



Free Shipping and Other Customer-Centric Offerings Drive Holiday Sales

This time of year finds many Americans turning up their air conditioning, heading for the beach or finding some other way to cope with the seemingly relentless summer heat. But while winter's cold winds and northern snowstorms feel a long way off, prepared retailers are busy gearing up for the flurry of activity the holiday shopping season will bring. Do we need to offer free shipping? Will shoppers be willing to wait more than a couple of days for delivery? Should we ramp up our call center staff or focus on our website's live chat feature?

To answer these questions, Radial recently teamed up with CFI Group to conduct a survey of 500 online shoppers to find out what they expect from retailers during the holiday shopping season.

A Sound Supply Chain and Diverse Shipping Options Mean More Holiday Sales

The increased demand during the holidays obviously necessitates an increase in supply, but what effect does running out of product have with online holiday shoppers? Evidently, a big one. A full 76% said running out of product would likely cause them to shop a competitor's website for the same item rather than wait for the item to become available.

If we assume that products are in stock and available to consumers, the next critical step in the distribution process becomes delivery. Savvy retailers have the opportunity to use delivery as a selling tool rather than an undesirable add-on charge that could discourage shoppers from completing an online purchase. The allure of free shipping is

unmistakable, as 65% of survey respondents said they would add items to their purchase to reach a threshold needed to qualify for free shipping. Another 32% said they have come to expect free shipping regardless of the amount in their online shopping cart.

While expectations around free shipping increase, retailers can leverage consumers' patience as it relates to shipping lead times to find the optimal balance between time and cost. At 54%, over half of those surveyed indicated they expected standard shipping to take between 3-5 days, with an additional 31% expecting delivery within 5-10 days. When asked specifically how long they would be willing to wait for delivery with a low-cost shipping option, 95% of all survey respondents said they would wait at least five days. These reasonable expectations, combined with the appeal of free shipping and willingness to buy more product to qualify for it, afford retailers the opportunity to offset delivery discounts with increased sales, creating a win-win for themselves and online shoppers.



When free home delivery is not feasible, an in-store pickup option gives online shoppers an alternative opportunity to collect their purchase without incurring any transportation fees. In-store pickup was selected as a typical delivery choice during the holidays by 14% of respondents (another 4% said they often use the related "ship-to-store" option) with avoiding shipping costs being the primary motivating factor for these fulfillment options. Demonstrating the price sensitivity online shoppers have toward delivery costs, 76% said

that increased transportation rates would make them more likely to use an in-store pickup option. With shipping rates being subject

to a variety of external factors, it is in the best interest of prepared online retailers to have an efficient in-store pickup process in place for their discerning shoppers.

Offering in-store pickup and marketing free shipping promotions can be attractive to online shoppers, but whatever shipping option is selected, it is important that retailers never lose sight of the importance of having purchases delivered on time. When orders arrive later than expected, 47% of surveyed shoppers said they would shop competitors before considering the offending retailer in the future. Another 41% said they would use the retailer again, but only the best price or promotion available. The pre-purchase selection of a shipping option is an elastic decision based on time and cost; the post-purchase prospect of when the product will arrive is a hardline expectation that will have a lasting negative impact if unmet.

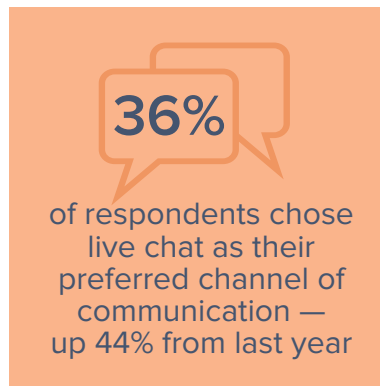
Once the package arrives, a packing slip that lists the package contents and a return shipping label often accompany the items ordered. As the world becomes increasingly digital, respondents were asked if they preferred the packing slip and return labels as physical inserts within the package or in an electronic format. Only 20% said they preferred an electronic packing slip, along with 40% who said the pack slip delivery format made no difference to them. As for the return label, printed labels delivered with the purchase are still most popular, with 58% preferring this method. The remaining shoppers were evenly split between wanting to handle returns through a retailer's website and completing a return in a physical store location. These varied preferences make the retailers that offer multiple solutions for handling returns the most likely to succeed in creating satisfied shoppers who become loyal advocates.

Communication Beyond the Call Center

Beyond a company's supply chain and fulfillment options, the communication channels made available and the support they provide are crucial elements in maintaining a satisfied shopper base. The first step in implementing an efficient customer communications strategy during the holidays is knowing why shoppers are reaching out. The survey results show that questions related to shipping and delivery account for 43% of contacts, the need for product information drives another 26%, information regarding returns prompts 16%, and another 15% contact retailers to place an order.

The next critical piece of information is how shoppers will make contact. Phone calls still lead the way, cited by 43% as their preferred

method of contact during the holiday shopping season. However, over the past year, preferences have shifted away from the phone and toward live chat resources on retail websites. A live chat option was selected by 36% of respondents as their preferred channel of communication, a 44% increase from a year ago. As the live chat feature becomes more prevalent in the marketplace with agents who can handle a more comprehensive range of questions, shoppers are drawn toward this channel. The fast response time and convenience of live chat offers clear benefits to the consumer. The feature provides an additional way to communicate, without time spent on hold, in a forum that feels more like texting a friend than reaching out to a customer contact center.



The modern retail environment demands that companies look beyond traditional methods of communication with their customers and engage with shoppers in social media circles as well. At 76%, a decided majority of respondents said they are likely to share their

experiences, good or bad, on social media. The importance of monitoring this communication is evidenced by the 82% of these individuals who said they expect a response to their social media contact from the retailer, most of whom expect the response on the same day of the original post. The consumer demand for access to information quickly and conveniently is high, and the retailers who have the infrastructure in place to provide the supply will be best positioned for success in driving customer satisfaction higher.

Takeaways

Opportunistic retailers can view purchase fulfillment as a mechanism used to promote sales and attract customers. Shoppers have made it clear that they are searching for value and have a willingness to increase the value of their online shopping cart to qualify for free or discounted delivery.

Online shoppers—like everybody else—want options. From delivery choices to return labels, retailers should offer variety to cater to consumer preferences, allowing them to make decisions that suit their desires.

Communication is key. Its evolution has taken the retailer-customer interaction to new channels, including live chatting on websites as well as social media platforms. While traditional call centers are still important and used by most shoppers, the trend toward more contemporary mediums is unmistakable. Retailers that are equipped to have conversations with their customers across the full spectrum of touchpoints will be positioned for success during the busy holiday shopping season and beyond.

About CFI Group (www.cfigroup.com)

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices. Using its patented technology and top research experts, CFI Group uncovers business drivers and the financial impact of customer experience.

About Radial (www.radial.com)

Radial is the leader in omnichannel commerce technology and operations, enabling brands and retailers to profitably exceed retail customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud, payments, and tax systems and personalized customer care services.