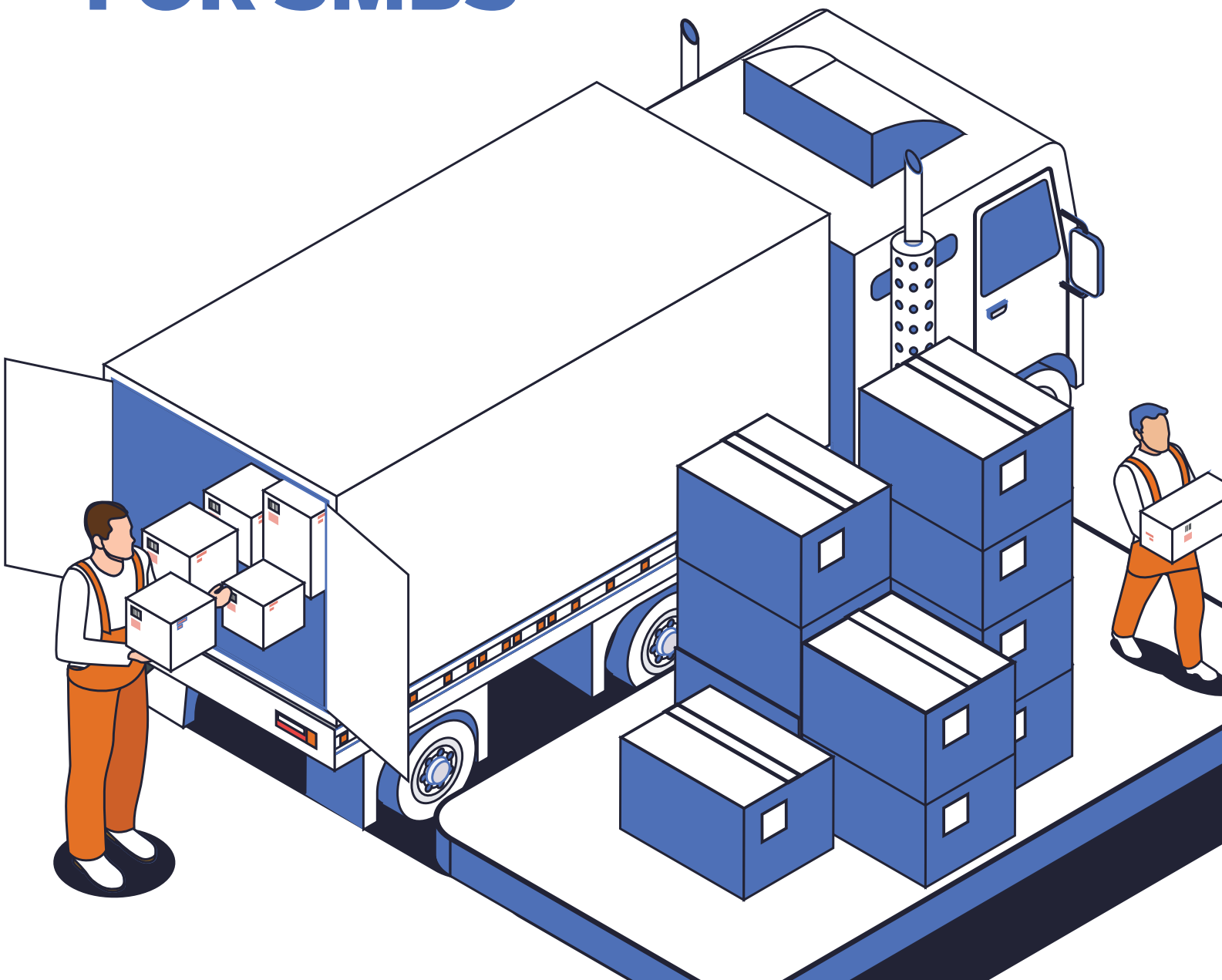


WARE2GO
A UPS Company

PEAK 2022 COMPETITIVE DIFFERENTIATORS FOR SMBS



Peak 2022 Trends

Peak season begins earlier and earlier each year. And this year is no different. In fact, **68% of consumers plan to start holiday shopping earlier this year**, with **40% planning to start shopping as early as August**.

Merchants have been preparing for their busiest season, and while the supply chain is in better shape than last year, businesses of all sizes still face challenges.

A full **95% of merchants** have had to adjust their planning in response to supply chain disruptions and market conditions, starting with inventory planning:

68%

of small and medium businesses (SMBs) are changing up their inventory ordering strategy in some way this holiday season, including:



33%

Changing the types of products they're purchasing



23%

Ordering more inventory than previous years



21%

Ordering inventory earlier than previous years

Despite changing their strategy, many merchants still have concerns around Peak season inventory, namely that they:



23%

Overbought inventory



19%

Invested in the wrong inventory as consumer buying habits have changed



Changing the traditional 3PL model to make 1-2-day delivery easy and affordable for all merchants. Ware2Go offers a nationwide network of certified warehouses and technology to streamline fulfillment across sales channels for a fully scalable and truly on-demand solution. [Learn more at Ware2Go.com](https://www.ware2go.com)

The good news for SMBs? Consumer preference for online shopping is up.

83% of consumers report that they often discover new brands when shopping online, presenting big opportunities for SMBs.

In 2021, only 2.9% of shoppers said they ***“rarely prefer in-store shopping compared to shipping”*** – this year, that steep preference for shopping online all the time has risen notably, up to 15%.

68% of shoppers report that the primary reason they choose to purchase in-store is simply because they need an item immediately.

This preference towards ecommerce vs. in-store is most evident among Gen Z and Millennials – indicating continued growth potential for ecommerce.

76% of Millennials and 72% of Gen Z respondents prefer online-only shopping, compared to Baby Boomers at just 54%



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How merchants can capitalize on ecommerce growth

Optimize the delivery experience this holiday season.

When it comes to holiday shipping expectations, the COVID-19 grace period is over.

In 2021, 57% of consumers said they had lowered their expectations for timely shipping.

This year, only 16% have lower expectations around 1- to 2-day shipping.

And small businesses won't get a pass. In fact, **65% of consumers expect small brands to ship as fast, or faster, than major chains.**

76% of consumers are likely to make a repeat purchase based on fast shipping, and SMBs are working hard to remain competitive with larger retailers and their shipping standards.

31% of merchants will offer free 1- to 2-day shipping on all purchases

14% will offer 1- to 2-day shipping at additional cost

47% will offer 1- to 2 day shipping for purchases that meet a minimum order quantity

7% will not offer 1- to 2-day shipping at all



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Prioritize Sustainability:

In 2021, 61% of consumers said they were more concerned about sustainability due to the pandemic.

This year, that sentiment remains strong, with 74% of consumers reporting that sustainability is important to their purchasing decisions.

Extend the shopping season:

Although shoppers are starting their holiday shopping earlier, 81% of shoppers plan to buy at least SOME portion of their holiday gifts online at the last minute this year.

Offering 1- to 2-day shipping helps to extend the shopping season and convert last-minute shoppers.



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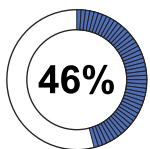
This Peak season presents a unique set of challenges to merchants

59%

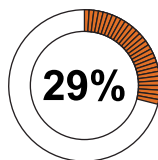
of SMBs report that margins have shrunk, largely due to the supply chain.

80% say supply chain costs have risen, with 42% primarily citing elevated freight costs.

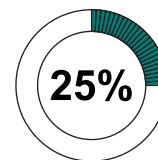
Increased Supply chain costs have impacted 94% of SMBs' peak season plans:



have had to increase prices to cover costs



have adjusted labor headcount



have had to pause expansion plans.

19%

of merchants are simply absorbing elevated supply chain costs.



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Meanwhile, consumers are feeling the effects of a changing market

42%

of merchants anticipate 2022 holiday sales will be lower than 2021.

74%

of shoppers are shifting their buying habits this holiday season given current economic conditions.



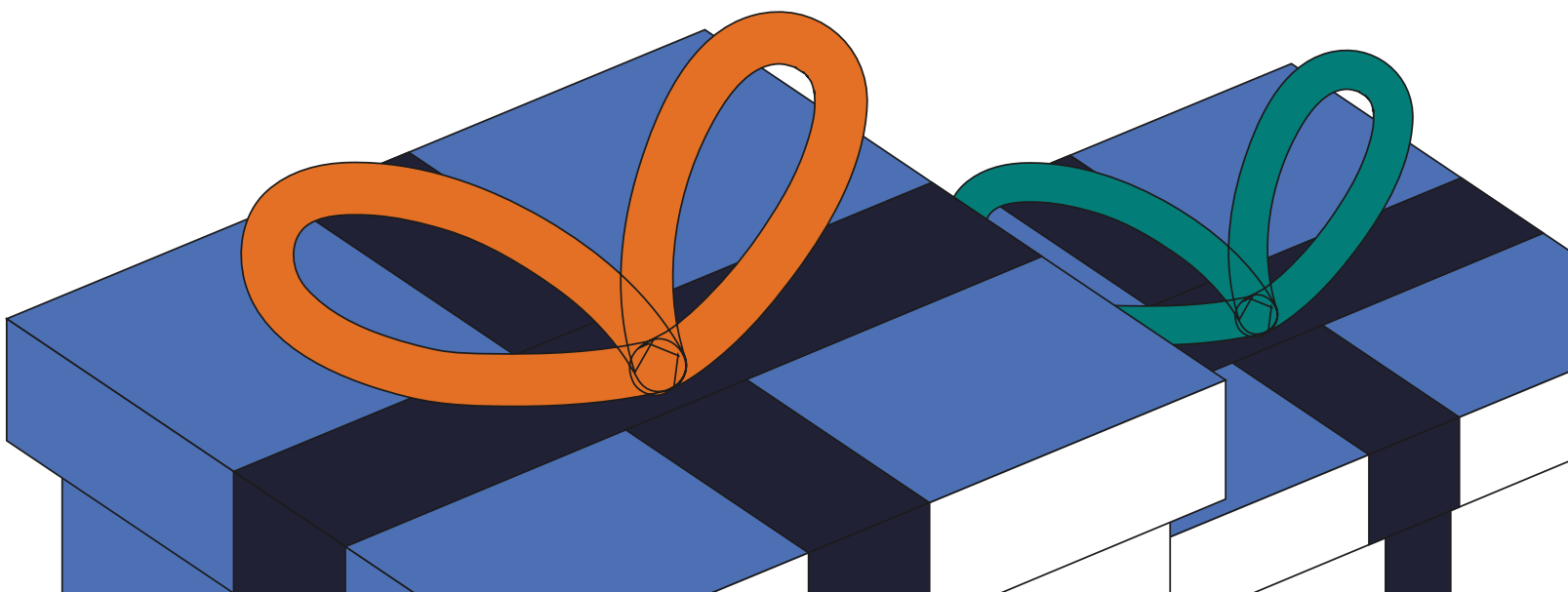
32%

Consumers report they are prioritizing cheaper gifts for everyone



29%

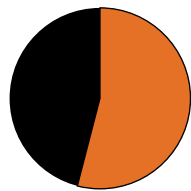
Consumers report switching up the kind of gifts they are getting



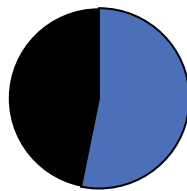
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How then, can merchants attract recession-wary consumers without sacrificing margins?

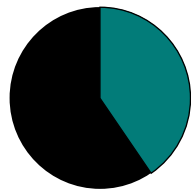
Consumers report they will be persuaded to purchase by:



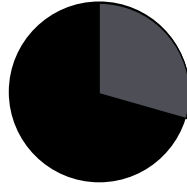
56%
Free shipping



55%
Deal days, coupons
or promotions on
online products



42%
1- to 2-day shipping
on all purchases



37%
Extra loyalty points

Merchants can offer enticing shipping promises by:

Lowering time in transit (TNT) on final mile delivery by distributing inventory closer to their end customers.

Merchants can improve their margins in spite of elevated supply chain costs by:

- Narrowing down their SKU catalog to focus on top-movers
- Lowering TNT across their network to offset freight costs
- Liquidating obsolete inventory to lower inventory carry costs



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Winning Peak 2022

Growing preference for online shopping presents a big opportunity for SMBs who prioritize fast, sustainable shipping to meet consumer expectations and extend holiday sales.

Distributing inventory closer to end customers can help merchants:

Offset supply chain costs by lowering TNT

Decrease carbon emissions

Expand their 1- to 2-day delivery footprint

About the survey

Peak 2022 Competitive Differentiators for SMBs is based on a July/August 2022 survey conducted by Dynata of 1,000 U.S. SMBs making \$500K to \$100M in revenue. This report also includes findings from a survey of 1,000 U.S. consumer respondents aged 18+ on shipping and holiday shopping preferences, also conducted in July/August 2022.

About Ware2Go

Ware2Go is a UPS company that is simplifying the end-to-end supply chain to enable merchants of all sizes to compete and grow. A nationwide warehouse network supported by fully-integrated supply chain technology enables merchants to meet consumer expectations for 1- to 2-day delivery while improving profitability and building a more flexible and resilient supply chain.



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