UPS Pulse of the Online Shopper™

Volume 5
Retail Fundamentals

U.S. Study
November 2017
Global, Mobile and Marketplace Driven

The 2017 UPS Pulse of the Online Shopper™ survey reveals a changing retail landscape where online shoppers purchase more from international retailers, shop more on mobile devices and rely more on marketplaces. These behavioral shifts are driven by the desire for better prices, unique products and increased convenience.

The sixth annual study, conducted by UPS and fielded by comScore, Inc., will be presented as a five-volume series. Retail Fundamentals is the fifth installment. To view past volumes visit ups.com/insideretail.

1. Digital Evolution
E-commerce continues double-digit growth, with online shoppers planning to use all digital devices more in the future.

2. A Mobile Mindset
Shoppers have become more comfortable using their mobile devices to research and buy online, leading them to spend more time and money in the m-commerce market.

3. Channel Dynamics
Today’s shoppers are empowered with more retail choices for direct-to-consumer purchasing across online and brick-and-mortar channels.

4. The Savvy Shoppers
There’s a new crop of shoppers born from technology, who have honed their online shopping skills and learned how to find the best prices from every corner of the world.

5. Retail Fundamentals
Delivering a stellar customer experience from point of sale to post-purchase across all channels is required to thrive in the competitive world of retail.

About the Study
The sixth annual UPS Pulse of the Online Shopper™ study analyzes consumer shopping behaviors from pre-purchase to post-delivery. The study, fielded in Q1, 2017 is based on the input of over 5,189 qualified comScore panelists who made at least two online purchases in a typical three-month period. Here’s the breakdown of respondents based on shopping frequency:

- **20%** 2–3 purchases
- **40%** 4–6 purchases
- **40%** 7+ purchases

UPS worked with Astound Commerce, Inc., to develop questions, conduct analysis and define retailer recommendations.
Retail Fundamentals

Exceptional service is a must for an ideal shopping experience. To thrive in today’s competitive environment, retailers must exceed service standards. Exceptional service standards include logistics, which play an even greater role in the consumer experience now as shoppers expect faster shipping, flexible delivery options including in-store pickup, and traditional in-home delivery. While the ease of online purchasing is pervasive, an equally efficient returns process plays a critical role in customer satisfaction. A winning retail model provides outstanding service with delivery superiority and features choice as the guiding principle throughout the shopping experience.
Customer Service Counts

Top-performing retailers recognize that customer service matters more than ever and can differentiate their brand. While online shoppers continue to gravitate to self-service options, savvy organizations invest heavily in training to ensure all customer-facing employees are prepared to assist consumers throughout the shopping experience.
Customer Service Counts

Self-Service Options Appeal to Shoppers

Technology has enabled consumers to adopt a do-it-yourself approach to finding answers. Online shoppers gravitate toward service channels that require less interaction and give them more control. Only 55% of shoppers report satisfaction with access to customer service information and with finding contact options, suggesting that there is still room for improvement.
Interest in New Service Channels is Rising

More shoppers are taking advantage of new channels to contact customer service and obtain the information they need. In particular, live chat has proven to be beneficial for both shoppers and retailers. In the midst of shopping, a quick answer can give shoppers the confidence they need to proceed with completing a purchase. Millennials and smartphone purchasers embrace using mobile devices to contact customer service. Social media’s role from a service perspective is rising as three-in-ten Facebook and Twitter users have used these platforms to contact customer service.
The Logistically Minded

For today’s omni-channel shopper, logistics is about options and speed — and they want both. The best retail players are expanding service options and delivery capabilities to meet customer demands and be more competitive.
Half of shoppers report having their online purchases shipped to a retail store for pickup. Speed and convenience are critical for smooth in-store pickups as 71% of shoppers say quick service is ideal. With “ship-to-store” deliveries projected to grow, retailers should emphasize creating an easy, convenient process and consider using technology and knowledgeable associates to maximize pickup efficiency for customers.
Interest in Alternate Pickup Locations and Fast Delivery Grows

Flexibility and convenience dictate decision-making regarding package deliveries. Interest in alternate pickup locations is highest among millennials, smartphone purchasers and urban shoppers who value the ability to choose delivery options. Delivery speed is important to 63% of shoppers, with 77% reporting they are willing to pay for expedited shipping under certain circumstances.
Same-Day Delivery Gains Importance

Same-day delivery has gained the attention of shoppers, causing online and store retailers to recognize it as a lever for future growth. Forty-one percent of shoppers have used this service, and heightened interest in same-day delivery is expected from both online and store channels in the future. The percentage of shoppers who find same-day delivery important when choosing a retailer’s physical store increased five points to 36% this year. Twenty-four percent ordered same-day delivery from a physical store possibly providing an opportunity for brick-and-mortar retailers to augment slowing foot traffic.
New Focus on Returns

Returns policies and processes are top of mind for omni-channel shoppers before making purchases.
Ease of Online Returns Satisfies Shoppers

Retailers have made the returns process easier. Nearly two-in-three shoppers are satisfied with the clarity of retailers return policies and the same proportion are satisfied with the ability to process a return online. The majority of online shoppers (65%) are satisfied with the returns policies and ease of making online returns. Free shipping is a key issue, with 35% of online shoppers citing having to pay for return shipping as the top concern when returning an online purchase.
New Focus on Returns

Returns to Retailers on the Rise

The way shoppers make returns is changing. Although a majority of shoppers prefer to return items to a store, the percentage of returners who shipped back to the retailer grew seven points in one year to 75%. For many it’s simply more convenient and flexible, and free shipping on returns offered by many retailers is also shifting behavior. Half of shoppers report it was easier to return online, and 47% cite free shipping is the main reason to ship a return back to the retailer.
Satisfaction with Online Returns Increases

If the option is offered, many shoppers will head online to return their packages. Satisfaction rates are relatively high at 62%. This increase could be a result of more free return shipping policies being in place, combined with easier processing of return shipments. However, 81% of non-millennials and 78% of males actually returned online despite higher preference for returning to a store.
65% of online shoppers are satisfied with the ease of making a return/exchange in store.

45% of those who returned an online purchase made the return at a physical store.

**Reason to Return Items to Physical Store**
(Among Those Who Prefer to Return to Store)

- **58%**: I don’t want to pay for shipping to return
- **53%**: It is faster to do a store return
- **41%**: The store is conveniently located
- **38%**: I want to get an immediate credit on my account
- **34%**: I want to exchange an item
- **30%**: I go to the store regularly
- **25%**: I can receive a choice of refund or store credit

**Returned an Item to Store**

- **52%** Millennials
- **41%** Non-Millennials

**50%** Women

**39%** Men

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**Store Returns Preferred by Majority of Online Shoppers**

The majority of shoppers who have returned an online purchase (58%) prefer to return purchases to a retail store when it’s available. Two-thirds of shoppers report they are satisfied with the ease of returning and exchanging an item in store which has remained the same over the past three years. Women and millennials are more likely to return purchases in store than their counterparts. Of those who prefer returning items to a store, 58% say they don’t want to pay for shipping. Shoppers will also return items to a store if it’s conveniently located, if they want to make an exchange or receive immediate credit. Creating a positive in-store returns experience can lead to future visits and revenue opportunities for retailers.
Key Takeaways

The following insights will help retailers successfully address the dynamic online shopping experience and future shopper demands:

**Make Service a Company Priority**
Revisit customer service policies, underscore the importance of service throughout the organization, and continually measure to maintain high performance levels.

**Engage Customers Across Multiple Channels**
Explore a range of options for connecting with shoppers to address customer service needs at their convenience via various channels.

**Offer Flexible Delivery Options**
Include in-store pickup, alternate locations and expedited delivery to meet consumers’ growing preference for delivery options.

**Review Return Policies**
Ensure customer-centric return policies are in place, are communicated clearly across channels, and are executed flawlessly on all fronts.

**Focus on Efficiency**
Develop return processes that favor speed and efficiency to accommodate time-sensitive shoppers.
Methodology

Online panelists were sent emails inviting them to participate in this survey. Each participant completed a custom online survey designed by comScore in conjunction with UPS. Data collection occurred between January 10 and February 28, 2017. A total of 5,189 respondents were surveyed with a gender and age balancing taking place and purchase behavior quotas as defined below.

- **20%** 2–3 purchases in the past 3 months
- **40%** 4–6 purchases in the past 3 months
- **40%** 7+ purchases in the past 3 months

For more information, please contact:

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