



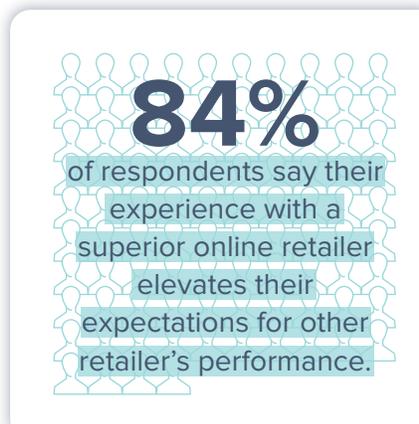
SUPERIOR ONLINE RETAILERS MAKE CUSTOMERS FEEL CARED FOR AND PROTECTED

Peak season is here, and it's big. During the two-month period of November and December this year, U.S. shoppers are expected to spend a total of \$120 billion in online purchases. That's a 15.5% increase from the same period last year. Ecommerce has become so commonplace that three out of four U.S. shoppers purchase at least 25% of their gifts online.¹

This is not news to online retailers. Online retailers have been preparing all year for their staff and operations to handle the surge. The challenge now is to deliver an exceptional shopping experience for customers during this period. With seemingly ever-increasing ecommerce options available, customer expectations for the online experience are also increasing. Retailers seeking to benefit from the growth in ecommerce activity must demonstrate that they are looking out for the best interests of their customers.

A recent CFI Group and Radial survey of 500 online shoppers shows that shoppers want to buy from an online retailer they believe has their back. A full 84% of respondents say their experience with a superior online retailer elevates their expectations for other retailer's performance. These same respondents say

the central element of a superior retail experience is the feeling that the retailer is looking out for the customer's best interests. Online retailers should pay attention. These superior ecommerce experiences are setting buyer expectations for online shopping across the board.



Our research shows there are three ways retailers can meet increasing customer expectations and demonstrate a customer-first attitude.

MAKE LOYALTY PROGRAMS COMPETITIVE
Loyalty programs seem to have slipped in popularity lately. In 2017, 83% of online shoppers generally signed up with retailer loyalty programs. Today, only 58% tend to sign up, representing a 25-point year-over-year drop.

A sizeable 40% of customers who refrain from signing up for loyalty programs do so because the value of being a member is not worth the time, money, or effort of signing up for the program.

Retailers need to look out for the customer's interests and make the loyalty program value compelling. For those who sign up, 76% do so to qualify for special promotions. Retailers should closely evaluate special offers for loyalty members to ensure the promotions are competitive.

¹<https://www.digitalcommerce360.com/2018/09/20/holiday-e-commerce-sales-expected-to-increase-15-5-in-2018/>

BALANCE YOUR FRAUD PROTECTION

Fraud protection is tricky business. Balancing rigorous detection mechanisms with customer ordering can be complicated to optimize. The direct costs of fraud detection are relatively concrete (e.g., sales, average order value, fraud loss rate, approval rate, and fraud services fees). What becomes difficult is factoring in lost customer value (i.e., future purchases) due to a clunky fraud detection process.

A surprising 23% of online customers have had an order wrongly identified as a fraud attempt. These false positives make up an immense cost to retailers that goes largely undetected. For shoppers who experience a wrongly-identified fraud attempt, 26% say they will never shop at that retailer again. Another 16% say they'll only shop at that retailer again if they cannot find the product elsewhere. And while another 42% say they may still shop with that retailer, they admit they will be hesitant to do so.

Online retail managers are rewarded for saving money and protecting customers by reducing fraud, but do the retailers know how expensive the savings are? Retailers should seek sophisticated solutions, combining machine learning, robust analytics, and manual review to help strike this balance. Looking out for the customer involves protecting against fraud while also preventing unnecessary difficulty in the purchase process.

PROVIDE MULTIPLE RETURN OPTIONS

The returns process is a double-edged sword. Returns are costly and create uncertainty in a retailer's financial projections. On the other hand, offering a flexible and easy return process is precisely

what enables more sales in the first place. It turns out that 48% of online customers say they are much more likely to purchase from a retailer when that retailer offers multiple return options.

Offering an in-store return option remains an important feature of a retailer's return policy, particularly as a means of offering options to customers. Not surprisingly, 85% of online customers say that an in-store return option is at least somewhat important, and 49% say it's very important. The in-store return option is used by 37% of customers who end up returning a purchase.



For shipped returns, prepaid return labels included with the order is a common option. A large 74% of customers prefer to use a prepaid label over visiting the retailer's website to process the return. If customers are expected to pay for the return shipping, 23% prefer to take care of the shipping cost on their own, as opposed to sending the item back with a prepaid label and an additional fee.

Peak season is larger than ever this year, but retailers must not let the increased traffic affect the customer experience. Retailers will want to ensure that loyalty programs are competitive and easy to enroll. Fraud detection should be finely tuned to factor in the potential of future lost revenue from wrongly-identified fraud. If a customer does get caught up in a false fraud alert, offer an easy way to complete their order with minimal disruption. Retailers should also aggressively market return options as customers are far more likely to make the initial purchase if they know they can easily return it.

About CFI Group (www.cfgroup.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 patented technology and top research experts, CFI Group uncovers the business drivers and financial impact of customer experience.

About Radial (www.radial.com)

Radial Inc., a bpost group company, 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 detection, payments, and tax systems, and personalized customer care services. Hundreds of retailers and brands confidently partner with Radial to simplify their post-click commerce and improve their customer experiences. Radial brings flexibility and scalability to their supply chains and optimizes how, when and where orders go from desire to delivery.