ARE ONLINE RETAILERS
DELIVERING
FOR CUSTOMERS?

PFS

Introduction

Imagine you've found the perfect outfit from an online store to wear to a big family wedding. It's in your size, your colour and your budget. You click 'buy now' and wait for it to arrive. But then it doesn't arrive when expected. You're disappointed, wear a backup outfit to the wedding, and tell everyone at the reception how annoyed you are with your experience with that online brand.

This scenario is becoming increasingly familiar as the online shopping industry continues to grow. In the first quarter of 2019, online sales accounted for 19% of total UK retail costs[1], a growth of 8.2% year-on-year, with clothing and household sales counting for the largest sectors that shoppers are moving online to purchase.

With 94% of UK consumers having shopped online in the last 12 months[2], a smooth online purchasing experience is no longer enough to stand out in the eCommerce sector. Customers now expect online retailers to provide a seamless journey from first click to front door – with fast, on-time delivery and products that arrive in perfect condition, all supported by an easy returns and customer service process.

But the natural downside to shopping online is not being able to try things on or check the quality of the product before you buy. This has led to shoppers buying multiple items to try on at home before sending back the unwanted items, so called 'repeat returners'.

In a struggling retail market, some online brands, such as ASOS, have recently considered 'blacklisting' customers they notice regularly returning multiple items to save on these growing delivery costs. However, retailers should beware of taking a tough stance like this on customers as it could cost them more in the long run, with shoppers snubbing brands that make the returns process tougher or fail to deliver the goods.

Ahead of the 2019 peak Black Friday and Christmas shopping season, PFS surveyed a sample of 2,000 adults in the UK to find out more about what consumers expect from retailers when shopping online. Respondents were asked about their online shopping habits, previous experiences with online retailers and what they want when shopping online at Christmas to see if brands are meeting customer expectations when it comes to shopping and delivery online.

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[1] https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/may2019#whats-the-story-in-online-sales

[2] Arlington Research survey of 2000 UK adults aged 18+, with nationally representative quotas achieved for gender, age and region (+/- 2%). Fieldwork conducted in July 2019.

Methodology

The research comprised of an online survey of 2,000 UK adults aged 18+, conducted by independent research agency Arlington Research in July 2019 with nationally representative quotas achieved for gender, age and region (+/- 2%). Within the overall sample of UK adults, Arlington Research surveyed 1,884 consumers who shopped online at least once for a product in the last 12 months with a series of questions regarding their experience and perceptions of online shopping.

Key findings

- Online retailers aren't delivering for shoppers. Over half (54%) of those who shopped online in the last 12 months have had a negative experience with online shopping.

- These mistakes are frustrating customers, leading more than six in ten (64%) online shoppers to state they would stop using an online retailer after a maximum of three bad experiences.

- An easy returns policy is one of the most important ways to keep shoppers loyal, particularly younger customers: three quarters (75%) of millennials who shop online wouldn't use an online retailer with a strict returns policy and nearly seven in ten (68%) online shoppers overall agree[3].

- Banning repeat returners isn't the answer to increasing supply chain demands and costs. Half (51%) of those who shopped online in the last 12 months state they wouldn't use a brand which 'blacklisted' customers who regularly send back items[4].

- Instead, online brands should aim higher with their returns policies to meet customer needs. Three quarters (75%) of all consumers believe online retailers should expect higher levels of returns than stores because you can't physically see the product when buying.

- It's even more important for retailers to deliver on time during the Christmas rush: only 2% of those who shop online would be happy to receive an online delivery more than a week after purchase at peak season[5].

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[3] 75% of millennials who shopped online in the last 12 months and 68% of respondents overall who shopped online in the last 12 months would definitely / probably not shop with an online retailer with a strict returns policy / no returns policy (apart from faulty goods).

[4] 51% of adults who shopped online in the last 12 months would definitely / probably not shop with an online retailer who they hear 'black lists' people for regularly returning items.

[5] Peak Season is defined as Black Friday until Christmas.

What do customers expect from online retailers?

In a fast-growing online retail market, we can now buy goods at the touch of a button. Our research shows that customers expect these goods to arrive almost instantly and without any errors in the journey, but that online retailers aren't meeting expectations.

According to our survey, more than half (54%) of those who shopped online in the last 12 months have had a negative experience with online shopping. Only just over half (57%) of online shoppers believe their online orders will arrive during their pre-booked delivery slot, suggesting that many customers still assume their product will arrive late and associate online ordering with unpredictable delivery times. Meanwhile, only just under three quarters (72%) of those who shop online expect their delivery will arrive undamaged by the delivery process.

Significantly, if retailers do make these mistakes throughout the delivery journey, they can expect shoppers to tell everyone what went wrong. More than half (56%) of internet consumers who have had a negative experience with online shopping brands shared this with friends and family. Younger shoppers are even tougher, with almost seven in ten (69%) millennials who have had a negative experience stating that they shared the details of that experience with friends and family.

When things do go wrong, customers want an easy to use customer service process to take care of it. Interestingly, they are still looking to use email, rather than more modern, but often frustrating, online chat programs to get their issues resolved. More than half (51%) of internet shoppers expect to have access to an email customer support team, compared to under a third (32%) of internet consumers who would expect an online chat service. Customers have also moved on from the phone: only 33% of those who shop online would expect to have a telephone customer service line where you may have to wait to speak to customer support.

69% of millennials who have had a negative online shopping experience **shared the details** with friends and family.

Delivery problems are letting customers down

While customers are shopping more, thanks to the lower costs and ease of shopping online, the delivery process is proving to be the weak link in the journey. A quarter (25%) of online shoppers have experienced the late delivery of a product they purchased online in the last 12 months, while nearly a quarter (23%) of those who shopped online in the last 12 months have received a product or packaging that was damaged during the distribution process.
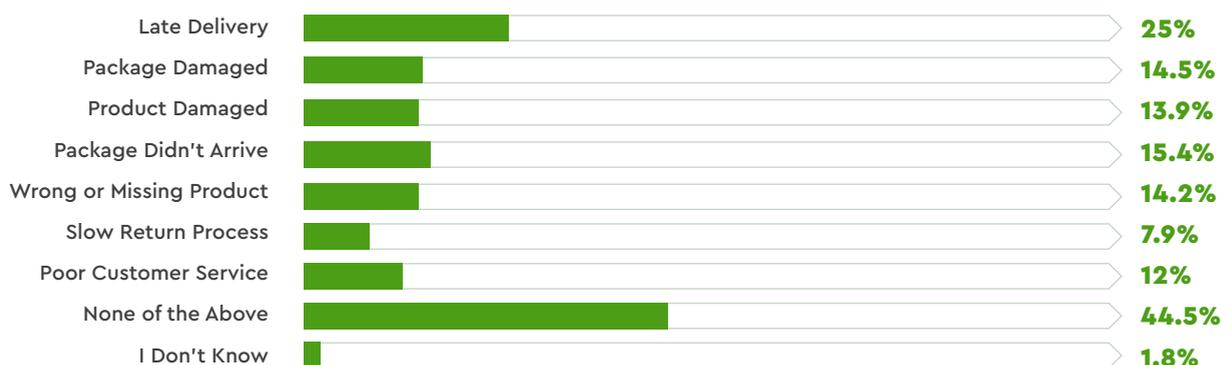
Even more worrying, in the last year more than a quarter (26%) of internet shoppers also received the wrong item, or their product simply didn't arrive at all.

Our research suggests that getting these issues right the first time could also reduce the rate of returns for online shopping. More than half (53%) of online shoppers who had a negative experience with eCommerce retailers in the last year returned items purchased online, while 81% of online shoppers who didn't have a negative internet shopping experience in the last 12 months didn't make any returns in the same period.

Crucially, online stores don't have endless chances to get these issues right. Six in ten (64%) internet shoppers will stop using an online retailer after a maximum of three bad experiences, such as a late delivery or a damaged product. Consumers are giving retailers a clear message: three strikes and you're out.

Three strikes and you're out: 64% of online shoppers will **stop using an online retailer** after a maximum of three bad experiences.

Have you experienced any negative experiences with online shopping in the last 12 months?

Experience	Percentage
Late Delivery	25%
Package Damaged	14.5%
Product Damaged	13.9%
Package Didn't Arrive	15.4%
Wrong or Missing Product	14.2%
Slow Return Process	7.9%
Poor Customer Service	12%
None of the Above	44.5%
I Don't Know	1.8%

How to get online returns right

The ability to return goods purchased online is now required as standard by most shoppers, with more than three fifths (62%) of online customers expecting to be able to quickly and easily return products that are ill-fitting or unsuitable.

If brands make this process difficult, customers are likely to turn away. Three-quarters (75%) of millennial online shoppers wouldn't use an online store that has a strict or a 'no returns' policy, while nearly seven in ten (68%) of all those who made an online purchase in the last 12 months would join them in abandoning a 'no returns' brand.

Even tougher are the brands who choose to 'blacklist' customers for regularly buying and returning multiple items. Shoppers aren't impressed with this tactic and more than half (51%) of those who shop online would turn away from retailers who adopt this policy. Younger shoppers would be even more unhappy with two thirds of millennial e-shoppers (67%) less likely to shop with an online store that 'blacklisted' customers.

Although three quarters (75%) of consumers do believe online retailers should expect higher levels of returns than stores because you can't physically see the product when buying, the alarm for frequent multiple returners isn't backed up by our research, with only 5% of online consumers having returned more than five items they purchased online in one year.

68% of online shoppers wouldn't shop from a brand with a **strict, or 'no-returns' policy**.

Did you return any items that you purchased online over the last 12 months?

Returned 1 Item	**15.1%**
Returned 2–5 Items	**16.9%**
Returned More than 5 Items	**5.1%**
Didn't Return Any Items	**61.7%**
Don't Know	**1.2%**

Getting gifts home in time for Christmas

The peak shopping season brings an added challenge to the online retail industry with shoppers adding more items and big-ticket purchases to their basket during this time compared to the rest of the year.

But, despite the added workload that brings, it's even more important for online brands to make sure they deliver on time over the holidays: more than four in ten e-shoppers (44%) believe that the online orders they make at Christmas are the most important they will buy all year and more than a quarter (28%) expect to spend more online during the 2019 peak holiday shopping season than last year.

Importantly, only 2% of those who have shopped online would be happy to receive a delivery more than a week after purchase in peak season. After all, who wants their Christmas presents to arrive late?

Only 2% of online shoppers are happy with **delivery times of more than a week** during the peak holiday season.

So, when would consumers expect their important Christmas deliveries to arrive? According to our research, it seems most internet shoppers want their packages in no more than 3–5 days, with two-fifths (41%) of all online shoppers, and just under half (49%) of Baby Boomers who shop online, expecting their holiday season deliveries to reach them in that time scale.

As well as increased spending, retailers should also look out for increased returns, with nearly half of under 25-year olds (45%) who have purchased goods online having previously returned items bought online during the peak holiday season. Interestingly, the most common reason for under-25-year-old online shoppers to return products purchased in peak season (14%) is the item being unsuitable or the wrong size, suggesting it's not just big-ticket Christmas presents that are important to shoppers during this period, but also buying outfits, perhaps to keep them looking their best at the Christmas party.
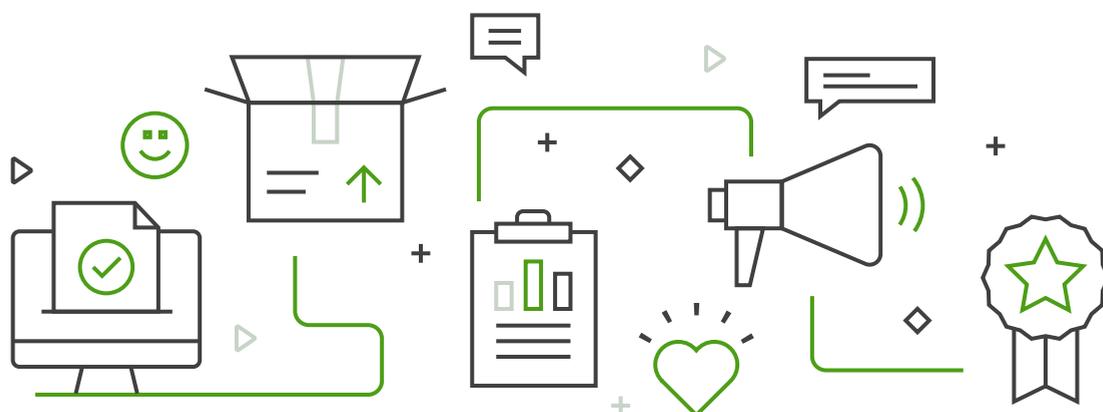
Time to deliver

Our research suggests that consumers are currently disappointed by their experiences with online shopping and feel retailers could be doing more to make sure their orders arrive on time and in one piece. Many consumers have come to expect problems in the delivery process, which is leading to a lack of confidence in online ordering and a low tolerance for mistakes from retailers.

Although multiple product returns can cost businesses more in delivery charges, our study shows a quick and easy returns policy is one of the most important factors to keep existing customers and draw in new ones. Online shoppers will continue to expect to return items when they are unable to have a true visual, physical and tactile experience with a product, assessing the quality, texture and size of what they are buying online. By allowing customers to return items that don't match up to what they expected from the image they saw online, it will add trust to the online shopping journey.

So, instead of 'blacklisting' repeat returners, a process which is likely to turn even non-return shoppers away, retailers should consider alternative ways to distribute orders on time to reduce lost revenue and make the delivery process smoother and more reliable, both for the business and the end customer.

Taking care of distribution, delivery, returns and customer service will make a lasting impression on customers and be the key to customer satisfaction and growing sales as the eCommerce industry continues to grow.

Getting this right will help retailers to protect brand loyalty and positive word of mouth customer messages. Online retailers need to deliver more so that customers will feel satisfied with their online purchasing journeys and be more likely to become repeat customers. Instead of customers moaning to friends and family about missing products or late arrivals, with an improved distribution system, online retailers could get them shouting about the fast delivery times or how great their new outfit from an online store is, which arrived quickly and in perfect condition, just in time for that big family wedding.

About

About PFS

PFS is a tested-and-proven Global Commerce Operations Partner with solutions spanning branded fulfilment services, high-touch customer care, intensive fraud management offerings and scalable order management services.

PFS also offers alternative fulfilment methods grounded in proven technology through our Fulfilment-as-a-Service (FaaS) product line. Products such as RetailConnect℠ and CloudPick℠ make PFS technology and processes available for deployment within our client's own distribution and retail environments.

PFS supports B2B and B2C clients with onmi-channel eCommerce expertise gained through 20+ years as an industry leader. Our innovative solutions deliver intelligent commerce operations and shape brand experiences for the digital age.

About Arlington Research

Arlington Research is an independent market research agency based in the UK. All research conducted by Arlington Research complies with the ESOMAR and Market Research Society Codes of Conduct.

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