



Online Shopping Customer Experience Study

Commissioned by UPS

May 2012



FOR FURTHER INFORMATION, PLEASE CONTACT:

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Introducing the *Online Shopping Customer Experience Study*

The *Online Shopping Customer Experience Study* provides insights into consumers' online shopping behaviors and preferences. Other online shopping surveys have focused on purchase or web usability, but this particular survey bridges that gap with a view of perceptions on customer experience from pre-purchase through post-delivery. This study also provides a clear picture of which shipping and post-purchase services enhance customer experience. Topics included are:

- ✓ What are the most/least important aspects of past online shopping experiences?
- ✓ What leads a site user to return to or recommend a site?
- ✓ What is important to consumers during the check-out process?
- ✓ What shipping services and options do consumers find most valuable?
- ✓ How important is tracking and what delivery services are preferred?
- ✓ What are consumers' returns experiences and what aspects are important in a returns process?
- ✓ How do all of the services offered during and after the online purchasing experience impact the overall impression of that online retailer?

The study analyzes the data from a comScore survey of more than 3,100 U.S. online shoppers conducted in February 2012. All shoppers surveyed had to meet the criteria of making at least two online purchases in a typical 3-month period. Additionally, an online focus group was held on January 12, 2012.

Participants met in a virtual online forum where they were asked about a series of topics related to online shopping and logistics, including shipping and returns. This forum allowed participants to respond to online discussion questions as well as other participants' comments throughout the course of the focus group.

This report will provide retailers with the necessary insights into what steps they must take to satisfy their customers, thereby increasing customer loyalty as well as the lifetime value of customers.

Key Findings

While online shoppers are generally very satisfied, there is room to improve their satisfaction related to shipping and returns. While free shipping is a great motivator, drawing shoppers back to sites to make repeat purchases and causing shoppers to recommend an online retailer, consumers are willing to pay a nominal fee for getting their product faster. When comparison shopping, consumers take product price and shipping charges almost equally into consideration.

There are several other things that retailers can do to improve the experience for their online shoppers. The first is to communicate the expected delivery date of the order; customers are willing to wait for their orders but want to know just how long that might be. Timely arrival of shipments encourages shoppers to recommend an online retailer. Consumers also like having tracking updates and delivery notifications to understand when their package is arriving. Online shoppers want flexibility in their shipping, particularly

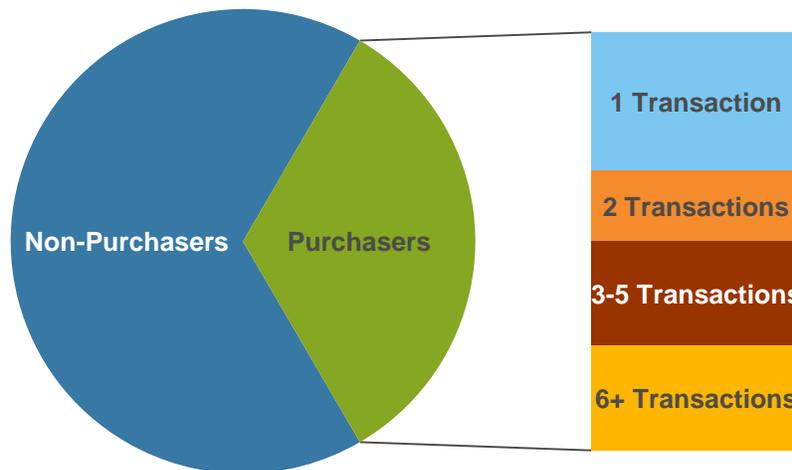
the ability to give special delivery instructions or schedule a delivery time or select an alternate delivery location.

Online shoppers that have made returns prefer to have a preprinted return label in their original package or access to an easy-to-print label. Having to pay for return shipping negatively impacts the overall returns experience. A lenient and clear returns policy is likely to lead to recommendations and repeat business from online shoppers, while reducing shopping cart abandonment.

Online Shopping Industry Snapshot

About 75 million people, or one-third of the total Internet population, buy goods online to be shipped to them over the course of a quarter. Of those, about one-third make 1 transaction and half make 1-2 transactions. About a quarter make 3-5 purchases, and the other quarter make 6 or more.

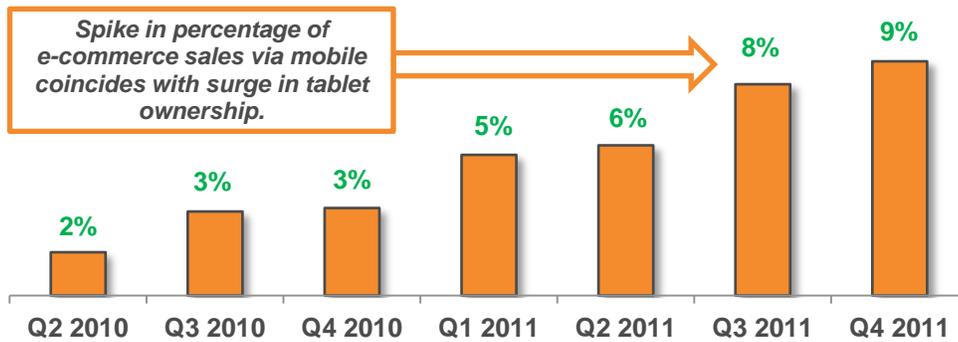
Figure 1: Total U.S. Internet Population – Purchasers of Shippable Goods



Source: comScore e-Commerce Measurement

Mobile and tablet e-commerce has exploded in the past year. At the end of 2010, mobile e-commerce was 3% of total e-commerce. Just a year later, mobile e-commerce was 9% of e-commerce. Retailers must move quickly to adopt these new platforms to meet the evolving expectations of savvy consumers.

Figure 2: Percentage of Total e-Commerce Dollars Spent via Mobile or Tablet Device



Source: comScore Mobile Measurement

Online Shopping Experience and Satisfaction

Consumer satisfaction with online shopping overall is high, at 86%. Online shoppers are most satisfied with ease of check-out (83%), variety of brands/products (82%), and online tracking ability (79%). Online shoppers are least satisfied with flexibility of shipping, including flexibility to choose delivery date (58%) and re-route packages (57%), and the ease of making returns and exchanges (65%). In addition to ease of making returns and exchanges, there is also room to improve customer satisfaction by having a clear returns policy. Logistics services can directly impact 6 out of 11 of the aspects that influence a customer's shopping experience.

Figure 3: Satisfaction with Aspects of Online Shipping Experiences

7 pt. Scale – Top 2 Box



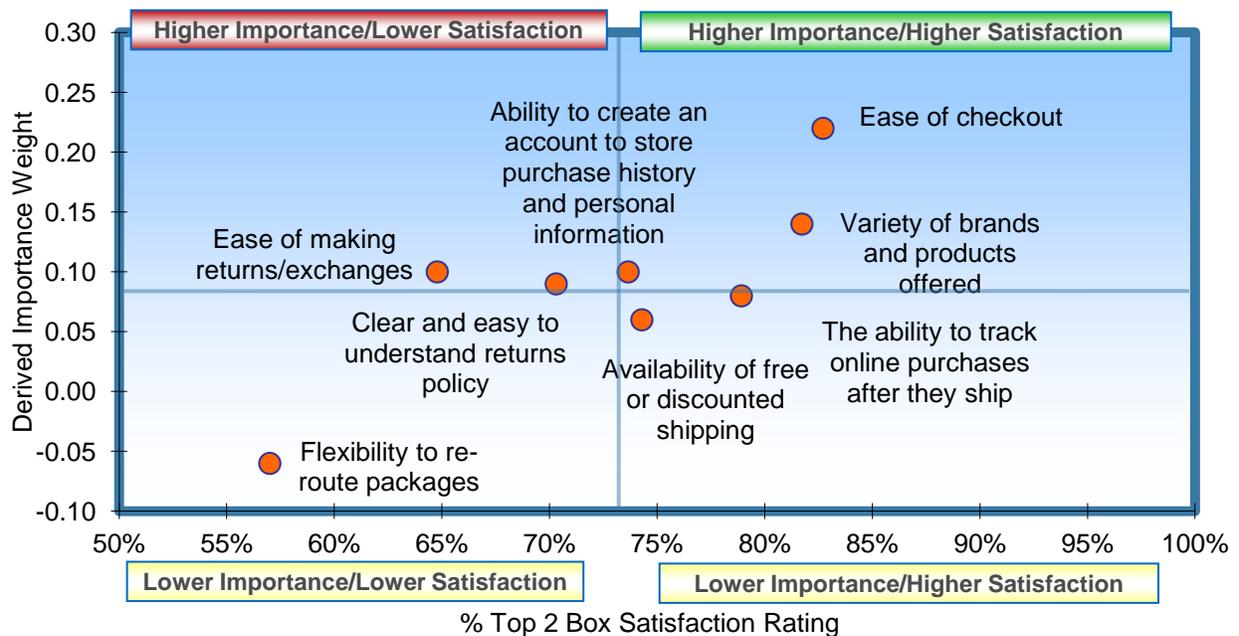
Base= Total Respondents (n=3,128)

For retailers looking to increase customer satisfaction, it is important to look not only at how satisfied users are with various aspects of the online shopping experience, but also how important these factors are.

Key Takeaway: To online shoppers, the ease of making returns/exchanges is above average in importance but falls short in terms of satisfaction.

To do this, a quadrant analysis was performed, charting derived importance of each factor versus the satisfaction rating. Items in the upper-right quadrant are those with both high importance and high satisfaction. Because of the high importance, it is crucial for retailers to continue to maintain high levels of satisfaction on these elements – ease of check-out, variety of brands and products offered, and the ability to create an account to store purchase history and personal information. The factors in the bottom half of the chart are of lower importance in driving overall online shopping satisfaction. While frequently cited by consumers as a must-have, free or discounted shipping is actually less important in driving overall satisfaction than those factors stated above, particularly ease of check-out and variety of brands and products offered. The upper left quadrant of the chart contains the factors driving satisfaction that are highly important but currently have low satisfaction. These factors – a clear and easy to understand returns policy and ease of making returns and exchanges – should be areas of focus for retailers looking to increase their overall customer satisfaction.

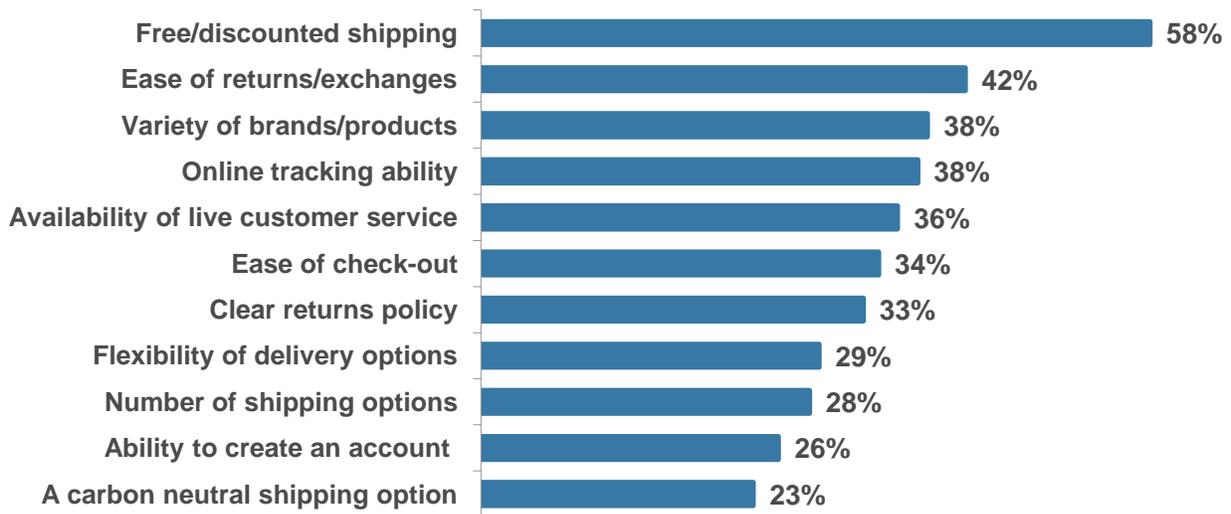
Figure 4: Quadrant Analysis



Not included in the chart, because they are not of statistically significant importance, are number of shipping options offered, availability of live customer service, and flexibility to choose delivery date. When asked, however, online shoppers expect online retailers to offer multiple shipping options to allow for faster delivery and cite one of the reasons for abandoning their shopping cart was related to estimated delivery date.

When asked directly what aspects they would like retailers to improve, 58% of online shoppers chose free or discounted shipping; however, the quadrant analysis above shows that free shipping is one of the least important factors in overall online shopping satisfaction. Ease of returns and exchanges, one of the factors in the higher importance/lower satisfaction quadrant, is cited by 42% of online shoppers as an aspect they want to see improved by retailers. Given the derived importance and shoppers' express desire for improvement, retailers should focus on improving the ease of returns and exchanges. Variety of brands and products and online tracking ability are factors that consumers say they would like to see improved, though overall satisfaction with these factors is already high. Retailers should prioritize those factors that are highly important, but currently have lower levels of satisfaction and that customers want to see improved.

Figure 5: Aspects Shoppers Want to See Improved by Retailer

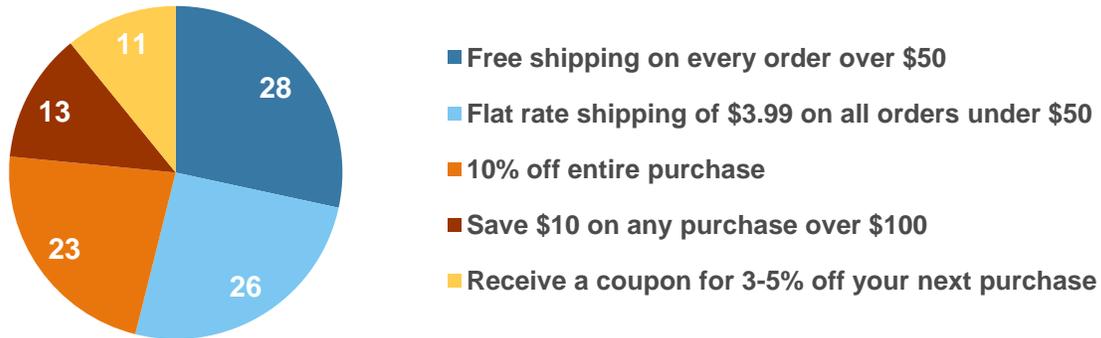


Base= Total Respondents (n=3,128)

Discounts and Specials

In addition to satisfaction driving repeat business, offers of discounts and specials are strong motivators to bring online shoppers back to a retailer. When given options of discounts and specials that might bring a customer back to a retailer, online shoppers prefer free shipping on orders over \$50 (about 60% of online transactions are more than \$50), while on orders less than \$50, they are willing to pay a flat rate charge. It is important to note here that for 40% of online retail transactions, consumers would be willing to pay for shipping. Flat rate shipping on purchases under \$50 ranked higher for customers than a 10% discount on their purchase. There is no one size fits all when it comes to free or discounted shipping. Research suggests that consumers do not always expect free shipping and that it depends on the situation of a particular order. Generally customers expect free shipping if the order is over \$50.

Figure 6: Discounts/Specials That Bring Customers Back to Retailer
Average # of Chips Allocated out of 100

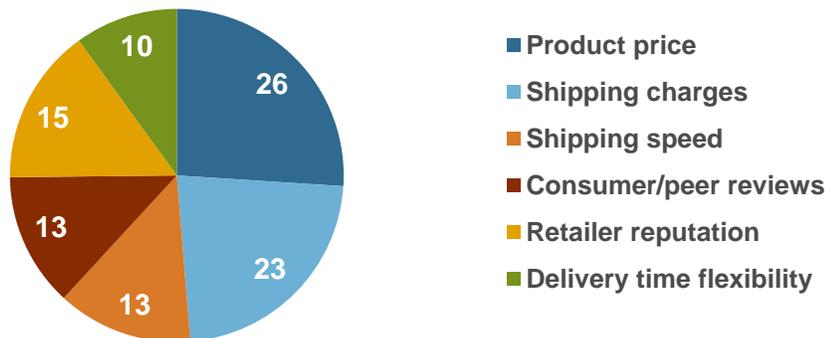


Base= Total Respondents (n=3,128)

Comparison Shopping

While it is important to look at what motivates customers to return to a retailer, it is also important to look at what factors are taken into consideration when current or prospective shoppers are comparison shopping. When comparison shopping, consumers take product price and shipping charges almost equally into consideration. The resulting purchase decision may then be that the shopper chooses to buy from a retailer who does not offer free or discounted shipping if the total price including shipping is less than that of a retailer offering free or discounted shipping. Product price and shipping charges were rated as the most important factors in comparison shopping. Shipping speed, consumer reviews, retailer reputation, and delivery time flexibility are all taken into account by consumers when comparison shopping, but at a lower rate than product price and shipping charges.

Figure 7: Factors Taken into Consideration When Comparison Shopping
Average # of Chips Allocated out of 100

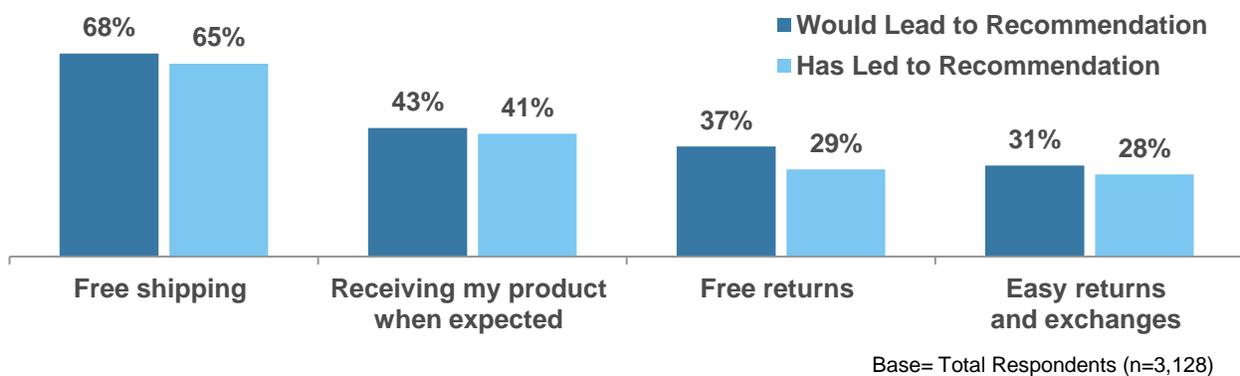


Base= Total Respondents (n=3,128)

Retailer Recommendation

In addition to retaining satisfied customers and attracting those who are comparison shopping, another way retailers can increase their business is through the recommendations of current customers. When asked what would lead or has led to a recommendation of a retailer, the availability of free shipping or discounted shipping is the top factor. Timely arrival of shipments and free or easy returns rate as the next important factors that prompt shoppers to recommend the online retailer. Since 41% of shoppers said “receiving my product when expected” led them to recommend a retailer, both proactive communication regarding delivery time and reliable delivery are critical aspects to a positive customer experience.

**Figure 8: Recommendation of Online Retailers
– Top 4 Factors –**



Check-Out Process

The check-out process is of the utmost importance for retailers, as fully 80% of online shoppers have placed items in the shopping cart and left the site without making a purchase. This represents a huge lost opportunity for retailers. Among the shoppers that have abandoned their shopping cart, shipping costs were the reason cited most often. Conversely, about 70% of online shoppers have added items to their shopping cart to qualify for free shipping, making it critical for online retailers to clearly indicate the level of spend required for free shipping.

Key Takeaway: 70% of Online Shoppers Have Added Items to Their Cart to Qualify for Free Shipping.

Figure 9: Reasons for Abandoning Shopping Cart



Looking at what information or options are important to shoppers when going through an online check-out process, nearly three-quarters of online shoppers say they want to see free shipping options at check-out. The second most important thing for online shoppers to see at check-out is an estimated or guaranteed delivery date, with 60% saying that is important. Also of note is that 38% of shoppers want to see expedited shipping options at check-out.

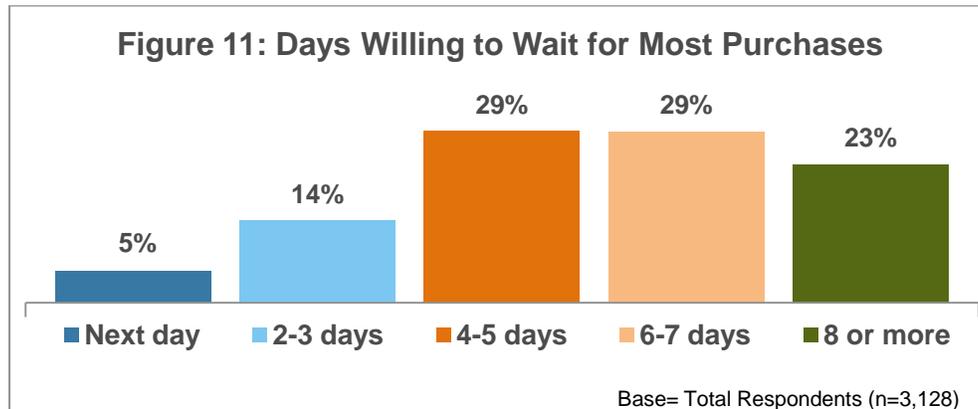
Figure 10: Important Information/Options at Check-out



Base= Total Respondents (n=3,128)

Delivery Timing

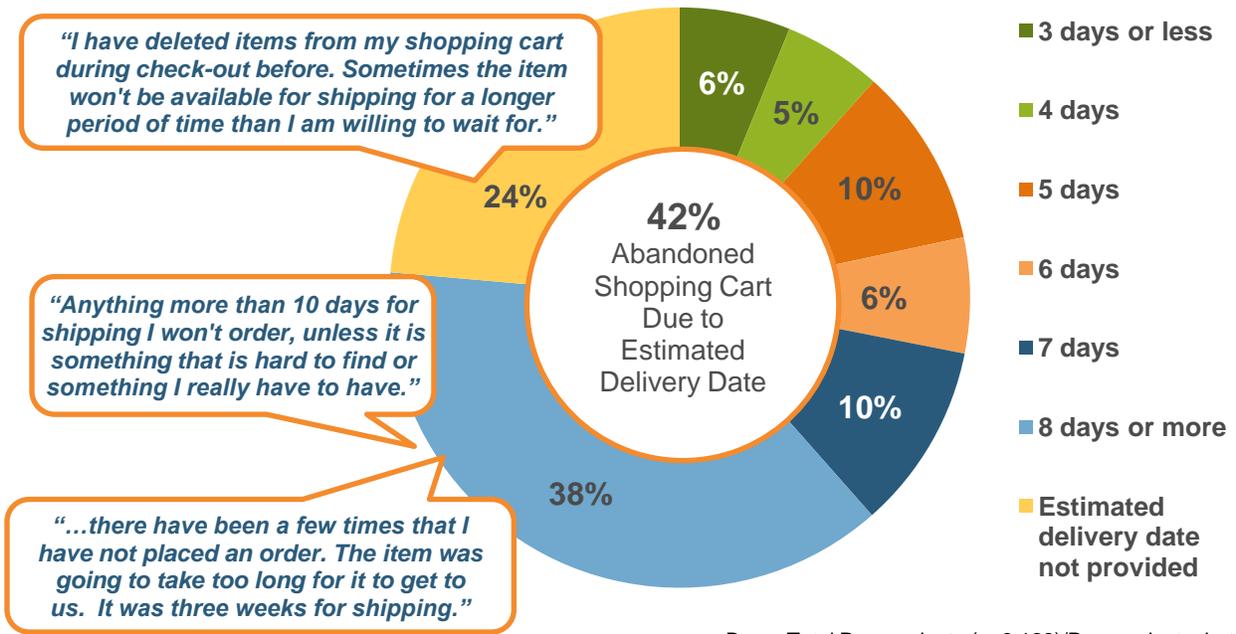
As seen above, 60% of online shoppers say that an estimated or guaranteed delivery date is important at check-out. Because online shoppers have a range of time they are willing to wait for the delivery of their orders, retailers that offer a range of delivery time options allow themselves to appeal to a wider range of customers. While 48% of customers stated that they are not willing to wait more than 5 days for most of their purchases, 23% said that they would be willing to wait 8 days or more.



Just over 40% of online shoppers indicated that they have abandoned their shopping cart because of an issue with the estimated delivery date. Of online shoppers that have abandoned their cart due to estimated delivery time frame, a quarter indicated that no estimated delivery was shown. Of those who were shown an estimated delivery date and abandoned their cart, 64% of the time the estimated delivery time was 5 days or more. Showing estimated delivery time is a “quick win” for retailers who are not currently doing so.

Key Takeaway: 24% of shoppers who abandoned their cart due to delivery time did so because no estimated delivery date was provided.

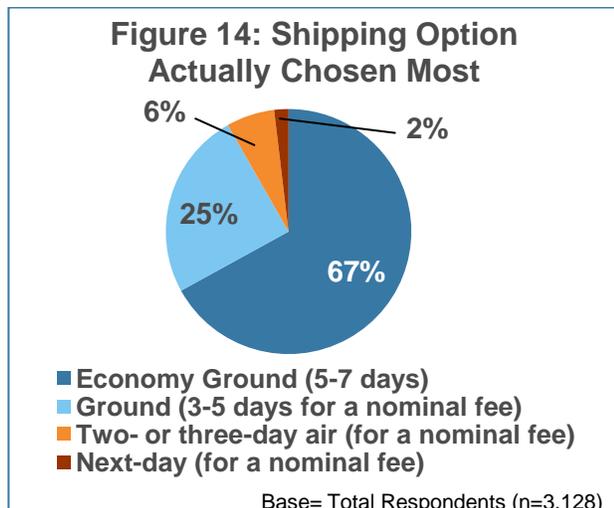
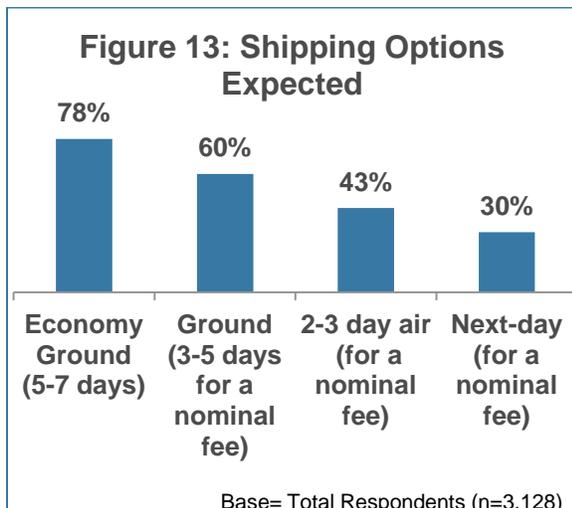
**Figure 12: Estimated Delivery Time Provided
(of those who abandoned their cart due to delivery date)**



Base=Total Respondents (n=3,128)/Respondents that abandoned due to delivery date (n=1,331)

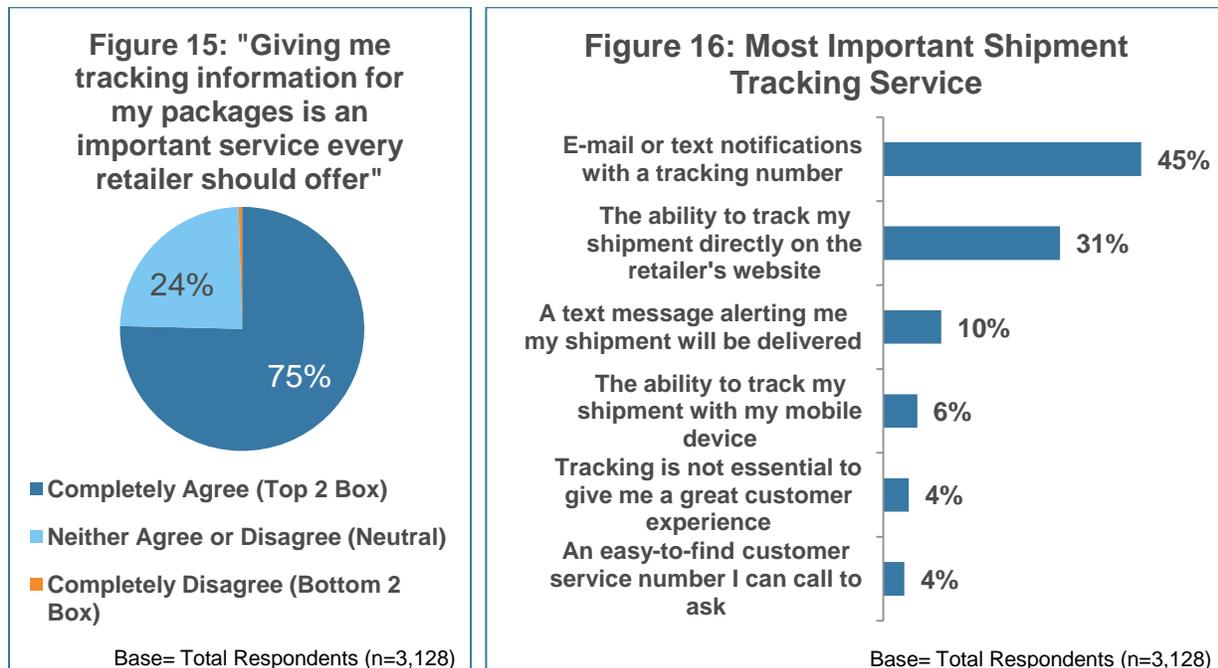
Shipping and Delivery

Shipping and delivery are key components in the online shopping experience. Online shoppers expect a variety of delivery options to be available, with more than half expecting both economy ground and ground, and just under half a 2-3 day air option. When looking at what shipping option they choose most often, online shoppers select the most economical option two-thirds of the time, and the fastest option only 2% of the time. A quarter of shoppers indicated they most often chose a faster ground option for a nominal fee. One-third of online shoppers say they “most often” choose to pay a nominal fee for faster delivery when making a purchase.



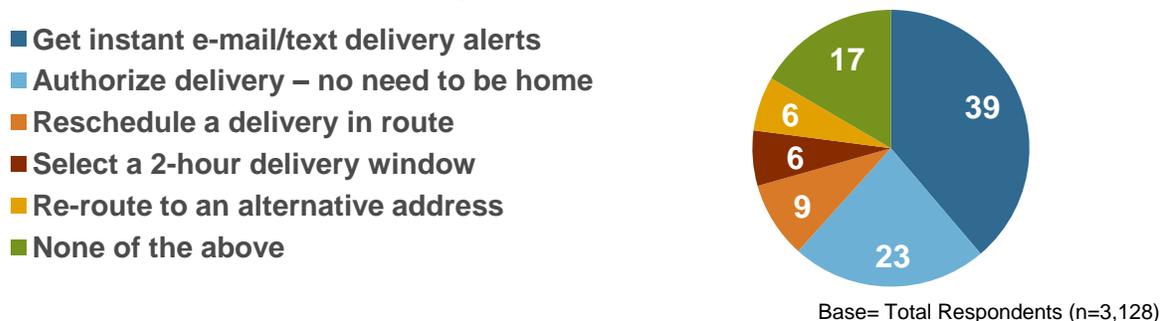
Shipping Services

As shown in the quadrant analysis (Figure 4), tracking is a statistically significant factor in online shopping satisfaction. Most online shoppers (75%) agree that tracking information is important. Tracking directly on the retailer's site or e-mail/text notifications are the most important tracking services for shoppers. The importance of mobile can be seen in customer preferences for tracking, with consumers wanting text notifications with their tracking number, text alerts when their package will be delivered, and the ability to track their shipment on their mobile device.



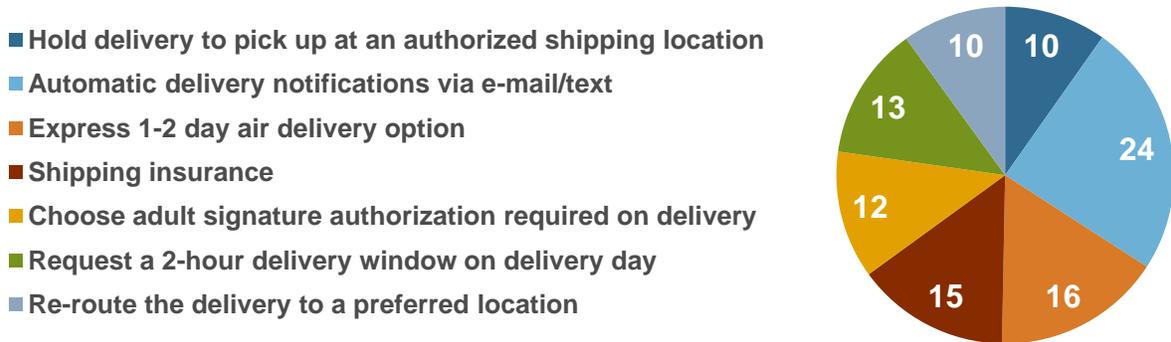
In addition to tracking via e-mail or text, which customers cite is the most convenient service while waiting for their purchase, online shoppers are also very interested in authorizing the delivery to be made when no one is home. A smaller number of customers highly value being able to customize their delivery, either by selecting a specific delivery window, rescheduling a delivery in route, or re-routing to a different address.

Figure 17: Most Convenient Services While Waiting for Delivery
Average # of Chips Allocated out of 100



Nearly three-quarters (74%) of online shoppers indicated that the value/cost of purchases influences their selection of shipping option. Regardless of the value or importance of items purchased, shoppers would find their experience most enhanced by receiving automatic delivery notifications. Specifically for valuable or important purchases, consumers also want to have express shipping options and shipping insurance and want to ensure that the package is received, either by requesting a particular delivery window in which to receive the package, having an adult signature, re-routing the package, or having the package held for them to pick up.

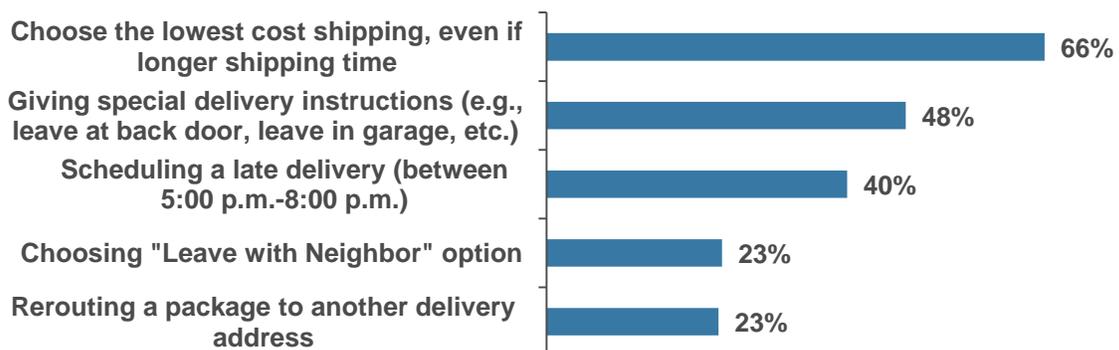
Figure 18: Factors Enhancing Purchasing Experience for Valuable/Important Purchases
Average # of Chips Allocated out of 100



Base= Respondents indicating that value/cost of purchase influences shipping option (n=2,277)

Looking in more detail at preferred flexible shipping services, online shoppers ranked giving special delivery instructions or scheduling a late delivery as the most preferred. Online shoppers are equally interested in being able to leave a package with a neighbor and rerouting a package to another delivery address.

Figure 19: Most Preferred Flexible Shipping Service – Ranked #1 or #2 –

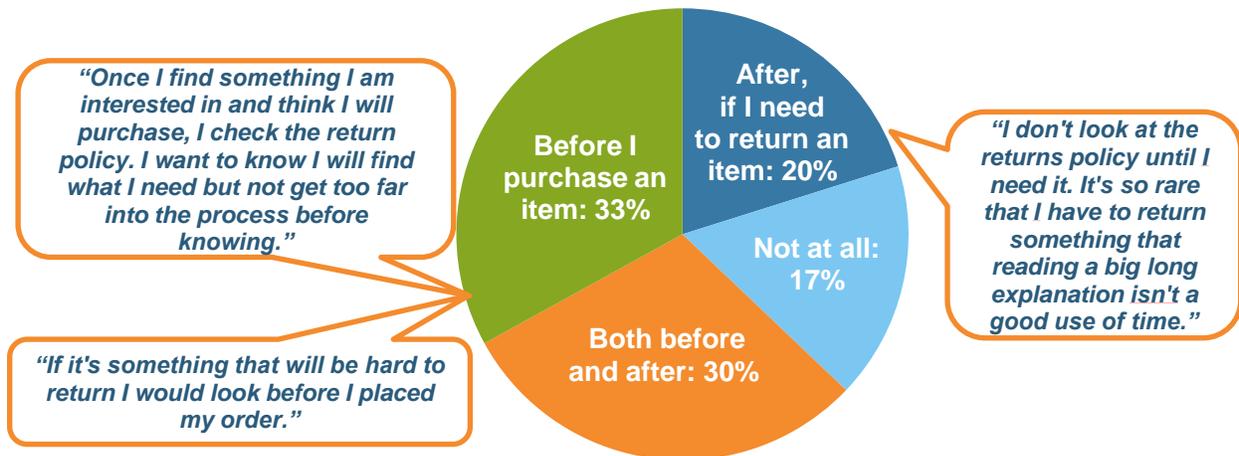


Base= Total Respondents (n=3,128)

Returns

Returns are an important part of online shopping, with 63% of customers looking for the returns policy prior to making a purchase. Nearly two-thirds (62%) of online shoppers have returned a product purchased online. Half of customers who need to return a product go to the website to find the returns policy. Having an easy-to-find returns policy will enhance the customer experience and reduce the number of inbound customer service calls.

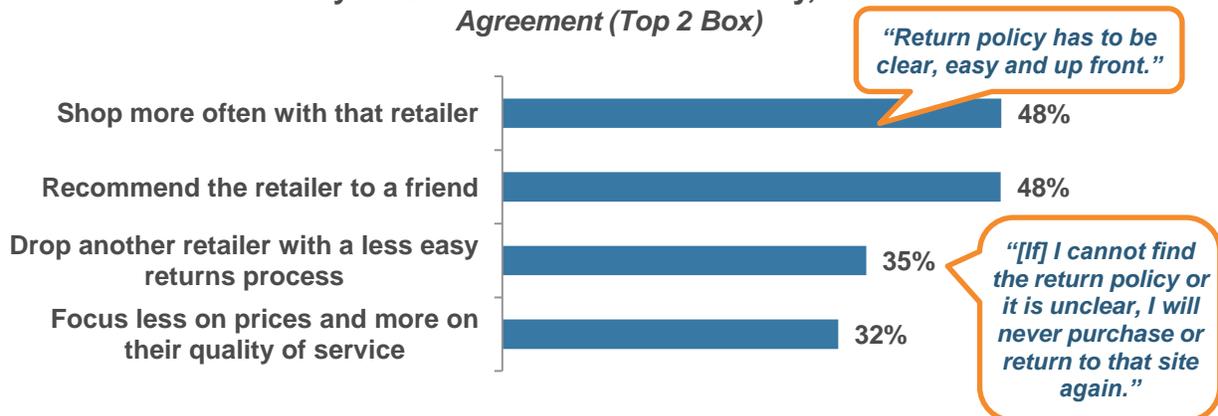
Figure 20: Look for an Online Retailer's Return Policy ...



Base= Total Respondents (n=3,128)

A lenient and clear returns policy is likely to lead to recommendations and repeat business from online shoppers. Almost half said they would be likely to shop more often with a retailer or recommend a retailer to a friend if the retailer had a lenient and easy-to-understand return policy. More than one-third said they would drop another retailer with a less easy returns policy. Clearly, good returns policies are a great way to increase customer loyalty.

Figure 21: If an Online Retailer Offers a Lenient, Easy-to-Understand Returns Policy, I Will ... Agreement (Top 2 Box)

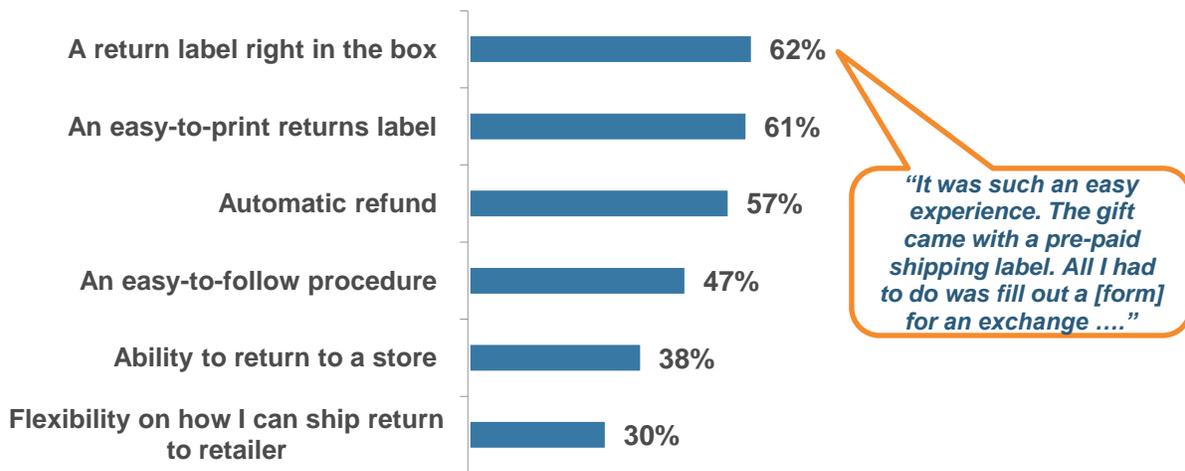


Base= Total Respondents (n=3,128)

Attitudes towards returns don't vary substantially by product category. In other words, whether buying jewelry, clothing, or pet supplies, shoppers have remarkably similar attitudes about returns.

In addition to having a good returns policy, it is important for retailers to provide a good returns experience. Online shoppers who have made returns prefer the inclusion of a return label in their original package or access to an easy-to-print label. An automatic refund is also very important in ensuring a good returns experience.

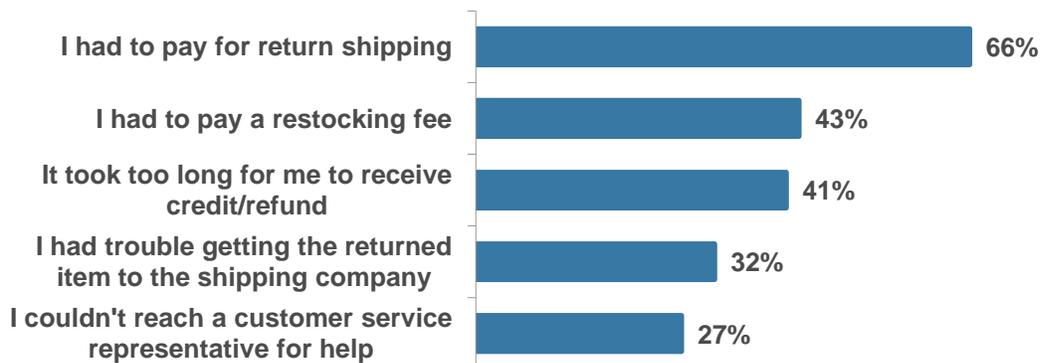
Figure 22: Elements of the Best Returns Experience



Base= Respondents that have made a return (n=1,719)

What constitutes a bad returns experience for consumers, besides having to pay for return shipping, are paying a restocking fee and waiting too long for a credit. Some customers also faced issues getting the item to be returned to the shipping company.

Figure 23: Issues Faced in Previous Returns Experience



Base= Respondents that have made a return (n=1,719)

Conclusions

While free and discounted shipping is a big story, there is more to online shopping and the customer experience. In fact, many shoppers are willing to pay a nominal fee to receive the product faster if given the option. Shipping and delivery timing is important during check-out – it's all about communication!

To reduce shopping cart abandonment, retailers should show the shipping costs, present how much more should be purchased to get free shipping, and give consumers the option of shipping time frames. Customers are willing to wait for their packages, but need to know what is happening – they want estimated delivery time clearly stated and they want e-mail or text alerts about their delivery.

Also important to the customer is the feeling of control. Options such as “special delivery instructions,” the ability to schedule a late delivery, or having a delivery window give the consumers the control they need to better their shipping experience.

Finally, good experiences with returning items leads to repeat customers and recommendations for the retailer. Good returns experiences are marked by ease for the consumer, while the bad experiences highlight hassles and the extra cost required.

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