THG FULFIL

The Value Hidden in your Operations

How ecommerce operations influence brand preference, new customer acquisition and retention while 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 MODELED

93.7%

delivery's modeled 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 express delivery.

There is no universal ‘best’ fulfillment proposition.

So what should you build?

INSIDE THE STUDY

Four questions.
Answered with real data.

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

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

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

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

Unlock the full study.

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

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From faster fulfillment to fulfillment intelligence

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

It did.

10 million

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

+11%

uplift in subsequent order value

10x

return on investment

Complimentary express 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 maximize retention while protecting your bottom line?

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

Faster delivery | Free delivery | Convenient cutoffs | Communication | Tracking | Arriving on time

Some customers place greater value on faster delivery. Others care more about free delivery, convenient cutoffs, communication, tracking or simply knowing their order will arrive on time.

Brands already invest heavily in acquiring and retaining customers. If the fulfillment 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.**

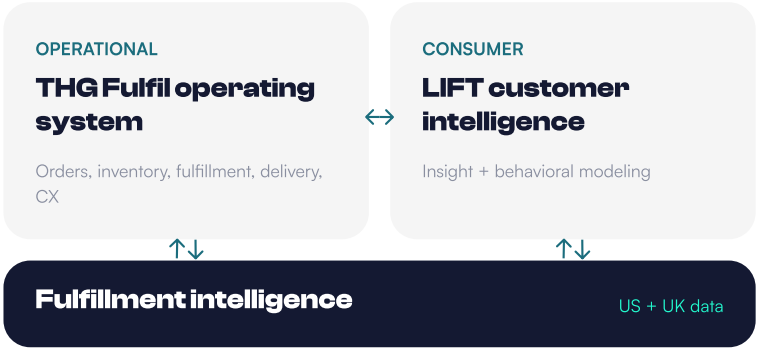
So, we went further.

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

Our new fulfillment customer intelligence platform, **LIFT**, adds the consumer perspective, combining qualitative and quantitative insight with behavioral modeling to show what customers value and how fulfillment 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 US and UK, 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 fulfillment influences customer behavior, 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.

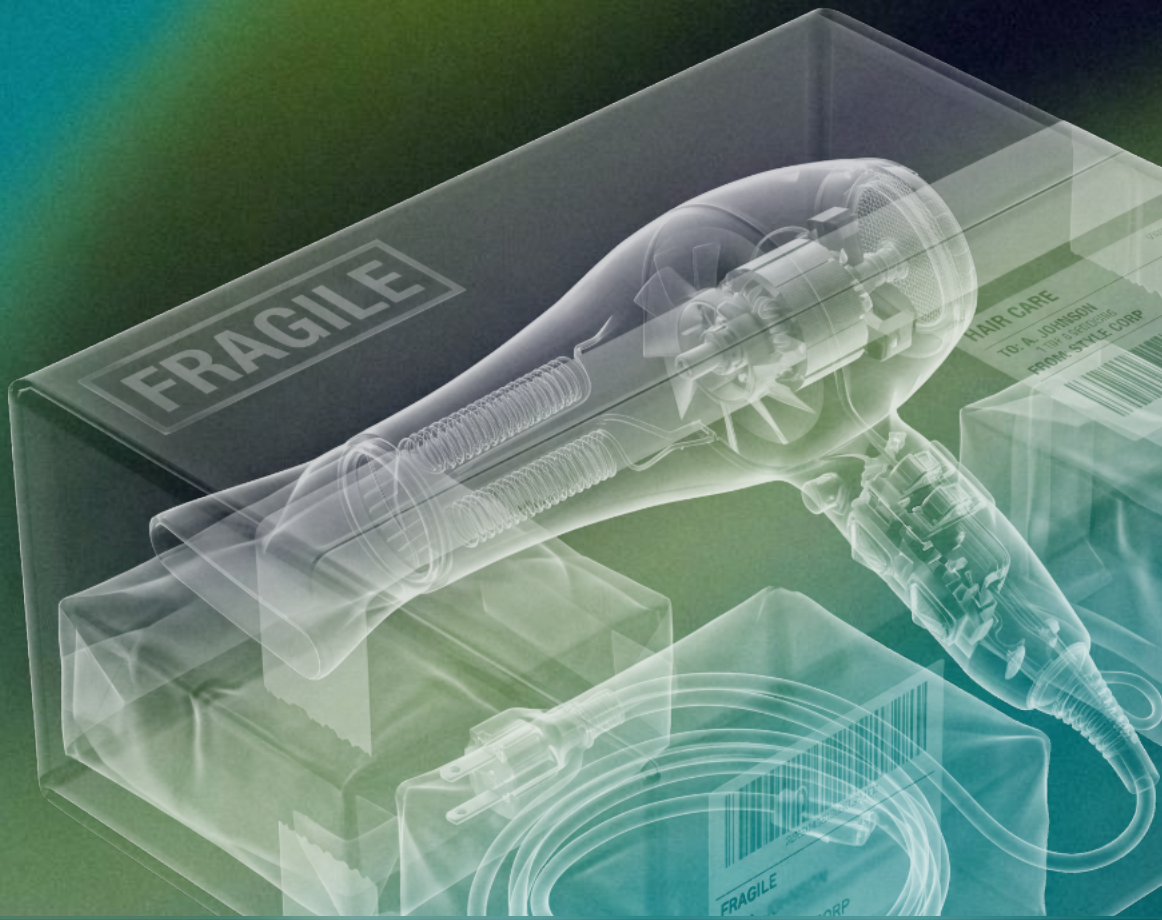


HYPOTHESIS 1

01.

Fulfillment is a hidden driver of brand preference

How much does fulfillment really influence which brands customers choose?



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

Our LIFT behavioral modeling tells a very different story.

WHEN ASKED

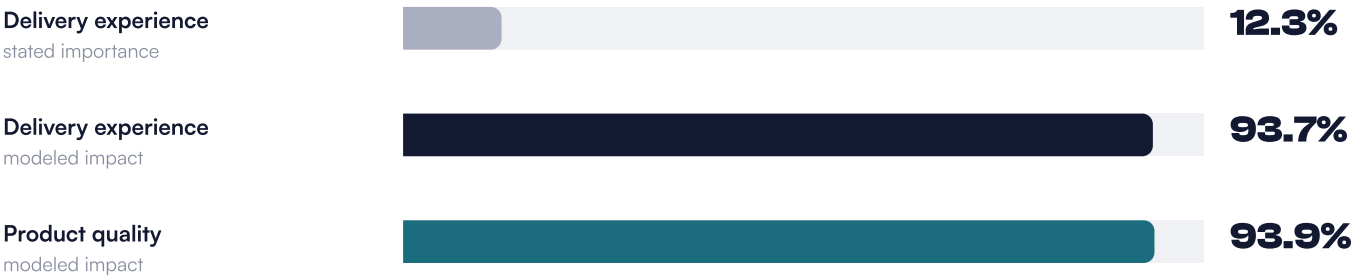
12.3%

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

WHEN MODELED

93.7%

demonstrated the delivery experience to influence purchase intent



7.6x greater modeled impact than consumers consciously realize

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

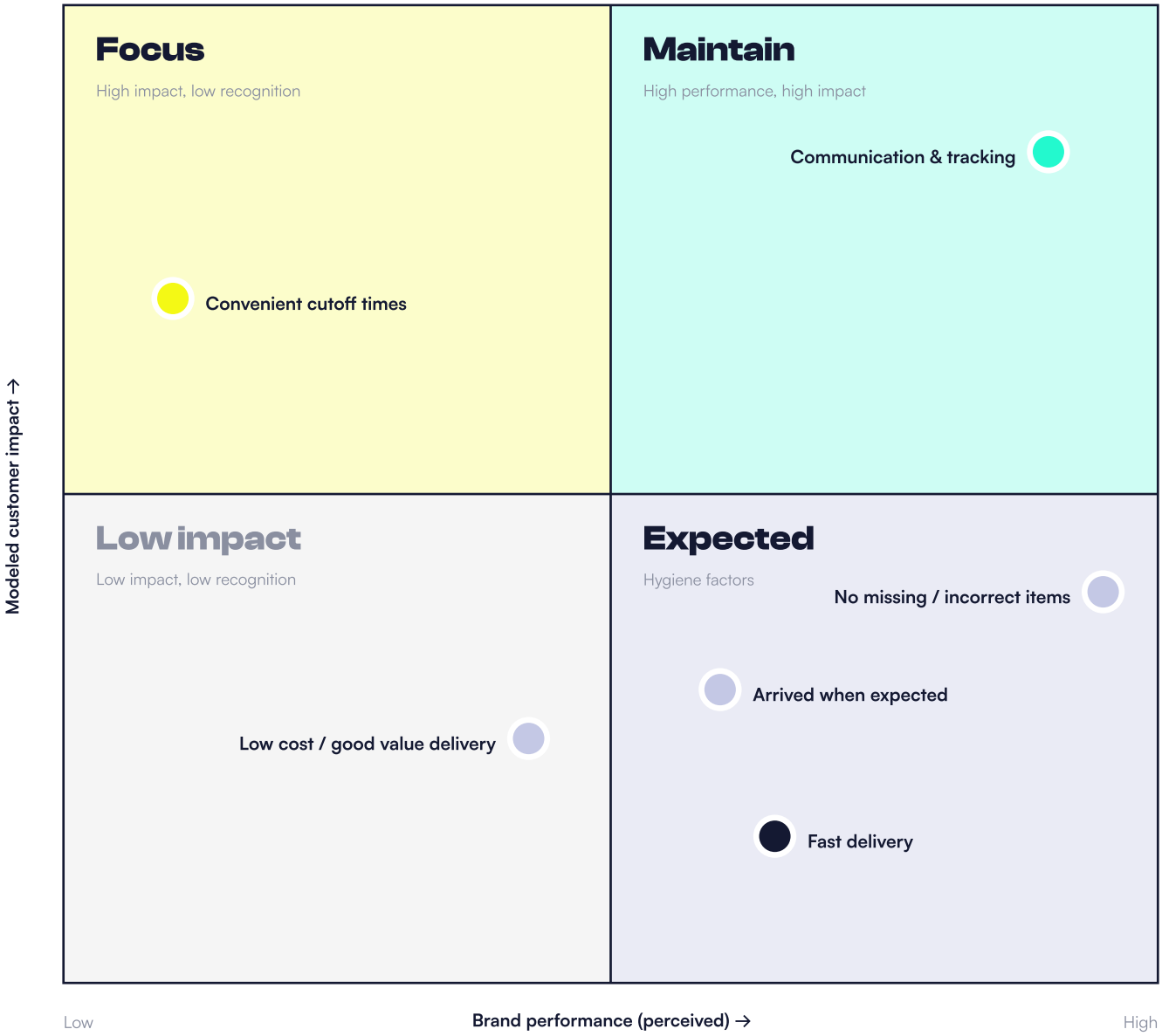
Fulfillment can influence brand preference far more than customers consciously recognize.

KEY DRIVER ANALYSIS

Different fulfillment factors create different value

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

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 modeled customer impact | Sample size: 500 beauty consumers

COMMUNICATION & TRACKING

86%

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

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

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

CONVENIENT CUTOFF TIMES

For the brands we analyzed within the LIFT study, convenient cutoff times told a very different story.

7x

greater modeled impact vs. perceived brand performance

Despite relatively low customer recognition of brands' express delivery cutoff proposition, our modeling showed that convenient cutoff times for express 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 fulfillment factors, strong performance was already much more visible than their incremental impact. For **fast delivery**, perceived brand performance was:

4.7x

higher than its modeled 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 fulfillment factors can

differentiate the brand.

Some represent an

under-recognized growth opportunity.

Others simply need delivery to

work every time.

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

Some fulfillment 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.

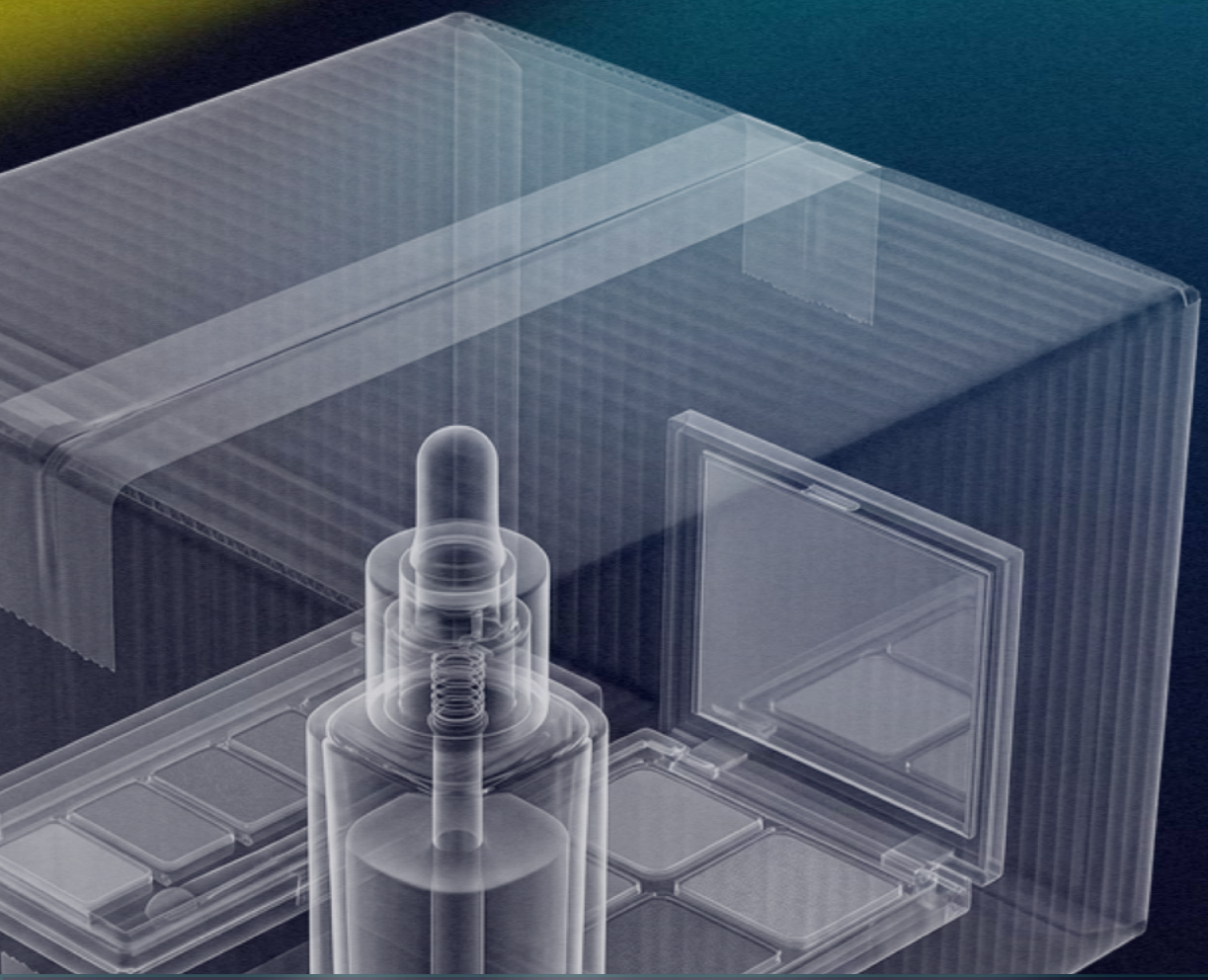
Together, these findings suggest that fulfillment can influence both whether a customer chooses a brand and how they feel about it afterwards. But the factors creating that value are not fixed. **What matters most changes depending on who the customer is.**

HYPOTHESIS 2

02.

Delivery preferences differ by customer type

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



The data suggests it does not.

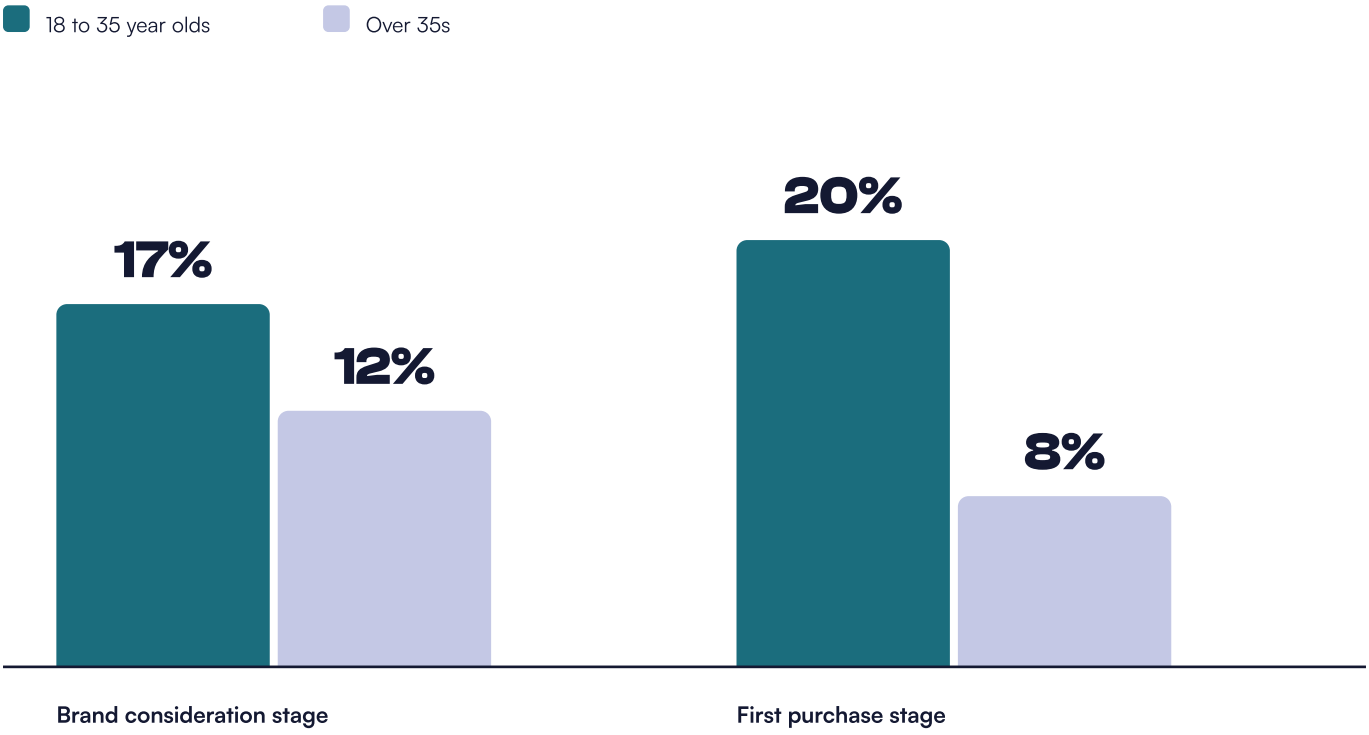
Age, income and the characteristics of different customer bases can materially change what consumers expect from fulfillment and the value they place on different delivery attributes.

This means the same fulfillment investment can create very different value for different brands and customer groups. One beauty brand analyzed 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 THG Fulfil's express delivery service

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INCOME

38% vs 16%

Higher-income shoppers were **more than 2x** as likely to use express 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 prioritized different aspects of fulfillment.

+35%

higher express 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 behavior.

There is no universal ‘best’ fulfillment proposition.

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

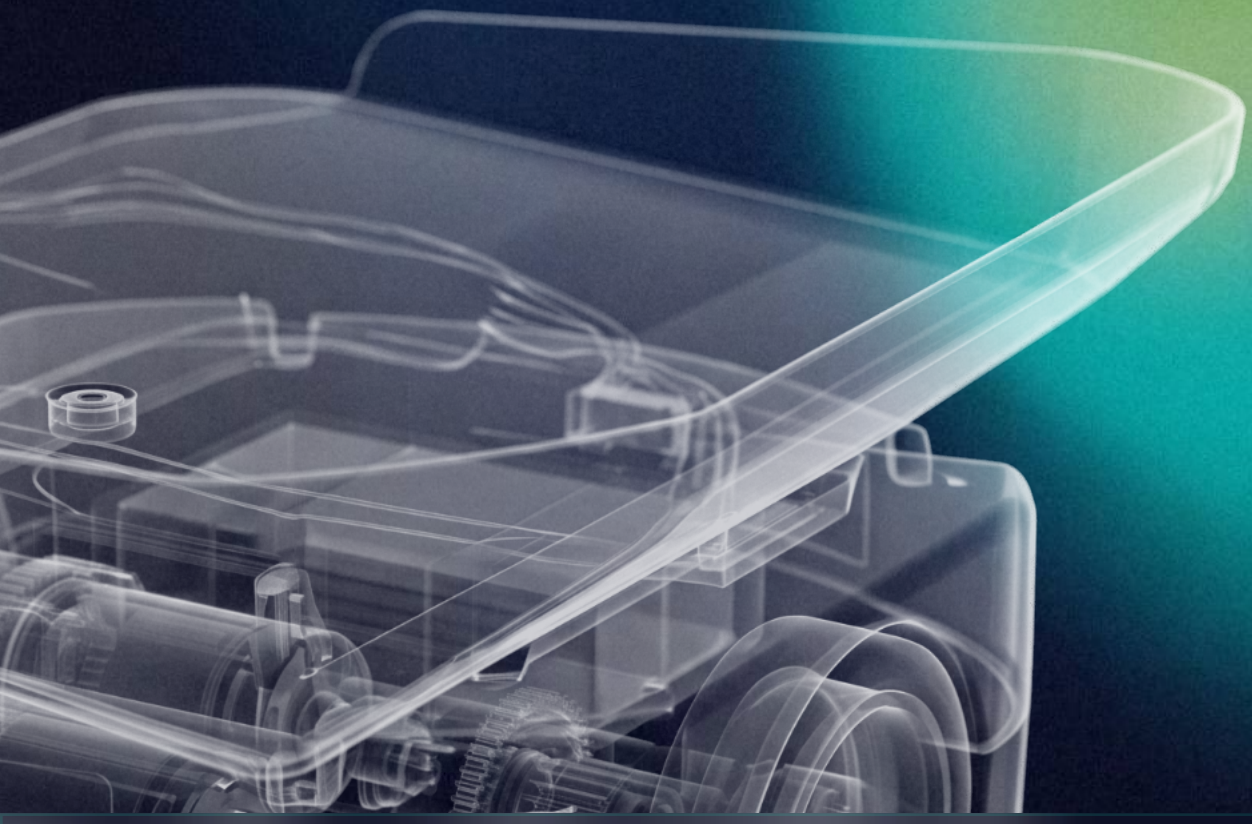
For brands, the implication is that fulfillment strategy should be built around the needs of the customer base they actually serve, rather than a one-size-fits-all view of what ‘good’ fulfillment looks like.

HYPOTHESIS 3

03.

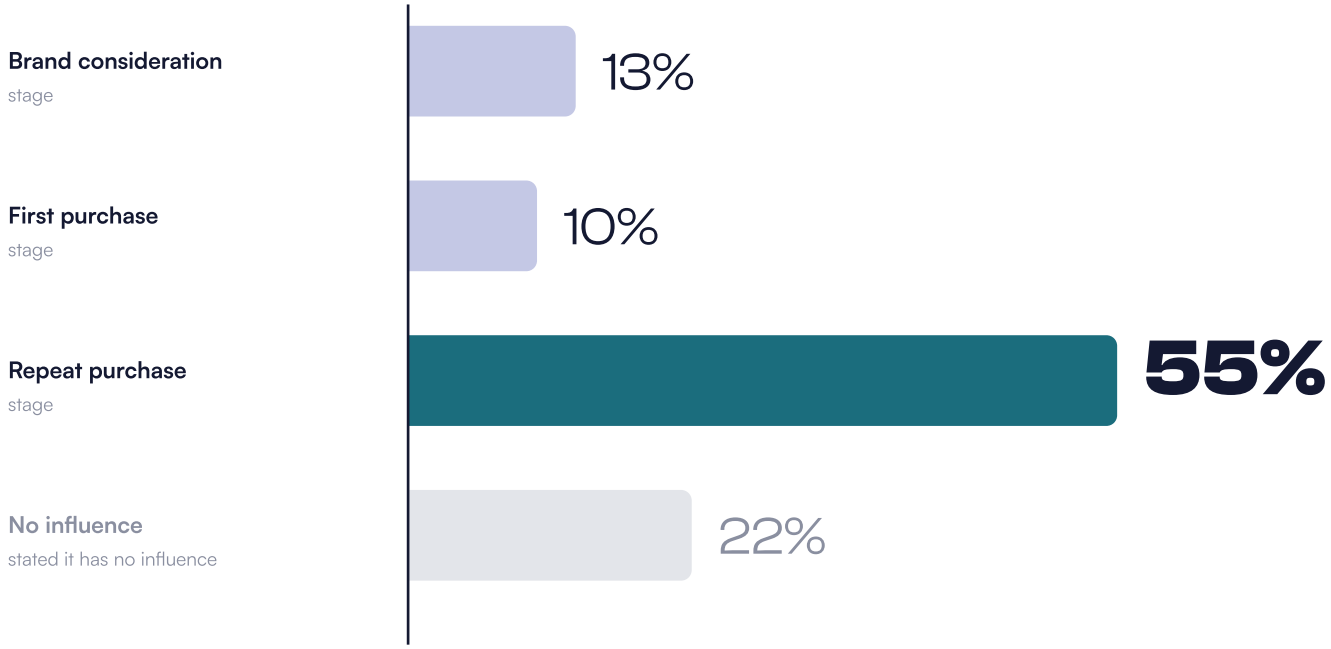
Fulfillment experience drives repurchase behavior

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



Fulfillment 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 behavioral modeling in Hypothesis 1, which measures the overall relationship between consumer journey and purchase intent.

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

Wider LIFT consumer sentiment data supports that relationship:

86%

positively recognize 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 program

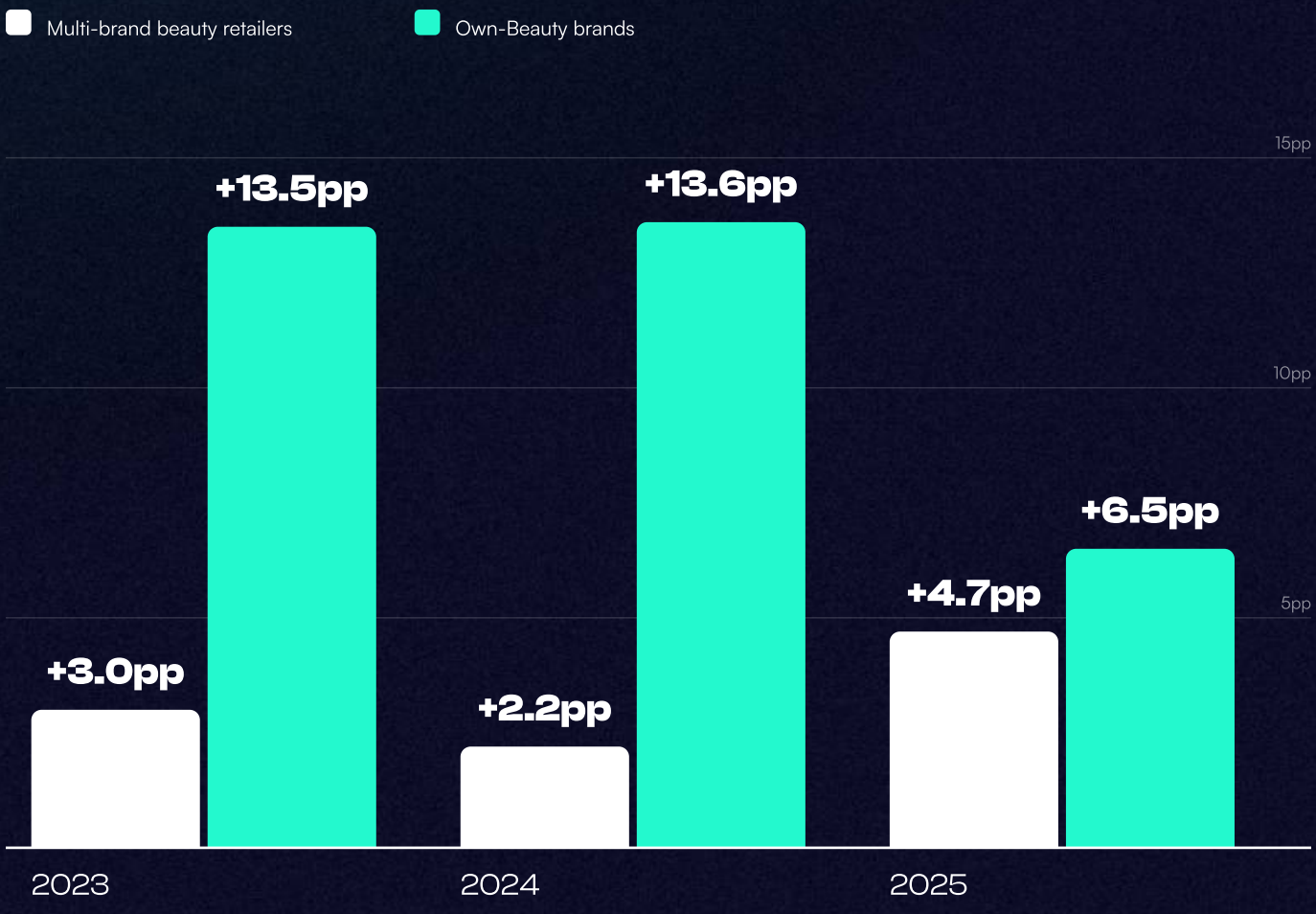
As part of THG Fulfil's delivery upgrade program, selected first-time customers receive a complimentary upgrade from standard delivery to express delivery.

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

Across the program, 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

While 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 fulfillment 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 fulfillment against multiple commercial outcomes rather than relying on a single KPI.

RETENTION

Retention starts with keeping the promise

The upgrade program 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:

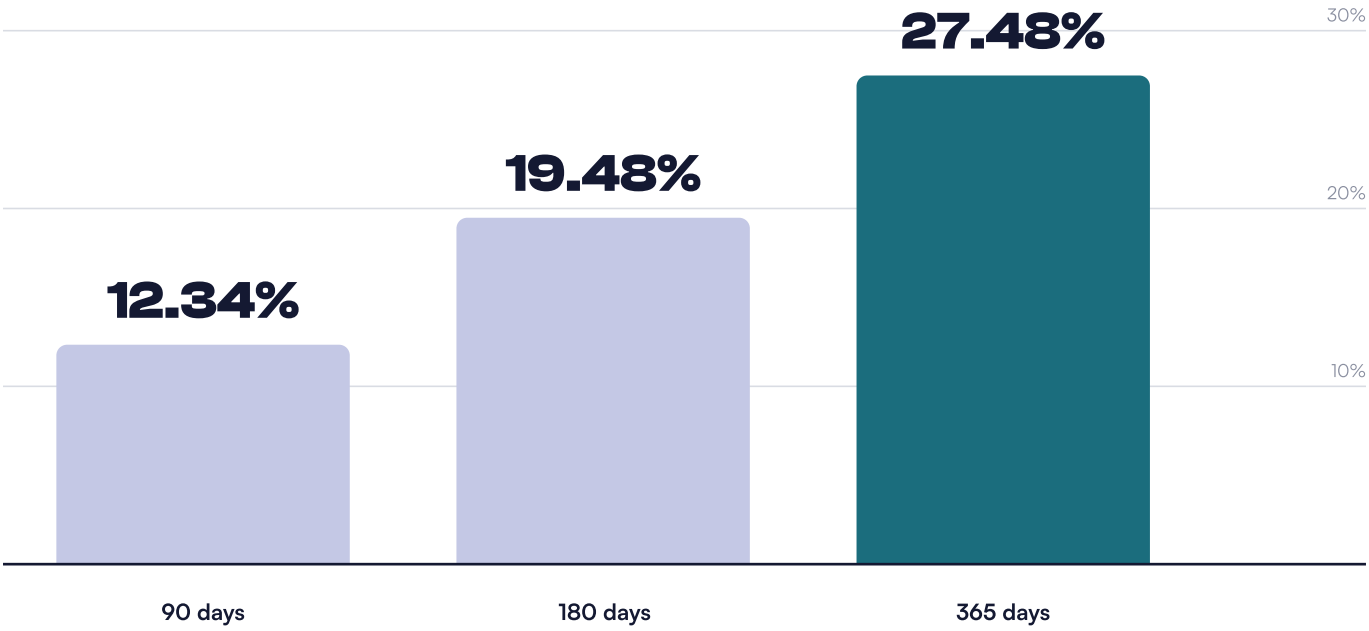
27.48%

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 behavior

The customer research and transactional data both point in the same direction. Fulfillment 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 fulfillment can play a measurable role in retention, but the way that value appears depends on the customer, category and experience delivered.

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

NEW JERSEY 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 fulfillment operation from 2023. Compared with the 2022 pre-AutoStore baseline, the operation is now processing:

+160%

more units

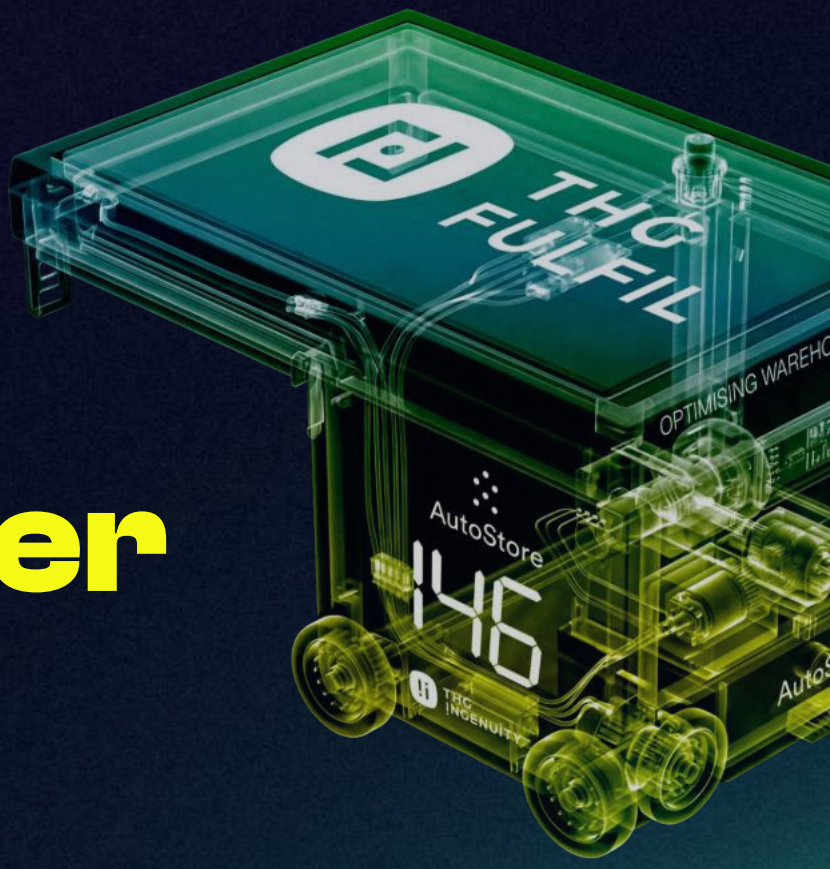
+110%

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 fulfillment 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 that consciously delivered when the customer delivery promise was met. Customers generated:

12.7%

more repeat orders

$1.98m

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 behavior, rather than directly booked incremental revenue.

The commercial value of fulfillment 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 fulfillment experience can also influence the cost required to serve them.

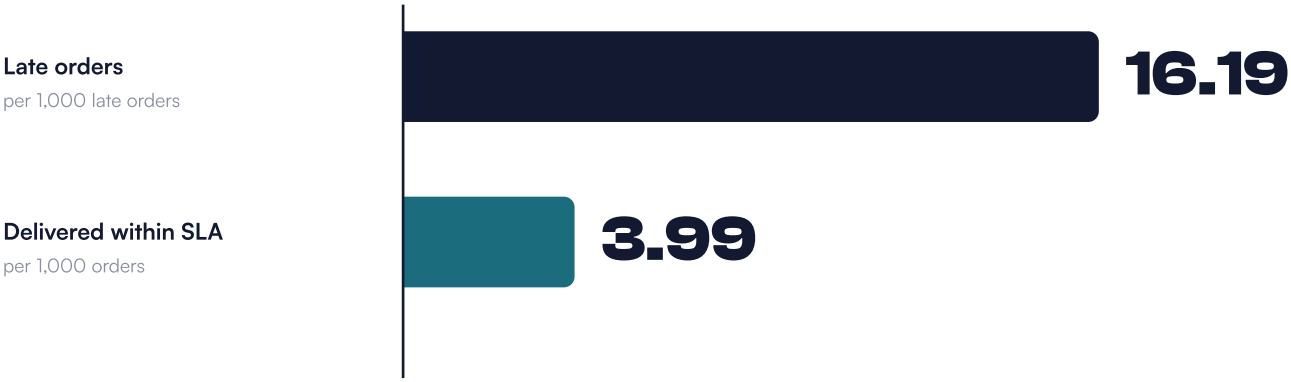
A poor delivery experience can create additional demand elsewhere in the operation. Across any brand, customer-service center feedback will typically highlight common post-purchase friction points such as:

- 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

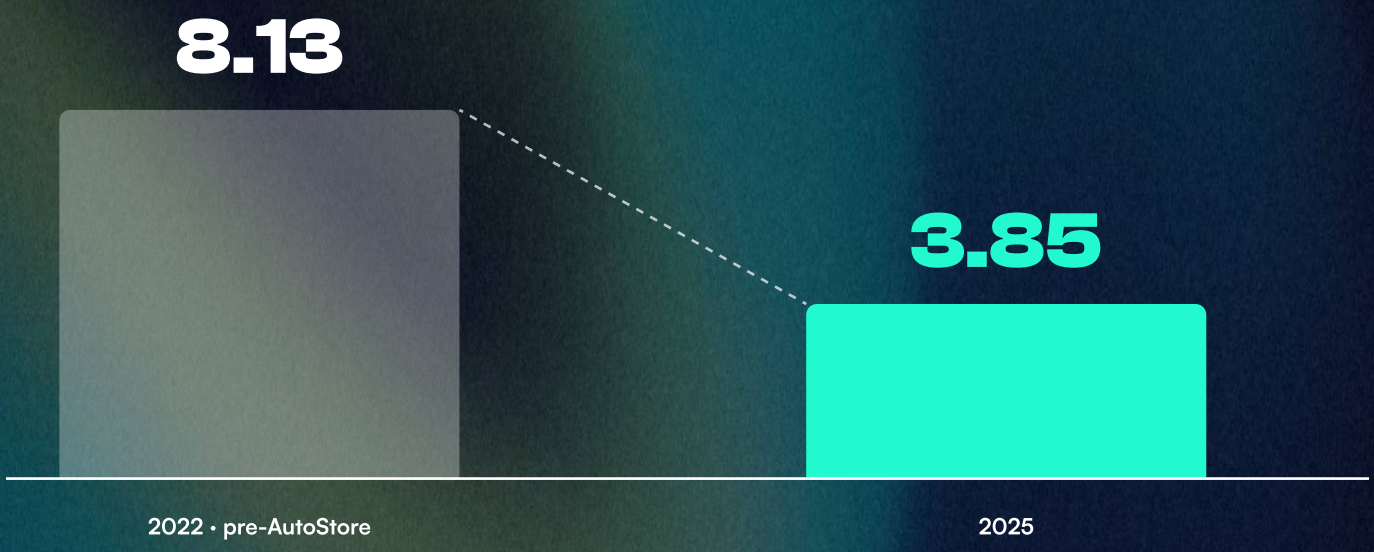
WISMO: "where is my order?" customer contacts



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

$8.8k

estimated avoided direct service-contact cost

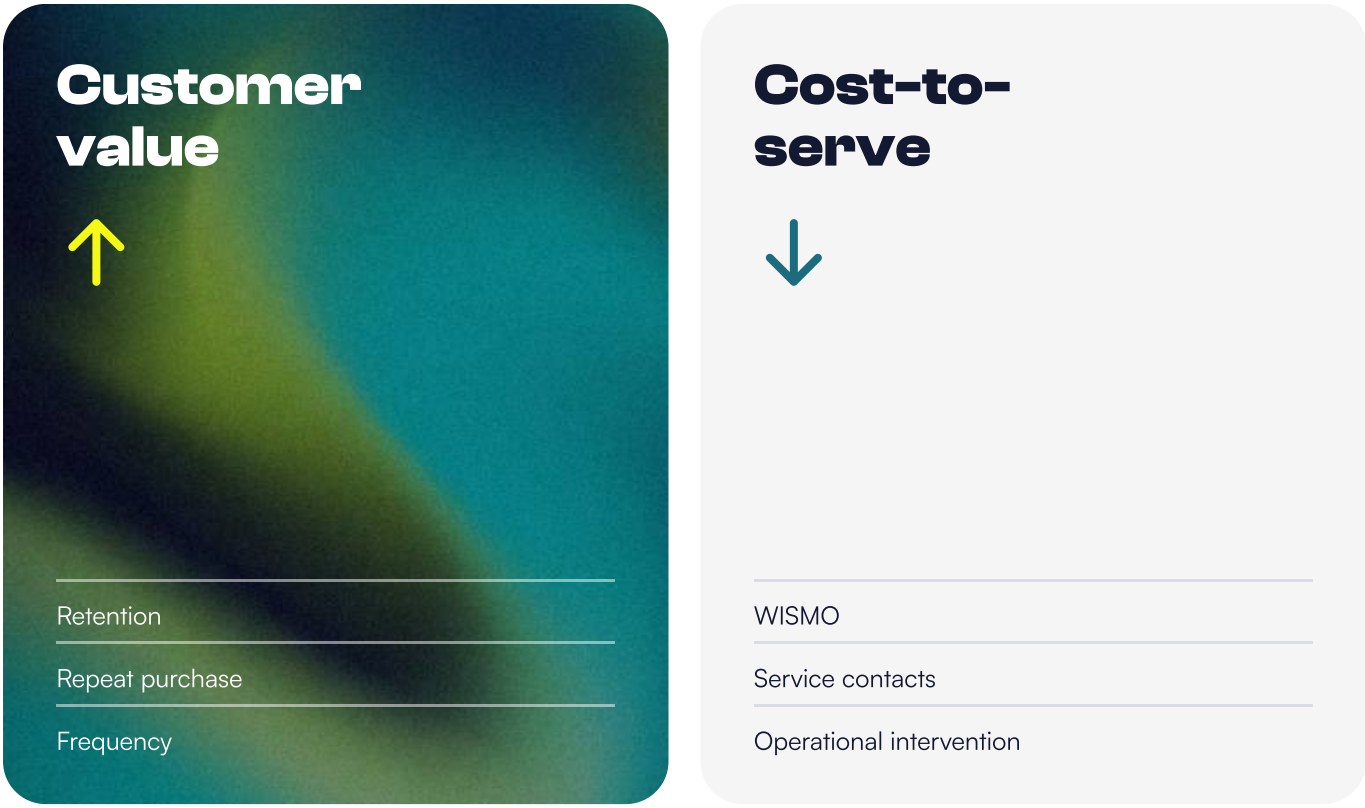
At 2025 volumes for this brand.

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

THE COMMERCIAL EQUATION



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

From fulfillment performance to fulfillment intelligence

WHAT THE DATA DOESN'T SAY

01 The data does not tell every brand to offer express delivery.

02 It does not say every customer wants more speed.

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

Yes, all of these things are important, but:

It tells us something more powerful.

What it shows is that fulfillment 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 behavioral and operational data shows how fulfillment is associated with repeat purchase, customer value and cost-to-serve.

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

01

FIND WHAT MATTERS

Identify which fulfillment 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 behavior, customer value, service demand and cost-to-serve.

Better fulfillment 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 fulfillment experience impacts brand growth.



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

LIFT is built to show them. It combines real consumer insight with behavioral modeling and competitive benchmarking to reveal what customers value, who values it most and where fulfillment 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.

BEHAVIORAL INTELLIGENCE

See which fulfillment factors influence loyalty, repeat purchase and retention.

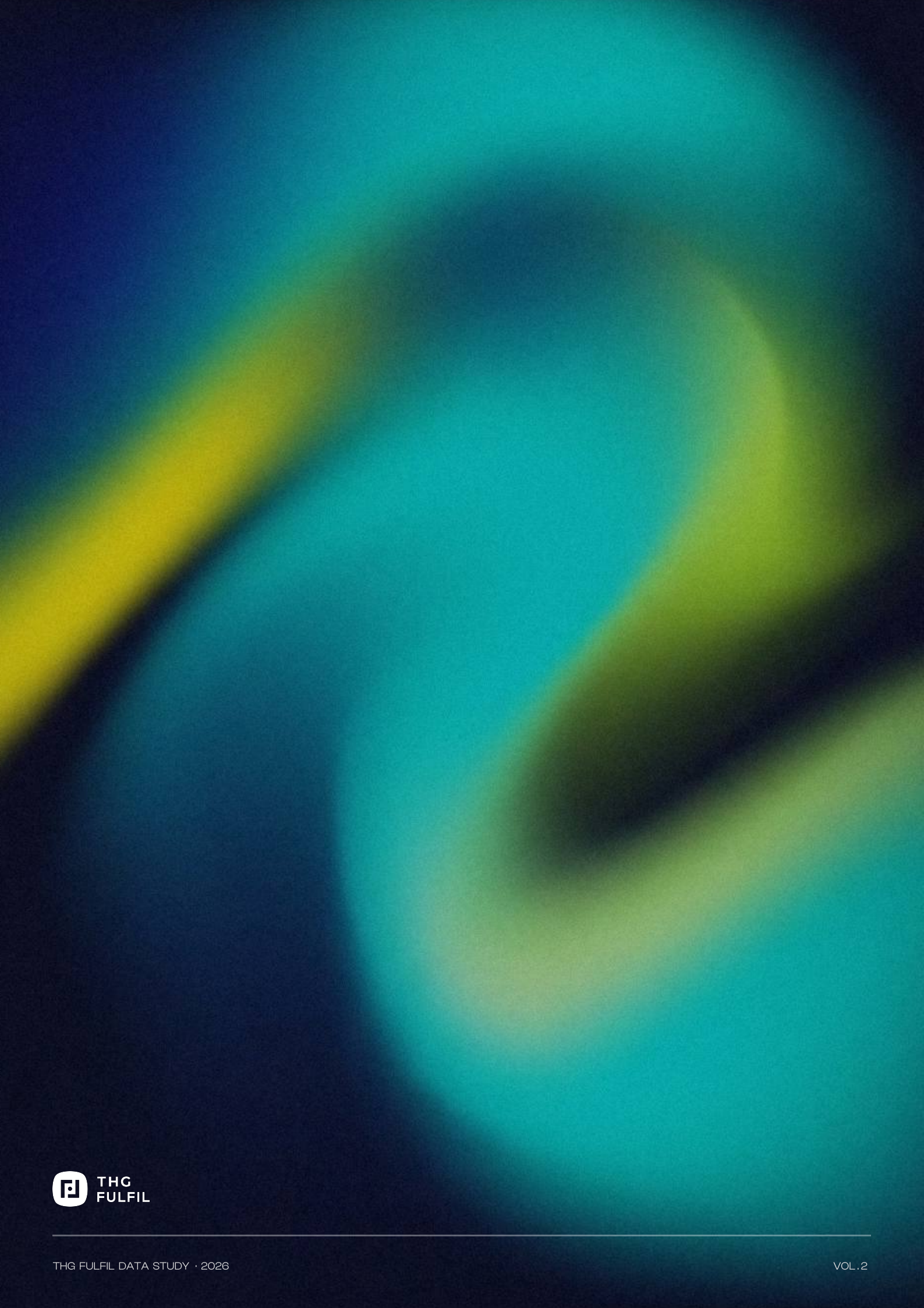
COMPETITOR BENCHMARKING

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.



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