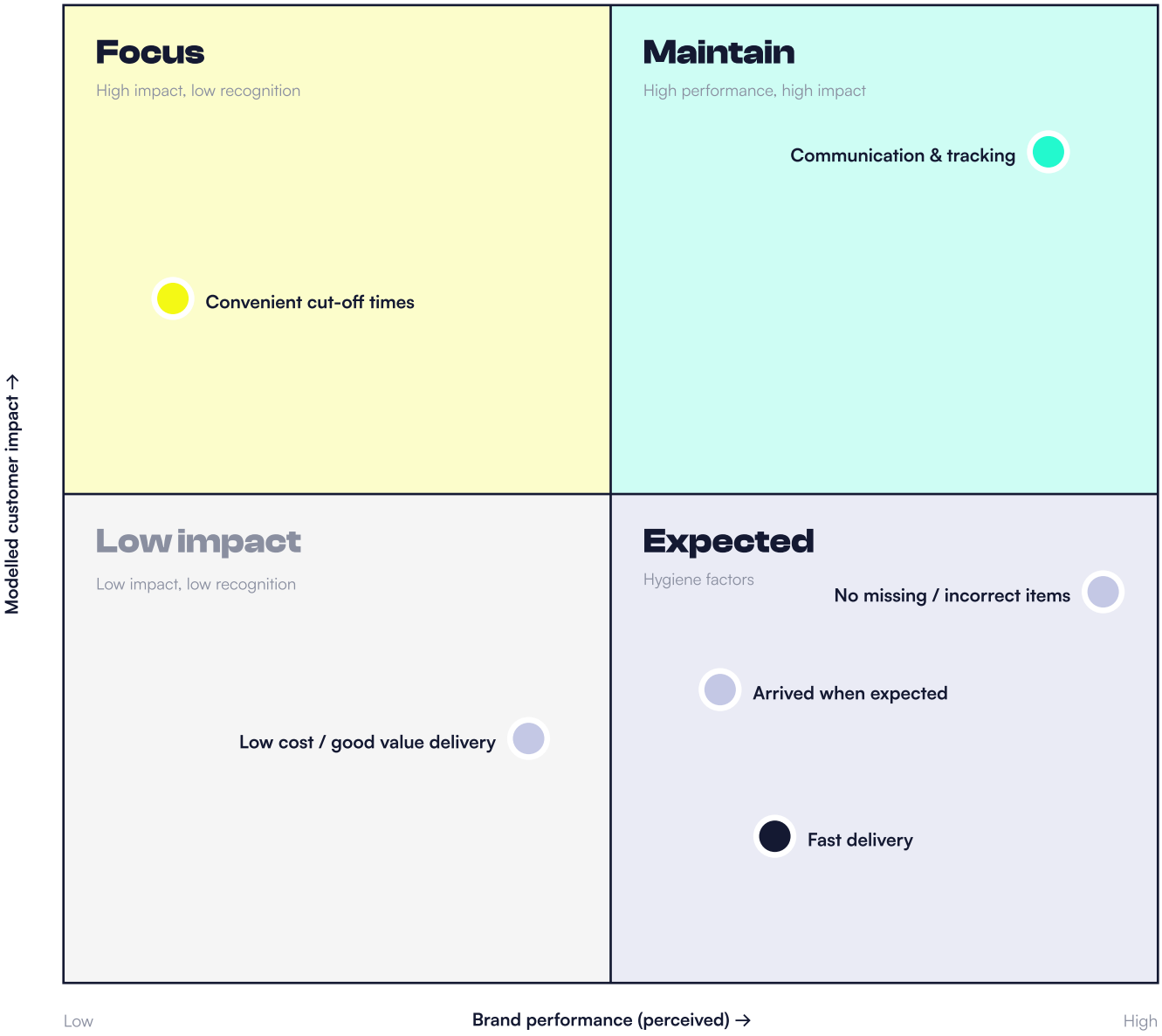
Fulfilment can influence brand preference far more than customers consciously recognise.

KEY DRIVER ANALYSIS

Different fulfilment factors create different value

Fulfilment is not a single experience. Speed, reliability, communication, tracking and convenience can each play a different role in shaping customer behaviour.

Our analysis shows where these factors create differentiation, where consumers believe there is opportunity for brands to improve the current delivery experience and where strong performance has simply become an expectation.



Source: LIFT Beauty Study | Key Driver Analysis | Brand performance (perceived) vs modelled customer impact | Sample size: 500 beauty consumers

COMMUNICATION & TRACKING

86%

of consumers studied in our LIFT analysis positively recognise branded communication and tracking within the delivery experience.

Our data modelling supported that perception, with THG Fulfil's communication and tracking delivering both high brand performance and high customer impact.

Maintain A recognised strength. Customers already value the experience, making it something to maintain and protect.

CONVENIENT CUT-OFF TIMES

For the brands we analysed within the LIFT study, convenient cut-off times told a very different story.

7x

greater modelled impact vs. perceived brand performance

Despite relatively low customer recognition of brands' next-day delivery cut-off proposition, our modelling showed that convenient cut-off times for next-day delivery can have a much greater influence on the customer experience — and whether customers choose to buy from that brand in the first place.

Focus High impact. Lower awareness. An opportunity for brands to communicate the strength of their service more clearly.

SPEED, ACCURACY & RELIABILITY

For other fulfilment factors, strong performance was already much more visible than their incremental impact. For **fast delivery**, perceived brand performance was:

4.7x

higher than its modelled impact

Arriving when expected and receiving the correct items showed a similar pattern, with strong performance but lower differentiating impact.

Fast delivery is important but expected. These attributes increasingly act as hygiene factors: strong performance may not always differentiate a brand, but poor performance can quickly undermine the experience and deter customers from repeat purchase.

Expected Strong performance needs to work every time.

Some fulfilment factors can

differentiate the brand.

Some represent an

under-recognised growth opportunity.

Others simply need delivery to

work every time.

Understanding that difference helps brands **focus investment where fulfilment has the greatest potential to influence the customer.**

Some fulfilment factors help a brand win.

Others protect against customer loss.

Our LIFT data study showed that:

61%

of consumers say faster delivery would increase their likelihood to purchase.

82%

of consumers trust the brand to deliver as promised every time.

76%

of consumers would choose the brand again based on the delivery experience.

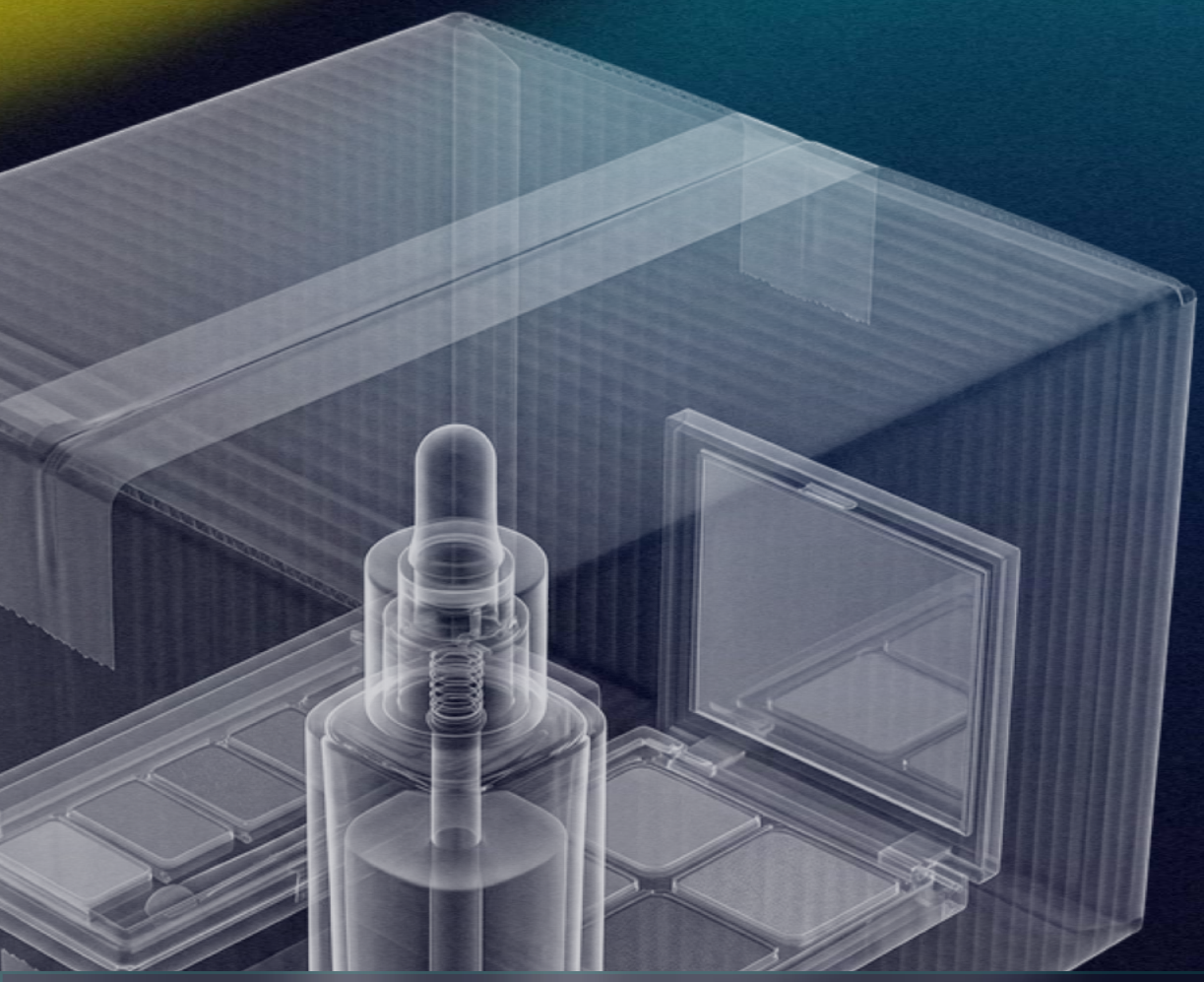
Together, these findings suggest that fulfilment can influence both whether a customer chooses a brand and how they feel about it afterwards. But the factors creating that value are not fixed. **What matters most changes depending on who the customer is.**

HYPOTHESIS 2

02.

Delivery preferences differ by customer type

Does the same fulfilment proposition create the same value for brand and customer base?



The data suggests it does not.

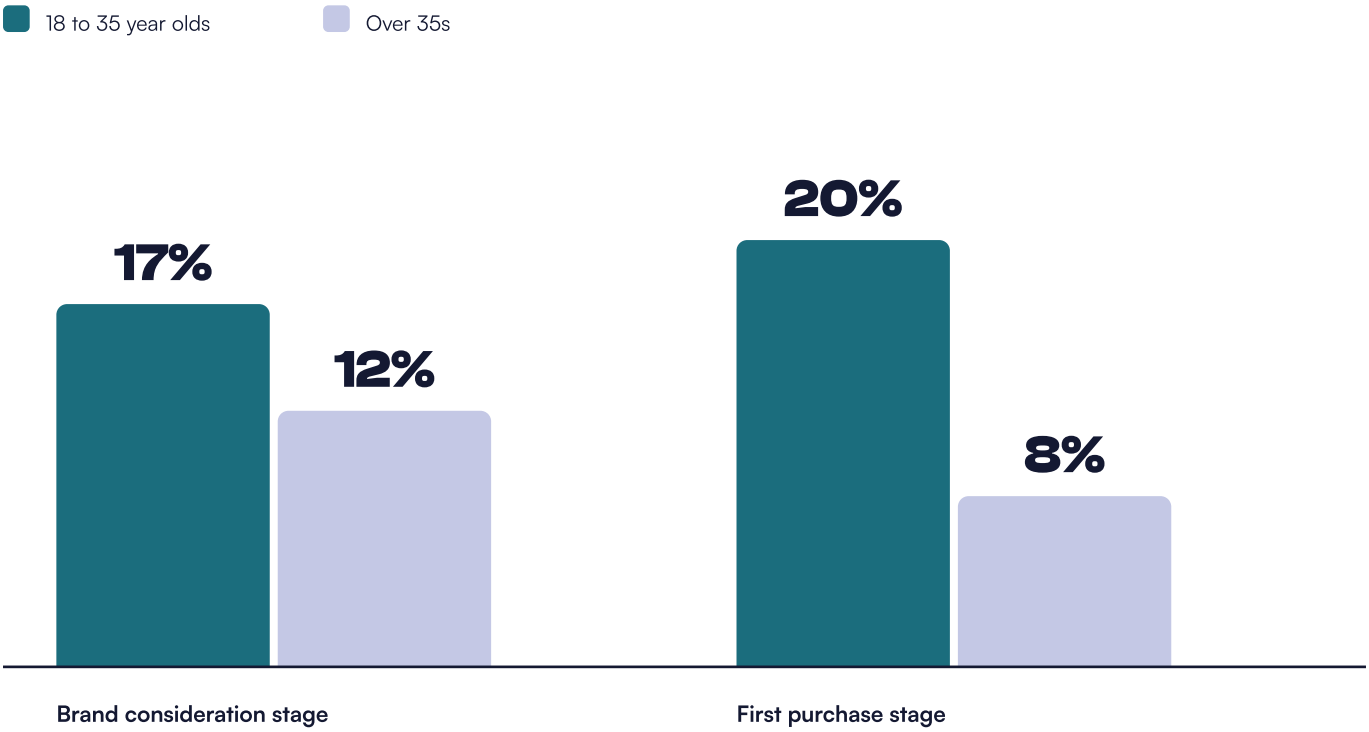
Age, income and the characteristics of different customer bases can materially change what consumers expect from fulfilment and the value they place on different delivery attributes.

This means the same fulfilment investment can create very different value for different brands and customer groups. One beauty brand analysed through our LIFT study demonstrated how delivery sensitivity varied significantly across customer groups:

47% of younger shoppers are likely to switch brands to receive better delivery service.

More specifically: where delivery has its biggest influence

Share of each age group saying delivery has its biggest influence at that stage



SATISFACTION

+10%

satisfaction uplift among 25 to 34 year olds in one beauty brand's customer base when using the THG Fulfil's next-day delivery service

---

INCOME

38% vs 16%

Higher-income shoppers were **more than 2x** as likely to use next-day delivery.

Same category. Different customer expectations.

The variation was not limited to different customer demographics. Even within the same category, customers of different beauty brands prioritised different aspects of fulfilment.

+35%

higher next-day delivery usage among 18 to 35 year olds within one beauty brand's customer base

+28%

greater influence of delivery for one beauty brand's customers vs. another beauty brand studied

---

The next question is whether those differences in preference actually translate into different customer behaviour.

There is no universal ‘best’ fulfilment proposition.

The opportunity is to identify what matters, who it matters to and where investment is most likely to change behaviour.

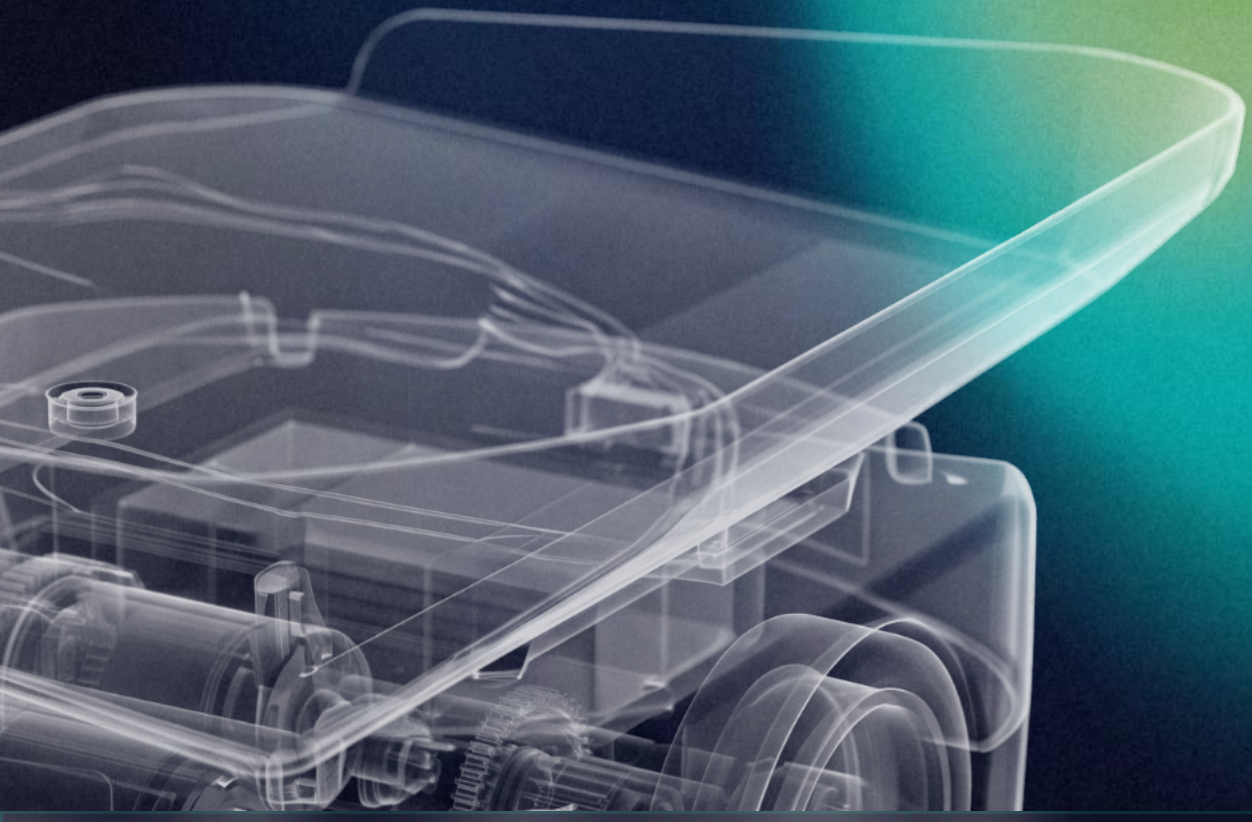
For brands, the implication is that fulfilment strategy should be built around the needs of the customer base they actually serve, rather than a one-size-fits-all view of what ‘good’ fulfilment looks like.

HYPOTHESIS 3

03.

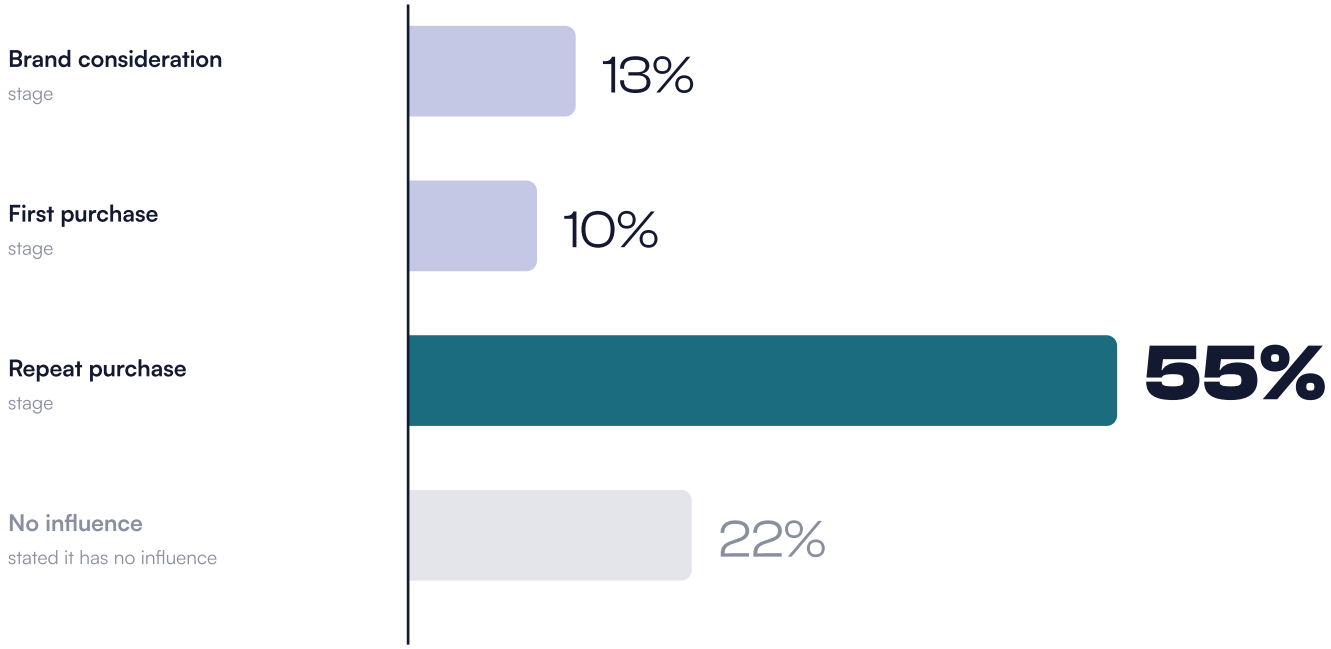
Fulfilment experience drives repurchase behaviour

Customers say delivery affects whether they return. Does their actual behaviour support that statement?



Fulfilment has its strongest influence **after the first purchase versus any other stage in the** buying journey.

When consumers were asked at which stage of the buying journey delivery had the greatest influence...



This measures the stage at which consumers say delivery has the greatest influence. It is distinct from the behavioural modelling in Hypothesis 1, which measures the overall relationship between consumer journey and purchase intent.

Repeat purchase stood out clearly. More than half say fulfilment matters most when deciding whether to buy again.

Wider LIFT consumer sentiment data supports that relationship:

86%

positively recognise communication and tracking

76%

would choose the brand again based on delivery

82%

trust the brand to deliver as promised

Together, these measures point to the delivery experience as an important part of the trust and confidence that underpins repeat purchase.

WHAT CUSTOMERS ACTUALLY DID

The delivery upgrade programme

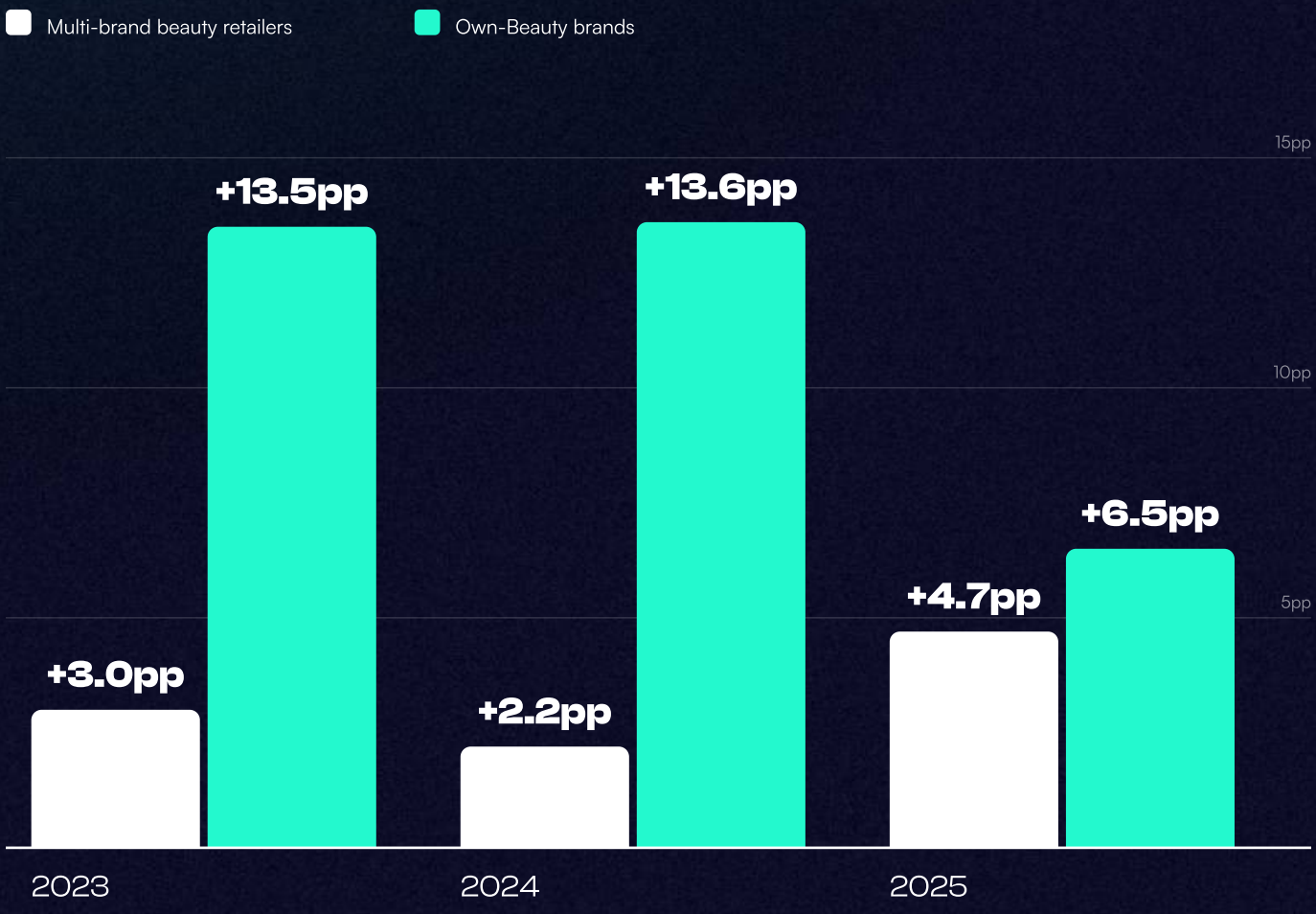
As part of THG Fulfil's delivery upgrade programme, selected first-time customers receive a complimentary upgrade from standard delivery to next-day delivery in the UK or express delivery in the US.

The purpose is not only to deliver a great first impression — it allows us to compare the subsequent behaviour (and value) of customers who received an upgraded delivery experience with those who received standard delivery.

Across the programme, customers receiving an upgraded first delivery recorded stronger lifetime repeat-purchase rates.

Repeat-purchase rate uplift following an upgraded first delivery

Percentage points (pp) vs standard first delivery



In some instances, those customers also returned sooner.
On average:

4.05

days sooner

Own-Beauty brands

Whilst consumers in the multi-brand beauty retail category demonstrated a positive repeat-rate uplift, there wasn't a material reduction in time to second purchase.

The data shows that fulfilment value does not appear in exactly the same way across every brand. In some cases, customers were more likely to return; in others, they also returned sooner.

This reinforces the importance of measuring fulfilment against multiple commercial outcomes rather than relying on a single KPI.

RETENTION

Retention starts with keeping the promise

The upgrade programme tests the value of giving customers more than the standard delivery proposition. But retention can also depend on something more fundamental: whether the original delivery promise is simply met.

Among a US Beauty cohort with a full 12 months of subsequent purchase data:

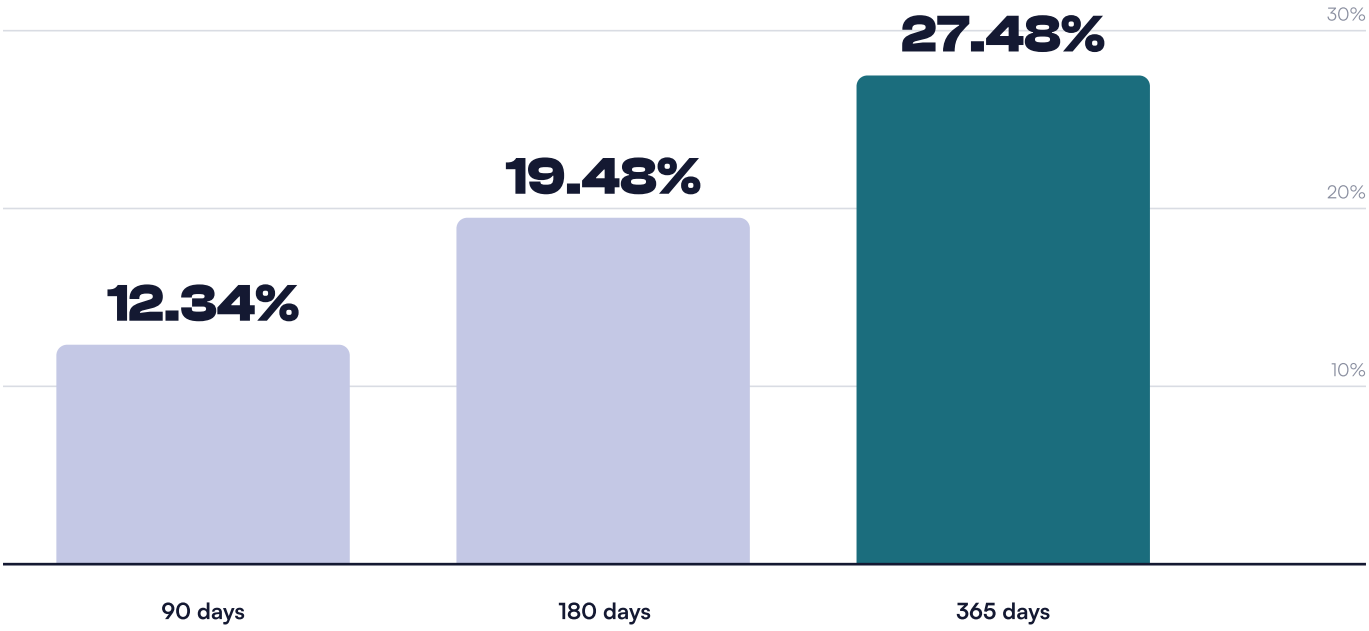
27.48%

12-month repeat rate when delivery SLA was met

11.3%

higher relative 12-month repeat rate

Cumulative repeat rate, SLA met



Customers whose delivery promise was met were more likely to return, and that gap remained visible throughout the 12-month period.

From stated preference to repeat behaviour

The customer research and transactional data both point in the same direction. Fulfilment is not only something customers say matters at repeat purchase but also associated with how likely they are to return.

Across different categories and markets, that value can appear in different ways. For some customers, a stronger delivery experience is associated with a higher likelihood of returning. For others, it can also mean returning sooner.

The implication is that fulfilment can play a measurable role in retention, but the way that value appears depends on the customer, category and experience delivered.

> **Better fulfilment isn't about giving every customer more.**
>
> It's about understanding what matters to them and acting on it.

US OPERATIONAL PROOF POINT

Understanding expectations is only half the equation

Knowing what customers value creates the opportunity. The operation still has to deliver against those expectations consistently and at scale.

At THG Fulfil's New Jersey operation, AutoStore automation became part of the fulfilment operation from 2023. Compared with the 2022 pre-AutoStore baseline, the operation is now processing:

+160%

more units

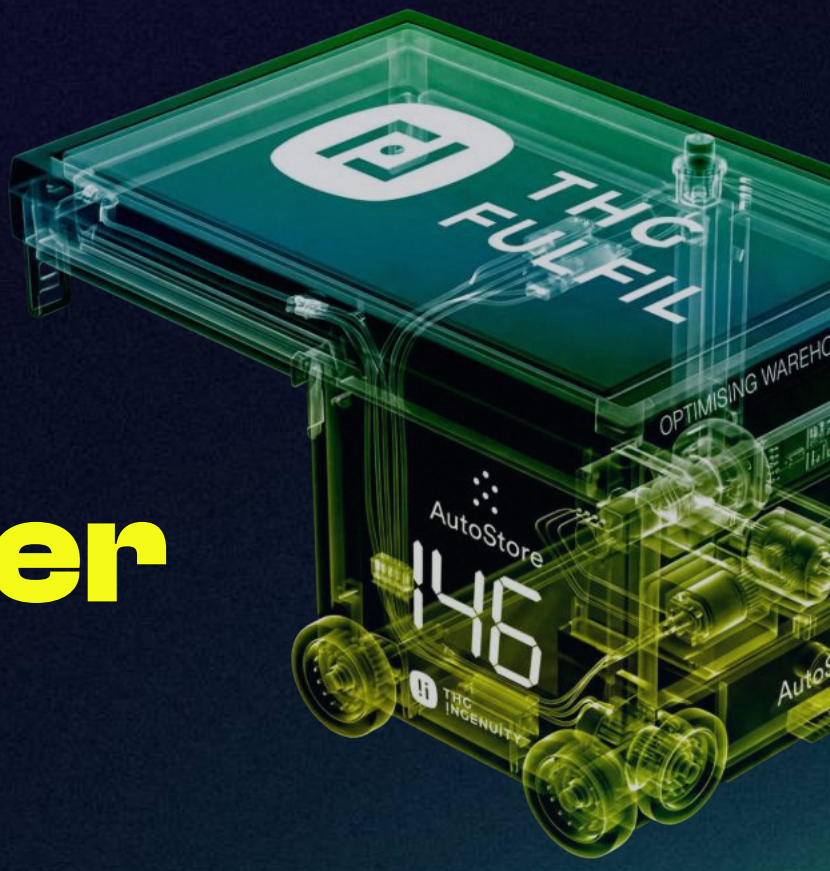
+110%

more shipments

while achieving:

15% faster

average release-to-dispatch



The operation more than doubled unit throughput while dispatch performance improved.

Automation is not the customer outcome itself. It provides the operational capacity to deliver speed, consistency and scale as demand grows.

HYPOTHESIS 4

04.

Better fulfilment does more than improve customer sentiment. It can also improve commercial outcomes.

So, where does that improved operational performance create commercial value for the brand?

CUSTOMER VALUE

Customer value cannot be understood through **average order value (AOV) alone.**

A customer can become more valuable because they:

return more often

return sooner

stay for the long-term

generate more cumulative revenue

For **one US Beauty brand**, we looked at what happened when the customer delivery promise was met. Customers generated:

12.7%

more repeat orders

£1.49m

in 12-month repeat revenue

Across the mature cohort for that single brand, the observed retention difference was associated with approximately this value.

Note: this is an associated retention-value estimate based on observed repeat behaviour, rather than directly booked incremental revenue.

The commercial value of fulfilment is therefore not confined to the original order. If a stronger delivery experience is associated with customers returning more often, its value can accumulate across the customer relationship.

But the commercial impact is not limited to the value customers generate. The same fulfilment experience can also influence the cost required to serve them.

A poor delivery experience can create additional demand elsewhere in the operation. Across any brand, customer-service centre feedback will typically highlight common post-purchase friction points such as:

- Missed delivery promises
- Poor tracking visibility
- Courier issues
- Customer-service escalation

Our US operation had introduced AutoStore from 2023, helping create the capacity to scale while dispatch performance improved. Within the same US brand data, we then looked at what happened to customer-service demand when the delivery promise was, and was not, met.

WISMO-contacted orders per 1,000 orders

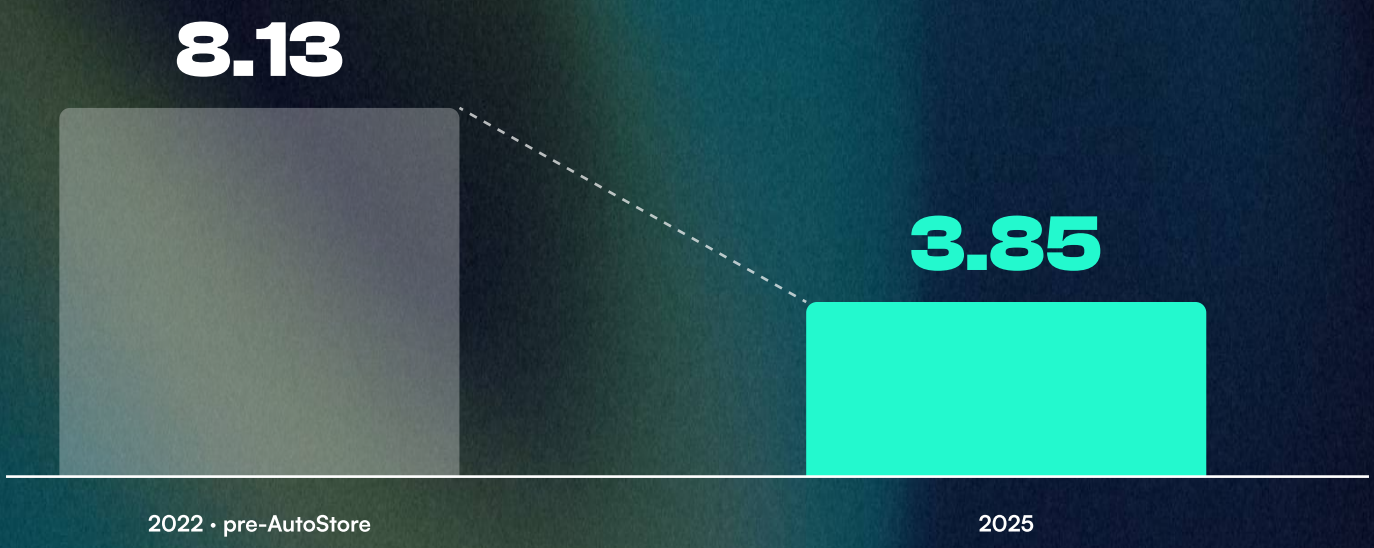
WISMO: "where is my order?" customer contacts



4.06x more likely to generate a WISMO contact when an order was late

Meeting the delivery promise therefore has an operational consequence as well as a customer one: **fewer failures mean less avoidable demand flowing into customer service.**

Looking at the longer-term trend for this brand, between the 2022 pre-AutoStore baseline and 2025:



WISMO-contacted orders per 1,000

52.7%

lower WISMO incidence

£6.6k

estimated avoided direct service-contact cost

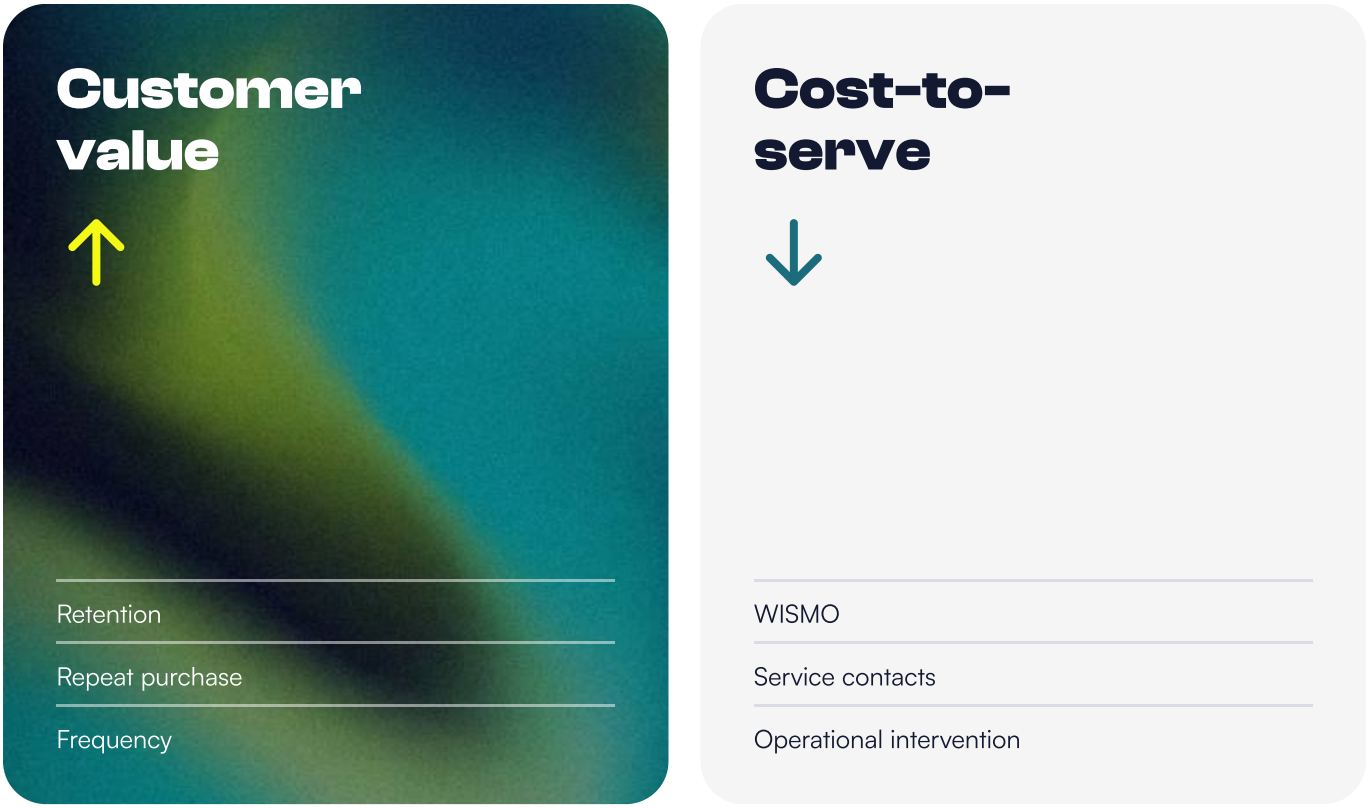
At 2025 volumes for this brand.

At scale, reducing avoidable service demand can remove cost from the operation as well as improve the customer experience.

This estimate reflects direct contact handling only and does not include wider effects such as refunds, replacements, retention or goodwill.

Poor fulfilment doesn't just risk losing the customer. It creates avoidable cost while doing so.

THE COMMERCIAL EQUATION



Taken together, the data suggests that fulfilment should be viewed not simply as the cost of completing an order, but as **part of the economics of the entire customer relationship.**

CONCLUSION

From fulfilment performance to fulfilment intelligence

WHAT THE DATA DOESN'T SAY

01 The data does not tell every brand to offer next-day delivery.

02 It does not say every customer wants more speed.

03 And it does not suggest every fulfilment operation should look the same.

Yes, all of these things are important, but:

It tells us something more powerful.

What it shows is that fulfilment value depends on **understanding what different customers care about and** building the operation around those priorities.

Our research shows how significantly those priorities can vary even within the same category, while the behavioural and operational data shows how fulfilment is associated with repeat purchase, customer value and cost-to-serve.

What matters is not simply delivering more. It is knowing where fulfilment can change the outcome.

01

FIND WHAT MATTERS

Identify which fulfilment factors influence customer decisions.

02

UNDERSTAND WHO IT MATTERS TO

Understand how priorities change by customer, cohort, category and brand.

03

BUILD THE OPERATION TO DELIVER IT

Use technology, automation and operational expertise to deliver against those expectations consistently and at scale.

04

MEASURE WHAT HAPPENS NEXT

Track the impact across repeat behaviour, customer value, service demand and cost-to-serve.

Better fulfilment isn't about giving every customer more.

It's about knowing what matters to them and acting on it.

LIFT by THG FULFIL

Prove how your fulfilment experience impacts brand growth.



Most brands know how they perform operationally. Far fewer know which parts of the fulfilment experience actually influence customer behaviour, loyalty and growth.

LIFT is built to show them. It combines real consumer insight with behavioural modelling and competitive benchmarking to reveal what customers value, who values it most and where fulfilment can change the outcome.

For brands using THG Fulfil, that intelligence can go deeper by connecting with real order-level, operational and transactional data.

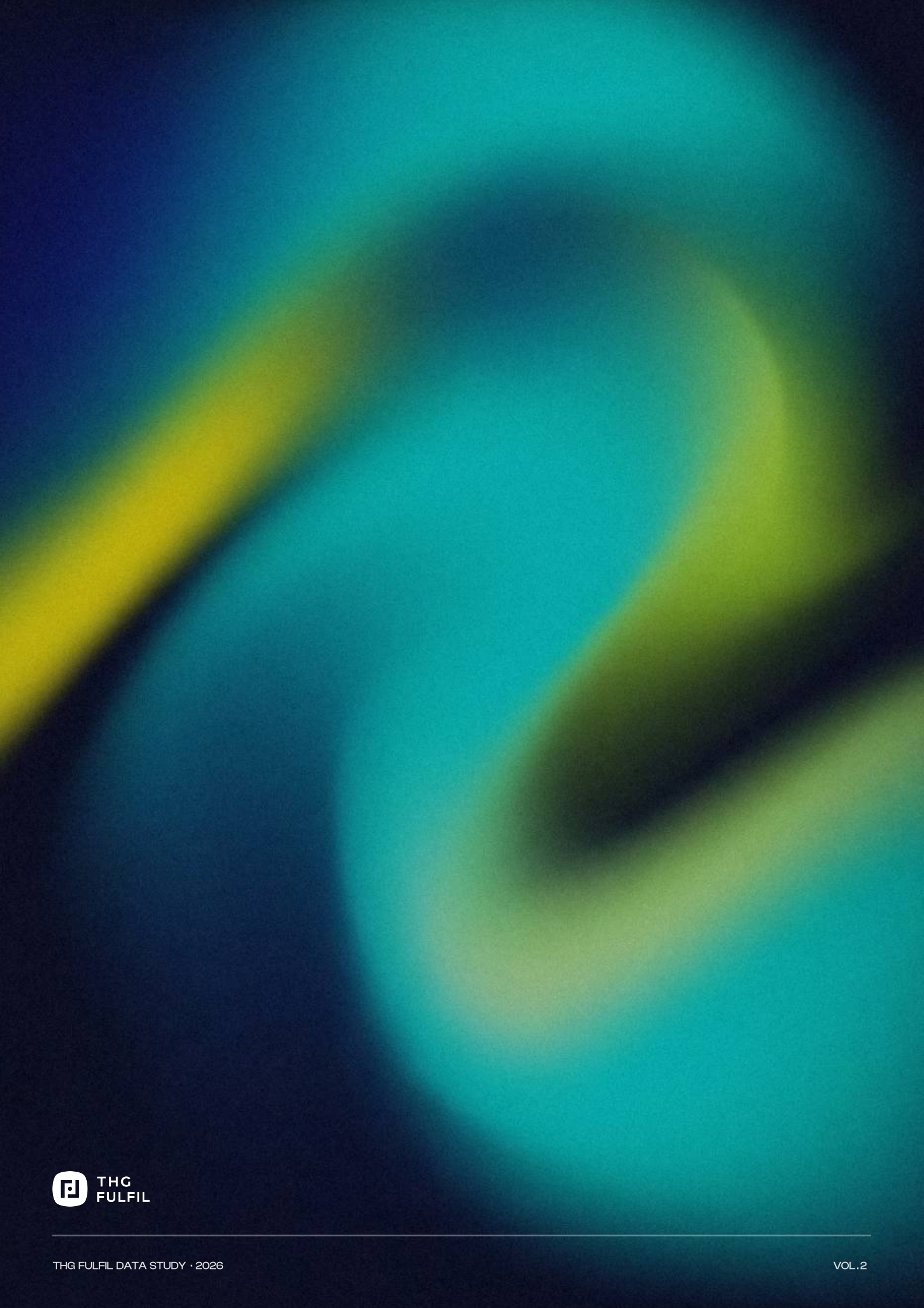
REAL CONSUMER INSIGHT
Understand what customers actually value.

BEHAVIOURAL INTELLIGENCE
See which fulfilment factors influence loyalty, repeat purchase and retention.

COMPETITOR BENCHMARKING
Understand how your proposition compares in the market.

ACTIONABLE PRIORITIES
Know where to invest, what to improve and what to protect.

Know what matters. Know who it matters to. Know where to act.



THG
FULFIL