Narvar Consumer Report

The State of Post-Purchase Experience

January 2017
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Executive Summary

A 5% increase in customer retention can improve a company’s profitability by 75%, according to Bain and Co. Yet many retailers continue to be more focused on acquisition and conversion than retention. Despite investing billions in acquiring shoppers online, digital commerce has created a “customer experience gap” for retailers who aren’t able to continue to engage customers during the critical moment after a purchase is made. Brands are learning the hard way that going MIA after customers click “buy” is a surefire way to lose loyalty.

Narvar surveyed 1,000 U.S. online shoppers between the ages of 18-65 right before the peak holiday shopping season. We wanted to hear directly from consumers what retailers should be doing to reduce anxiety and foster loyalty in the post-purchase shopping experience.
What we heard loud and clear:

Customers are looking for an effortless, transparent experience.

They value on-time delivery as the primary reason to frequent a retailer above all else (72%), including loyalty points or discounts.

They want an accurate delivery date when they place an order (60%), and also appreciate being notified when there is a delay (51%) or something else goes wrong.

That need for an effortless experience extends to returns as well.

70% of consumers said an easy return or exchange would make them a repeat customer.

What constitutes an easy return? 65% of consumers want to print a label and send the item back themselves; this goes up to 73% among high-frequency online shoppers.

65% also want a full refund, with no shipping or restocking fees.
Consumers will choose a retailer who acts proactively in the event of a delivery problem.

A retailer can **resend an item which has been lost or damaged** with expedited shipping. All things being equal, this is the No. 1 action shoppers said would make them choose one retailer over another (70%).

It’s critical that retailers mirror the in-store experience across online and mobile touchpoints.

Consumers choose the convenience of **direct shipping**, particularly during the holidays. A whopping 82% of people said they ship gifts directly to the recipient during the holidays, nearly twice as much as the rest of the year.

Consumers are also 28% less likely to choose **in-store pick up** during the holidays than during the rest of the year.

Consumers want an emotional connection, but are left cold after a transaction.

When asked what would make them more satisfied with their purchase, consumers said ‘**a simple thank you**’ more than any other answer (61%), including personalized recommendations, information on how to use the product better, or examples of how others are using the product. In the Northeastern Region, that number rose to 76%.
01.

Shipping Uncertainty and Hassle Plagues Shoppers
Many online shoppers avoid in-store pickup during the holidays.

28% of consumers are less likely to choose in-store pickup during the holidays than they are during the rest of the year.

Key takeaway: The online experience needs to provide all the same elements customers would get in store.
Customers want hassle-free returns.

- **65%** want to print a label and send the item back themselves (73% for frequent online shoppers)
- **53%** worry about finding the time to take something back to the store or finding the nearest mailbox location
- **65%** worry about getting a full refund (without shipping or restocking fees)

**Key takeaway:** Returns should be optimized to save customers time and effort.
Returns are the new normal and an integral part of the shopping experience.

People are used to getting items shipped to them that they don’t love.

44% of people said they were concerned about not liking an item when they received it; this number dropped to 37% when looking at those who shop most often online.

Key takeaway: Treat returns with the same care as the rest of the experience.
Consumers are twice as likely to ship gifts directly to the recipient during the holidays.

Consumers who choose the ship directly to gift recipients:

- **82%** said they do this during the holidays, compared to **46%** that do so the rest of the year.

**Key takeaway:** It’s important to ensure your systems make gifting simple yet special.
02.
What drives loyalty?
Nailing on-time delivery is critical to building loyalty.

On-time delivery was ranked #1 over loyalty points, responsive customer service, and association with a good cause among others when it comes to becoming a repeat customer.

This is even more prominent among the under 30 set, with 79% saying that on time delivery would contribute to their decision to become a repeat customer.

60% of shoppers say that they will be more likely to choose a retailer that can tell them the exact date that the package will arrive at the time of order.

Key takeaway: Customer trust hinges on accurate delivery estimates and communication.
Easy returns drive repeat customers.

70% of consumers say an easy return or exchange is likely to make them a repeat customer.

Key takeaway: A complicated or unclear returns process can reduce repeat visits.
Consumers choose retailers who act proactively in the event of a delivery problem.

49% of the people surveyed worry about their package being damaged in transit, more than any other post-purchase worry.

Shoppers said the #1 action that would make them choose one retailer over another is if they resend and expedite an item which has been lost or damaged.
Millennials are a paradox.
They want to support a great cause but are also looking for points and discounts.

Key takeaway: Strategies to drive loyalty should be tailored to specific customer profiles.

Affiliation with a Cause
Those 18-29 are 39% more likely than those over 30 to say that having an affiliation with a cause would make them a repeat customer.

<table>
<thead>
<tr>
<th></th>
<th>Ages 18-29</th>
<th>Ages 30+</th>
</tr>
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<tbody>
<tr>
<td>Affiliation</td>
<td>32%</td>
<td>23%</td>
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Loyalty Points and Discounts
Those 18-29 are 35% more likely than those over 30 to say loyalty points or discounts would make them a repeat customer.

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<th>Ages 18-29</th>
<th>Ages 30+</th>
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<tbody>
<tr>
<td>Loyalty Points</td>
<td>50%</td>
<td>37%</td>
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03.

After They Click “Buy”, Consumers Want Convenience and Kindness
61% said ‘a simple thank you’ would make them more satisfied with a purchase.

In the Northeastern Region, that number rose to 76%.

**Key takeaway:** Customers are seeking an emotional connection and acknowledgement.

All things being equal, what types of information from a retailer would make you more satisfied with your purchase?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Information</th>
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<tbody>
<tr>
<td>61%</td>
<td>A simple “thank you”</td>
</tr>
<tr>
<td>25%</td>
<td>Examples of how others are using the product</td>
</tr>
<tr>
<td>22%</td>
<td>Personalized recommendations</td>
</tr>
<tr>
<td>17%</td>
<td>Follow-up content on item usage</td>
</tr>
<tr>
<td>15%</td>
<td>Other</td>
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</tbody>
</table>

Consumers feel underappreciated.
Consumers under 30 are inspired by one another.

Key takeaway: The retailer’s role is to be a connector, not an arbiter, for millennials.

Those 18-29 are much more interested in seeing how others are using the same products than the general population.

Consumers who said that examples of how others are using the product (e.g. photos) would make them more satisfied with their purchase:

- 37% Ages 18-29
- 21% Ages 30+
Communication preferences are evolving, but email isn’t dead yet.

When asked how they want to be communicated to about an item they purchased online, 94% said email:

<table>
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<tr>
<th>Communication Channel</th>
<th>Percentage</th>
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<tr>
<td>94% Email</td>
<td>94%</td>
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<tr>
<td>22% SMS</td>
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<tr>
<td>9% Retailer’s mobile app</td>
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<tr>
<td>2% Facebook Messenger</td>
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<tr>
<td>3% Other</td>
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</table>

Those under 30 are more open to receiving communications through other channels when compared to those 45 or older:

- Retailer’s Mobile App: 2.5x
- Facebook Messenger: 3x
- Text / SMS: 1.5x

**Key takeaway:** Customers are not switching communication channels - they’re diversifying.
04.

The Amazon Effect: The Playing Field is Leveling
Amazon’s stranglehold on the online shopper is loosening.

Amazon shoppers are shopping elsewhere at similar frequency:

- **36%** of frequent Amazon shoppers (2x/month) shop online elsewhere at least once a month.
- **32%** of average Amazon shoppers (1x/month) shop online elsewhere at least once a month.
- **24%** of infrequent Amazon shoppers (a few times a year) shop online elsewhere at least once a month.

**Key takeaway:** Online retailers have an opportunity to capture market share from Amazon.
Amazon’s engine has trained people to expect powerful recommendations.

Those that order from Amazon frequently are 44% more likely to say that recommendations for complementary items makes them **more satisfied with their purchase** than those that order infrequently.
Frequent online shoppers spend more overall.

35% of consumers who do more than half of their shopping online planned to spend at least $500 over the holiday season.

Percent of shoppers who planned to spend $500 or more:

<table>
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<th>Percentage</th>
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<tr>
<td>Frequent online shoppers</td>
<td>35%</td>
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<tr>
<td>Infrequent online shoppers</td>
<td>17%</td>
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**Key takeaway:** As dollars shift online and the Amazon Effect wears off, the opportunity for all retailers grows.
05. Regional Differences
New Englanders carry more anxiety; those in the mountains are more “chilled out”.

Percent of people in each area that said they worry about:

- Not knowing the date the package will arrive:
  - New England: 54%
  - Mountain: 30%
  - Average: 38%

- Being notified if a package will be late:
  - New England: 41%
  - Mountain: 24%
  - Average: 28%

- Getting a full refund:
  - New England: 76%
  - Mountain: 60%
  - Average: 68%
New Englanders also drive the sentiment that a “thank you” makes a consumer more satisfied.

The percentage of respondents in each region who said a simple “thank you” would make them more satisfied with a purchase:

- **New England**: 76%
- **South**: 65%
- **Pacific**: 58%
- **Midwest**: 58%
- **Mountain**: 57%