

convey

Solving Satisfaction: Keys to Reducing Online Returns Anxiety

The Rise of Returns

Retailers are making it easier than ever before to buy items online through subscriptions and one-click purchasing, resulting in skyrocketing e-commerce sales and returns. According to eMarketer, e-commerce accounted for $2.3 trillion, or one-tenth of all retail sales[1] with about $690 billion returned to stores.[2]

During the holidays, retailers experience peak volumes, leading to massive returns in early Q1 as customers return their gifts for cash or store credit. In 2017's holiday season alone, holiday sales hit a record $681[3] billion and UPS returned a record 1.4 million packages on January 3, 2018[4], now known as National Returns Day.

Even with the rise in returns, consumers still say that the returns process is one giant headache. Between remembering store policies, printing return labels, finding tape, and making the trip to the carrier, a lot of responsibility is placed on the customer to get their money back.

As we found in the "Modern Customer Delivery Experience," customers deeply care about their last experience, or last touch, with their retailer. While 70% of customers will not return after one delivery failure, the stakes are higher with returns. Retailers are given one last opportunity to impress their customers—and shoppers expect this experience to be seamless.

We completed a survey of 1,500 respondents with the goal of identifying consumer response toward the delivery returns process, what they have come to expect as part of the process, and what could improve in the future.



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[1] eMarketer, http://bit.ly/2xx27A
[2] New York Times, http://nyti.ms/2ChA3Y2
[3] NRF, http://bit.ly/2jOzBZf
[4] UPS, http://bit.ly/2D3itaw

The Burdens of Responsibility on Shoppers

Despite retailers' efforts to take burdens away from consumers in the online sales process, customers in our survey indicated that the same was not true for returns. 40% of customers (41.8%) said that they were less than satisfied with retailers' return processes, and shoppers under the age of 35, in particular, were 1.5X more likely to say that they were not satisfied with how the returns process works today.

In an age where consumers expect retailers to take responsibility of shipping from cart to door, the returns experience leaves 7 out of 10 (70.4%) consumers anxious and dissatisfied. Consumers reported being most concerned by the unknown—factors such as when they would receive credit, finding time in their day to make the return, and how to get to the shipping carrier topped the list.

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Despite free return shipping becoming an industry standard (56.4% received this in their last return), the top reason for returns anxiety was still not knowing when they would get their store credit or refund for the item (26.6%). This was followed by needing to go out of their way to re-ship the item back to the retailer (24.9%), and not having the return packaging included (15.6%).

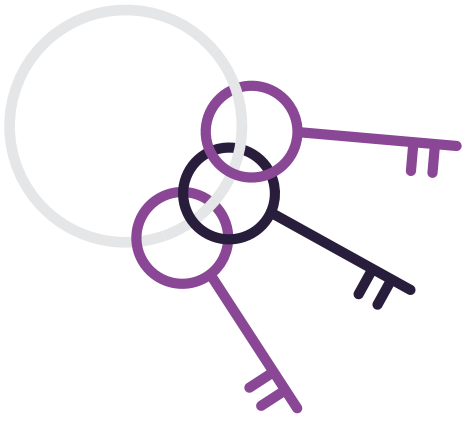




Diminishing Anxieties Around Returns

Building Self-Service Options

A primary finding from our survey was that customers increasingly seek convenience above all else when it comes to completing an online return. In fact, shoppers who are able to initiate a return and refund online are 17% more likely to feel anxiety-free. Additionally, 3 out of 10 (29.6%) shoppers in our survey preferred to drop their return off at the retailer's physical location—women, in particular, were 25.6% more likely to opt for this than men. 4.3% of shoppers even opted to keep the item rather than deal with initiating a return—Millennials were 46.7% more likely to do this than any other age group.



eCommerce-only retailers must put even more effort into making returns as simple as possible as their customers have no physical locations where they can return items. Key to creating a seamless experience is limiting the number of interactions that are required with customer service (a cause of anxiety for 14% of shoppers) and ensuring a flexible return policy (primary cause of concern for 13.7% of shoppers). Additionally, 4 out of 10 online shoppers prefer to be able to initiate a return via the retailer's tracking page, with those who were able to do so 12.5% more likely to be satisfied with their experience.

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Despite the trendiness of new technologies for initiating returns like chatbots, shoppers still prefer and are more satisfied with online forms, indicating chatbots have a long way to go before becoming mainstream. **Those who initiated their return via Facebook Messenger were 76.6% less likely to be satisfied with the returns process compared to other methods.** Still, Facebook Messenger was preferred over having to call customer service—only 0.3% of our audience said they braved a retailer's 1-800 number when returning an item, and none of those shoppers were below the age of 34.

Create Trust through Communication

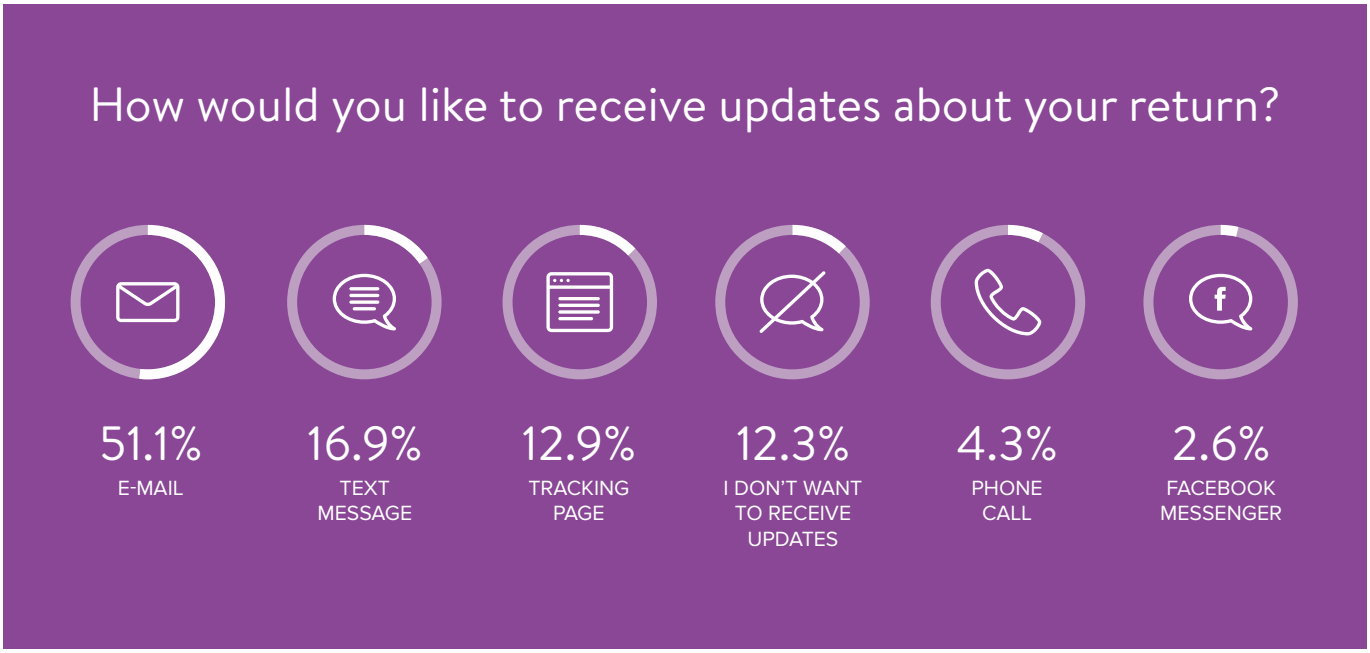
ENABLING TRANSPARENCY

When it comes to online returns, the question "Where is my money?" becomes synonymous with "Where is my order?" After going through the effort of finding return packaging, creating a label, taping the box, taping the label, running to the store, and dealing with the carrier, consumers often do not get visibility into the returns process until weeks later when their money is returned.

The lack of visibility from the moment the package leaves the consumer's hands to the credit hitting the consumer's bank account creates frustration and dissatisfaction. Only 41.5% of consumers were able to track their last shipment from drop-off to credit acknowledgement, and even more shoppers indicated that returns tracking and notifications were desired features of the online returns process. 88% want to receive status updates about their return, and 90.7% expect an alert once the shipment has been processed. Consumers who received notifications within a day of return shipment movement were 41% more likely to return to the retailer after a poor experience.

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When retailers do communicate about returns, half of consumers (51.1%) prefer to receive updates via email. Unsurprisingly, few people opt to receive phone calls (4.3%) and updates via Facebook Messenger (2.6%), these options are even less popular than receiving no update at all (12.3%).



FOSTERING FEEDBACK

Almost half of customers want the opportunity to let the retailer know why their experience was negative and to keep retailers accountable -- without having to interact directly with customer service. Consumers said that a bi-directional feedback channel was already table stakes, with 46.2% given the ability to do so in their last order experience. Still, 15.1% of customers put a feedback channel with their retailer on their wish list, and shoppers who were unsatisfied with their return experience were 64% more likely to ask for a feedback channel. Customers below the age of 34 were also 12.7% more likely request the ability to provide feedback.

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Shoppers who had the ability to provide feedback were...



When it comes to returns satisfaction, communication is crucial:

PROVIDE CLEAR EXPECTATIONS FOR CUSTOMERS

Give shoppers easy access to return items on the website or outgoing tracking page, and provide returns policy details along with an Estimated Processing Date

IMPLEMENT REAL-TIME VISIBILITY EFFORTS FOR CUSTOMERS

Create a returns tracking page back to the retailer, giving them clarity on shipment status

NOTIFY CUSTOMERS DURING EACH STEP IN THE RETURNS PROCESS

Don't keep customers in the dark—send an alert to customers on their shipments' arrival at dock, process date, and refund date.

CREATE A BI-DIRECTIONAL CHANNEL FOR COMMUNICATION

Give customers an opportunity to communicate why they returned the item and make it simple for them to communicate regarding the status of their return

The Cost of Returns

The average retailer spends 8.1% of total sales on reverse logistics which includes taking back customer returns, damaged, or otherwise unwanted goods.[5] However, according to our research, almost **⅔ of shoppers (65.1%) are not likely to make another purchase from a retailer if they have a poor returns experience.** Even though reverse logistics pose a significant cost to retailers, the risks of making returns processes more difficult for shoppers are even greater, especially as the Amazon effect magnifies and amplifies customer expectations.

The Four Keys to a Seamless Returns Process

- **Money matters:** Optimize for cost in reverse decisioning
- **Make it convenient:** Allow easy access to returns, create automated approval when possible, and provide options for pickup or drop off of the item
- **Communicate:** Provide visibility, an estimated processing date, and notifications throughout the return process
- **Be proactive:** Monitor shipments and ensure exceptions that occur on the way back do not impact the customer



Striking a balance between cost and customer experience

As forward logistics has become focused on customer experience, creating an equally positive reverse logistics experience is key. Especially in the age of Amazon, not only do retailers have to worry about losing customers to others boasting “fast and free” shipping, they must also work to alleviate returns anxiety in shoppers. Anticipating customer needs and proactively setting appropriate expectations are vital to maintaining the customer relationship and reducing anxiety during the return process.

In the returns processes evident that the root of customer anxiety around returns lies in two phrases: “Where is my order?” and “When am I going to get my money back?” Ultimately, retailers who can provide the answers to these questions while finding efficiencies in customer service costs will create happier customer journeys and improve customer lifetime value.

[5] Inbound Logistics, http://bit.ly/1hruG2O

About This Survey

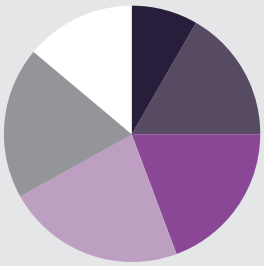
Convey conducted a survey with 1,506 respondents. We wanted to understand how shoppers feel about the returns experience, what they loved, and what they felt could improve. The survey was conducted using Google Surveys, and respondents were 51.8% male and 48.3% female.

Survey Demographics



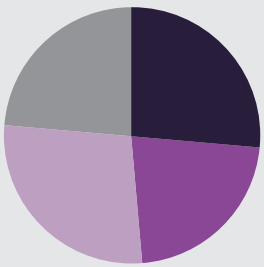
PERCENTAGE OF EACH GENDER REPRESENTED

- Male: 51.8%
- Female: 48.3%



PERCENTAGE OF EACH AGE GROUP REPRESENTED

- 18-24 years of age: 10%
- 25-34 years of age: 15%
- 35-44 years of age: 18%
- 45-54 years of age: 20%
- 55-64 years of age: 20%
- 65+ years of age: 17%



PERCENTAGE OF EACH US REGION REPRESENTED

- Midwest: 30.8%
- Northeast: 15.3%
- South: 31.5%
- West: 22.4%

About Convey

At Convey, we believe the world's supply chains need reinvention. As channels, carrier networks, and consumer demands become increasingly complicated, pressure is mounting for logistics and operations teams to become more dynamic, agile, and customer-centric. From parcel to freight, and first to final mile, Convey helps the world's largest brands reduce costs, improve visibility and transform transportation into their next competitive advantage.

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