



UPS Pulse of the Online Shopper™

Volume 5
Retail Fundamentals

U.S. Study
November 2017

START ▶



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:



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



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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.





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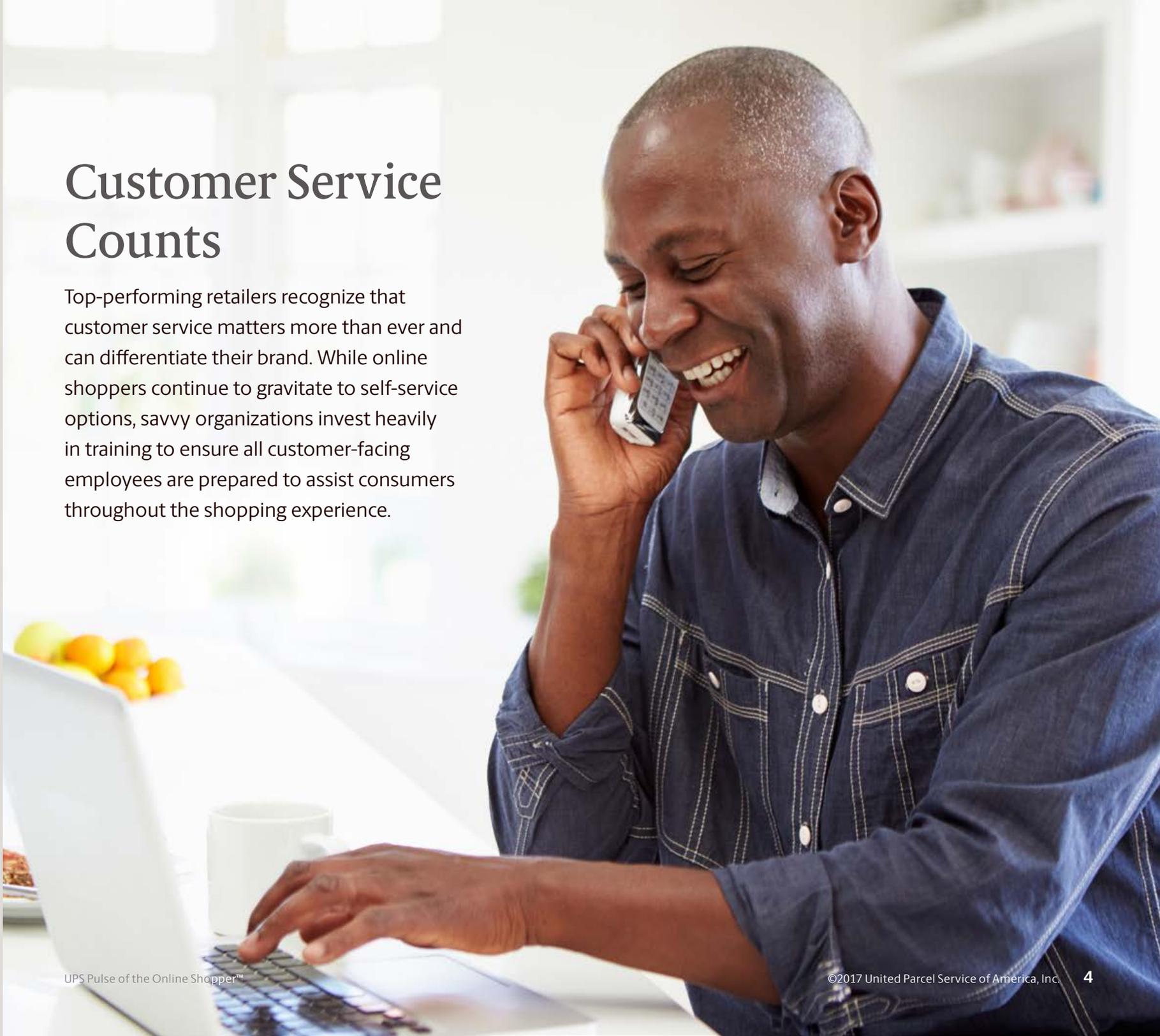
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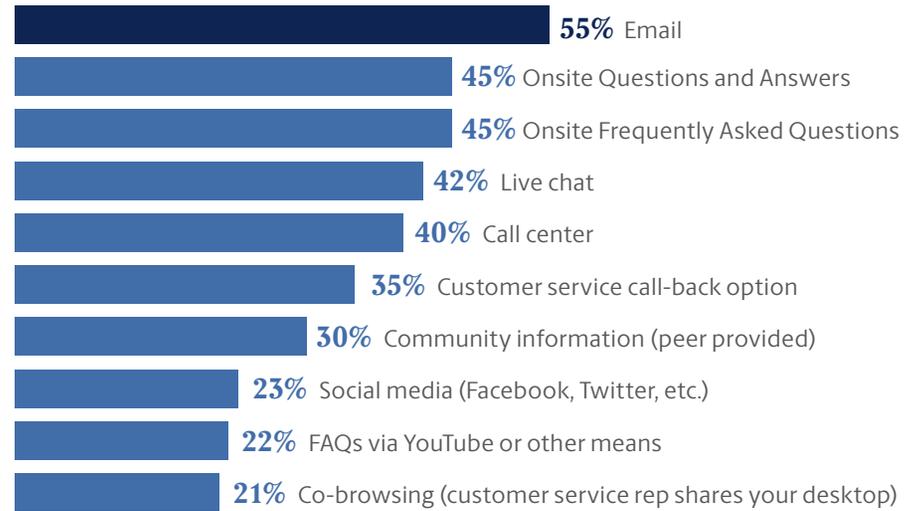
Methodology

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.



Importance of Customer Service Options When Shopping Online



55%

are satisfied with access to **customer service information** within the checkout experience



55%

are satisfied with the ability to find a **customer service phone number or other contact options** during the search and browse process



54%

are satisfied with the ability to access **self-service Q&A** during the search and browse process



42%

rate the ability to **contact customer service in checkout** as important

Customer Service Counts

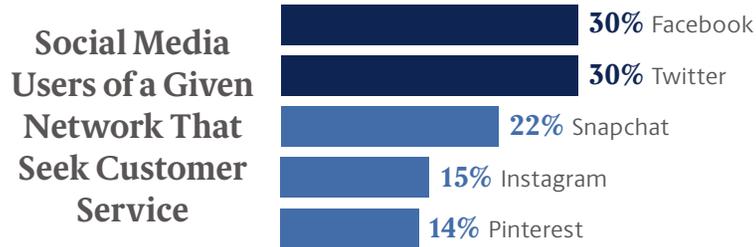
Self-Service Options Appeal to Shoppers

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

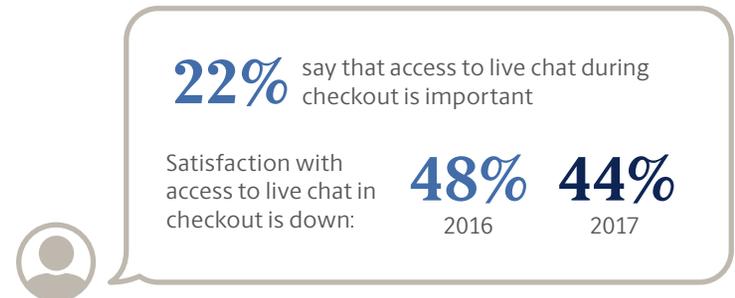
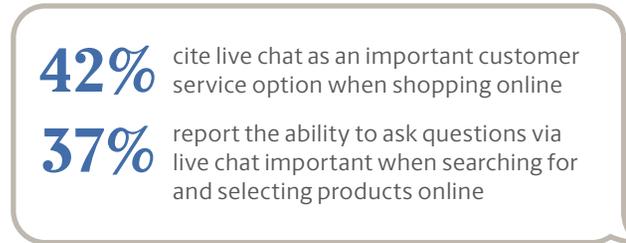
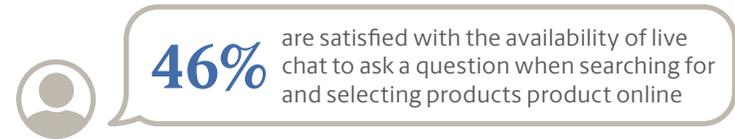
shoppers report satisfaction with access to customer service information and with finding contact options, suggesting that there is still room for improvement.



of mobile device users have used them to contact customer service



Live Chat



Customer Service Counts

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.



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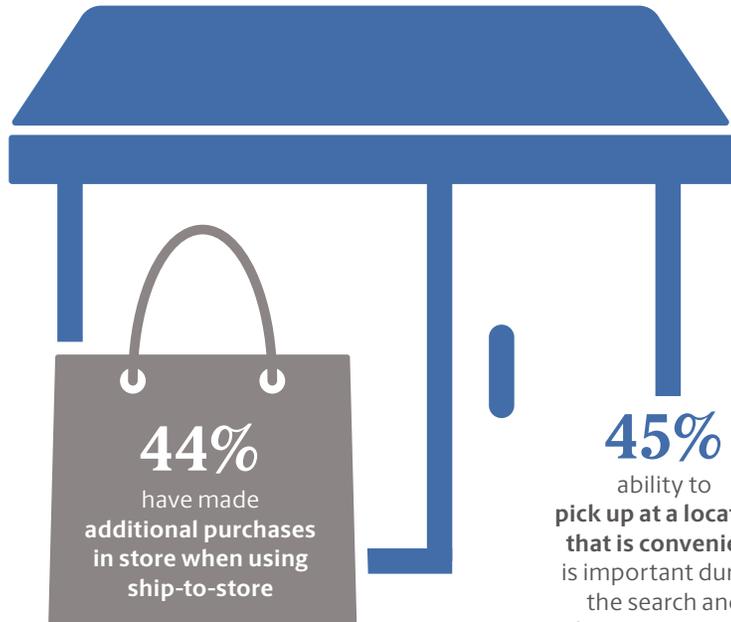
Methodology

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.

50%

of online shoppers have used “ship-to-store” while 41% intend to do so “more” often in the next year



45%
ability to
pick up at a location
that is convenient
is important during
the search and
browse process*

42%
ability to
reserve online and
purchase in store
is important during
the search and
browse process*

41%
ability to
buy online and pick
up in store is
important during
the search and
browse process*

30%
like to browse
online and buy in
store to get product
immediately

*search and browse

Ideal Pickup Experience



The Logistically Minded

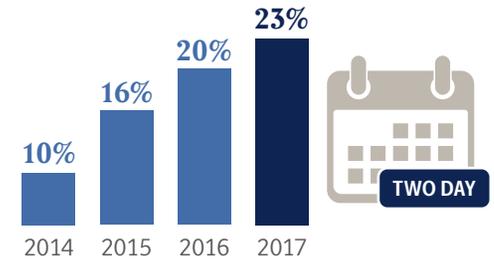
Ideal Store Pickups Offer Quick Service

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.



Percentage of Orders Where Two-Day Shipping Was Used



63% say delivery speed as important when searching for and selecting products

77% are willing to pay for expedited shipping

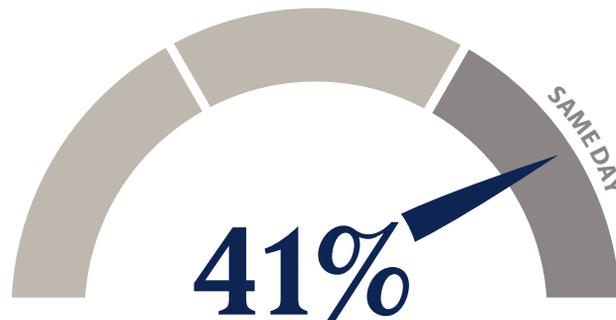


The Logistically Minded

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.



41%
of online shoppers have ordered
product for same-day delivery

26% from an online retailer

24% from a retailer's physical store



58%

say the ability to **view items available for same-day delivery** as important when searching for and selecting products online



36%

say same-day delivery is important **when deciding to shop with a physical store retailer**
up from 31% in 2016



27%

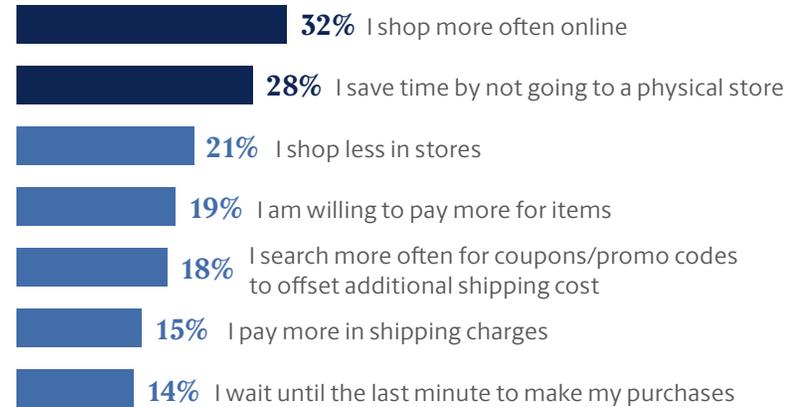
rate same-day delivery options important **when choosing online retailers**
on par with last year



22%

say that **same-day delivery option in checkout** is important

Impact of Same-Day Delivery



The Logistically Minded

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.



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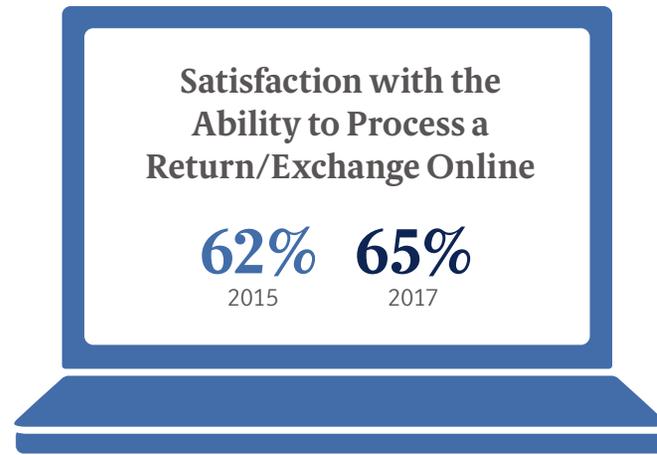
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New Focus on Returns

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





44% of those who have returned online purchases cite having to pay for return shipping as an issue; **35% ranked it the top issue**



- 68%** review the return policy before making a purchase
- 67%** are satisfied with clear and easy-to-learn return policy
- 60%** are satisfied with the ability to find a retailer's return policy during the search and browse process



79% rate free return shipping important
+ 2 points since 2016

New Focus on Returns

Ease of Online Returns Satisfies Shoppers

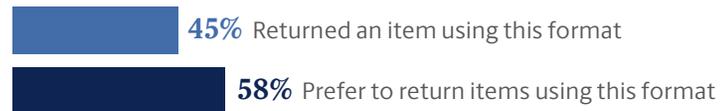
Retailers have made the returns process easier. Nearly two-in-three shoppers are satisfied with the clarity of retailers return policies and the same proportion are satisfied with the ability to process a return online. The majority of online shoppers (65%) are satisfied with the

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 when returning an online purchase.

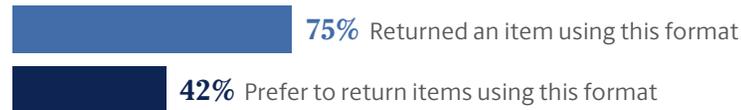


Top Reasons to Ship Back to Retailers

Return to the Physical Store



Ship Back to Retailer



50%
It is easier to return online



47%
Return products have free shipping



39%
The retailer is an online only store

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.

62%

of online shoppers are satisfied with the ease of shipping back items to the retailer for return/exchange



79%

of online shoppers who have shipped a return back to a retailer went online to process the return and print a label

Prefer to Ship Back Items to Retailer



Actually Shipped Back Items to Retailer



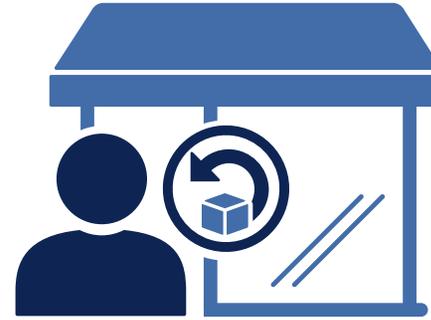
New Focus on Returns

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

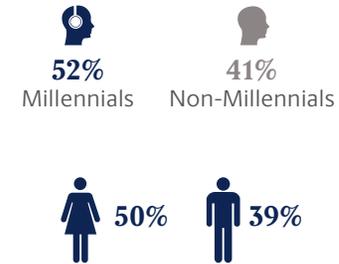


45%
of those who
returned an
online purchase
made the return
at a physical store

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



Returned an Item to Store



New Focus on Returns

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.



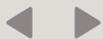
Review Return Policies

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



Focus on Efficiency

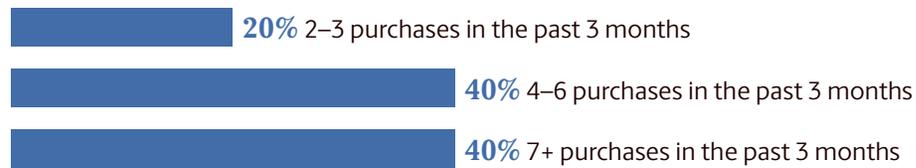
Develop return processes that favor speed and efficiency to accommodate time-sensitive shoppers.





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.



For more information, please contact:

Andrea Ivory
UPS Global Retail Strategy
andreaivory@ups.com

Sarah Barker
comScore Research Lead
sbarker@comscore.com