



THE STATE OF ONLINE SHOPPER DELIVERY EXPECTATIONS AND ACTIONS

How to Please Consumers in Today's Rapidly
Evolving E-Commerce Shipping Landscape

CSM
worldwide
DELIVERY IN MOTION.

TABLE OF CONTENTS

- 1 Introduction**
- 2 Key Findings**
- 3 Consumer Expectations for Speed**
- 6 Consumer Expectations for Damaged Deliveries**
- 8 Consumer Expectations for Package Tracking**
- 10 Carrier Experiences, Behaviors and Loyalty Trends**
- 14 Conclusion**
- 15 Methodology**

INTRODUCTION

The Census Bureau of the Department of Commerce reports that U.S. retail e-commerce sales for the first quarter of 2016 reached \$92.8 billion, a 3.7 percent increase from the final quarter of 2015. As e-commerce continues to grow, companies must improve their capabilities to match rising online shopping demands.

Beyond engineering a top-notch e-commerce platform with a frictionless user experience, retailers require an arsenal of delivery capabilities and strategies to handle today's swell of online orders. The OSM Worldwide The State of Online Shopping Delivery Expectations and Actions study, which surveyed U.S. consumers on their e-commerce shopping habits, previous experiences and future expectations, revealed that the final leg of a package's journey is critical to a retailer's long-term success. A package's arrival — whether on time or late, in pristine or poor condition — has a distinct impact on key business drivers like customer loyalty and word-of-mouth marketing (WOMM).

To nurture lasting relationships with consumers, retailers must focus on fostering trust and a reputation for reliable delivery. Today's online shoppers demand faster and more affordable e-commerce delivery, and they have many improved methods at their disposal to hold retailers accountable for

proper delivery services. With the growth of mobile technologies, online shoppers can keep tabs on their orders from anywhere, at any time. Likewise, the rise of social media has made it easier than ever for shoppers to share both negative and positive shipping experiences with other consumers.

As a leading global provider of cost-effective and reliable package and parcel delivery, OSM Worldwide compared consumers' previous parcel delivery experiences with tomorrow's ideal shipping standards. The resulting study uncovers key e-commerce delivery trends based on commonly cited delivery metrics like speed, package condition, tracking and customer service to determine what actions shoppers take when their delivery expectations are not met. The study offers valuable insight to help retailers develop a first-rate shipping experience that exceeds customer expectations.

Further, by analyzing loyalty trends across today's three leading carriers — United States Postal Service (USPS), United Parcel Service (UPS) and FedEx — the study highlights for retailers the underlying implications of choosing one delivery service over another. Despite the ever-changing nature of today's e-commerce landscape, retailers can retain customer loyalty and business by paying greater attention to the aspects of delivery that online shoppers care about most.

KEY FINDINGS

- 1. The later a delivery, the more likely online shoppers are to take action:** A third of online shoppers say they would contact customer service when a non-urgent item arrives just one day late, and 79 percent say they would contact customer service when a non-urgent item arrives three days late.
- 2. Urgent items elicit more immediate customer action:** Two-thirds of online shoppers will contact customer service regarding an urgent or time-sensitive item when it arrives just one day late.
- 3. Frustrated online shoppers will share experiences with family, friends and on social media:** Of those online shoppers who would contact customer service when an urgent item arrives a day late, two-thirds would still express frustrations to friends and family even after contacting a retailer. Eighteen percent would express their frustrations on social media.
- 4. Damaged packages are all too common:** Sixty-four percent of online shoppers have received a damaged package.
- 5. Online shoppers will not hesitate to take action after receiving a damaged package:** When a package arrives damaged, 87 percent of all online shoppers are very likely or likely to call customer service to complain. Seventy-five percent are very likely or likely to share their frustrations with friends and/or family.
- 6. The most frequent online shoppers are very vocal:** Seventy-three percent of the most frequent shoppers (consumers who shop online once or twice per week or more) say they are likely to share frustrations from receiving a damaged package with friends and/or family.
- 7. Online shoppers value transparency into the delivery process:** Forty percent of online shoppers say they check an item's order status at least once per day, with just more than 10 percent checking multiple times per day.
- 8. Online shoppers expect up-to-date delivery information:** More than half (55 percent) of online shoppers expect order status updates to be current as of a few hours ago or even more timely, and 11 percent say up-to-the-minute reporting is a must.
- 9. Email tracking numbers reign supreme, but text alerts are on the rise:** Three-fourths of online shoppers rely on email tracking numbers to get order updates and track their packages. Twenty-one percent now check the status of a package via text alerts.
- 10. Carrier loyalty is a key online business driver:** Of those online shoppers who chose USPS as their first or second carrier choice, 37 percent would choose to not shop with a retailer based on their choice of shipping service provider. Thirty percent of online shoppers who listed UPS as their first or second carrier choice, and 25 percent who listed FedEx as their first or second carrier choice, would do the same.

CONSUMER EXPECTATIONS FOR SPEED

With advancements like Amazon's same-day delivery already available at market, industry updates have quickly positioned delivery speed as a top contributor to e-commerce success. In 2015, UPS alone delivered 18.3 million packages and documents each day on average, and USPS handles an astounding 47 percent of the world's mail volume. When managing so many orders over a widely dispersed customer base, retailers must work closely with their chosen carriers to manage expectations around delivery speed.

A non-urgent item was supposed to arrive on Monday. It's now Tuesday. Do you contact the retailer?



A non-urgent item was supposed to arrive on Monday. It's now Thursday. Do you contact the retailer?



According to the study, a third (32 percent) of online shoppers say they would contact customer service when a non-urgent item (for example, household cleaning supplies) arrives even just one day late. As to be expected, the longer past due a package is, the more likely a shopper is to take action. When a non-urgent package arrives three days late, the number of online shoppers who say they would contact customer service increases to 79 percent.

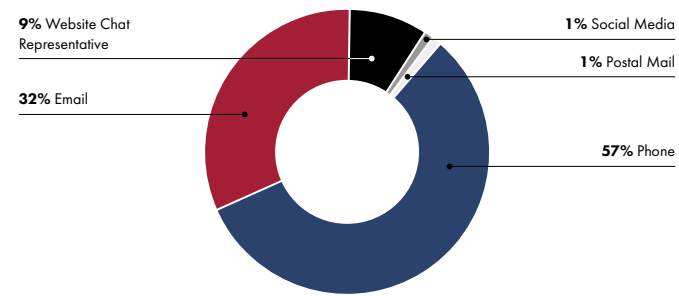
A package's considered urgency influences a consumer's decision to take action on a late delivery. While just a third of online shoppers say they would contact customer service when a non-urgent item arrives one day late, they're almost twice as likely to contact customer service when an urgent or time-sensitive item (for example, a last-minute birthday gift) arrives late within the same time frame (66 percent).

A time sensitive item (say, a birthday gift) arrived a day late. Do you contact the retailer?



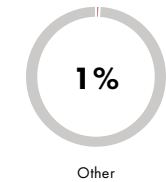
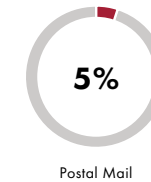
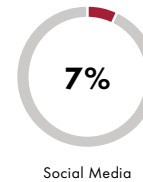
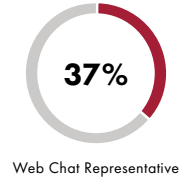
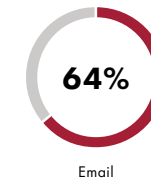
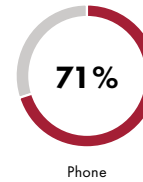
It is critical for retailers to meet assigned delivery deadlines because **consumers will not hesitate to take action across a number of communication channels when their expectations for delivery speed are not met.** Of those online shoppers who would contact customer service support when a *non-urgent item* arrives one day late, 57 percent will use the phone as their first channel to do so. A third will use email, and 9 percent will reach out to a website chat representative.

How do you first contact the retailer?
When a non-urgent item arrives a day late.

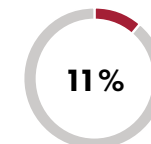
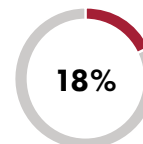
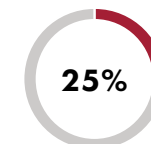
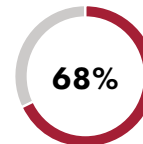


Online shoppers who would contact customer service when an urgent item arrives a day late are much more likely to contact the retailer responsible. Seventy-one percent say they would contact customer service via phone, 65 percent would reach out via email and 37 percent would turn to a retailer’s website chat representative. Additionally, even after contacting a retailer, 68 percent of those online shoppers would also express their frustrations over a late urgent item to friends and family. Eighteen percent would express their frustrations on social media.

How do you contact the retailer when an urgent item arrives a day late? Select all that apply.



After you contact the retailer, do you do any of the following? Select all that apply.



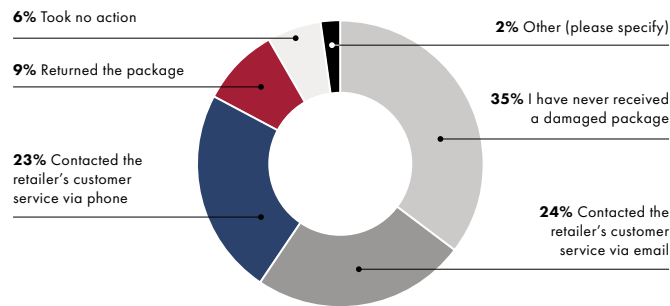
Retailers cannot afford for negative feedback on social media as 46 percent of consumers turn to popular networks when making purchasing decisions. With 1.65 billion monthly active Facebook users, 400 million monthly active Instagram users and 310 million monthly active Twitter users, bad feedback can reach an immense number of consumers across social networks.

While not all retailers can match Amazon’s delivery options, speed is still a metric that companies should be working with their carriers. The key is not necessarily for retailers to deliver packages faster, but to instead channel their efforts and resources to match agreed-upon delivery dates such that consumers always receive their orders when expected.

CONSUMER EXPECTATIONS FOR DAMAGED DELIVERIES

As with delayed delivery, a damaged package is a cause for concern for many online shoppers. According to the study, 64 percent of respondents have received a damaged package. When a package arrives damaged, 87 percent of online shoppers are very likely or likely to call customer service to complain.

In the past, how have you responded to a damaged package you received?



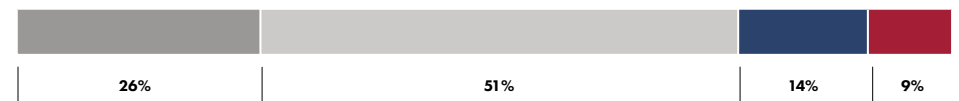
■ Extremely Unlikely ■ Unlikely ■ Likely ■ Very Likely

If a package arrives damaged, how likely are you to call customer service to complain?

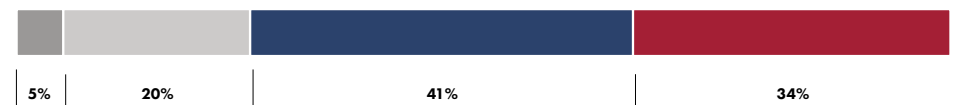


Consumers will also turn to friends, family and social media when a package arrives damaged. Seventy-five percent of online shoppers are very likely or likely to share their frustrations over a damaged package with friends and/or family, and almost a quarter of respondents say they are very likely or likely to share experiences of a damaged package on social media.

If a package arrives damaged, how likely are you to share the experience on social media?



If a package arrives damaged, how likely are you to share your frustrations with friends and/or family?



Seventy-four percent of online shoppers over 61 are very likely to contact customer service with complaints of a damaged package. Just 10 percent are likely or very likely to share a damaged package experience on social media and 69 percent are likely or very likely to share damaged package frustrations with friends and/or family. Forty-one percent of shoppers ages 18-29 would contact customer service in the case of a damaged package, 49 percent of shoppers aged 30-44 will do the same, and 61 percent of shoppers ages 45-60 will do the same as well.

18-29



45-60



30-44



61 +



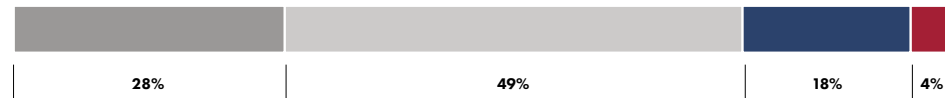
This trend holds true among the most frequent online shoppers (consumers who shop online once per week or more), whose ordering habits offer increased opportunities to speak out against a retailer. Seventy-three percent of these shoppers say they are very likely or likely to share frustrations from receiving a damaged package with friends and/or family.

Not only are damaged packages a threat to new business, but they can also ruin existing consumer relationships, and therefore long-term company health and growth. Increasing customer retention rates by just 5 percent can boost profit by 25-95 percent, and leading research finds that 80 percent of a company's future revenue will come from just 20 percent of its existing customers.

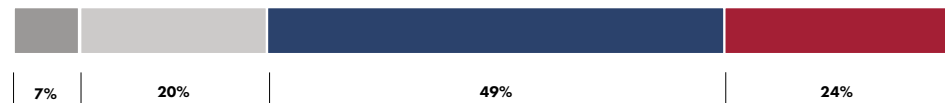
Likewise, as it can be anywhere between four to 10 times costlier to acquire a new shopper than to keep an existing one, it is critical for e-commerce players to provide a top-notch delivery experience that garners positive conversations. Truthfully, regardless of an online shopper's buying frequency, improving delivery as a part of the shipping experience is a smart financial investment.

■ Extremely Unlikely ■ Unlikely ■ Likely ■ Very Likely

If a package arrives damaged, how likely are you to share the experience on social media?



If a package arrives damaged, how likely are you to share your frustrations with friends and/or family?



As with speed, retailers should avoid damaged packages at all costs because word-of-mouth recommendations from peers greatly influence future buying behaviors. According to McKinsey research, word of mouth is the primary factor behind 20-50 percent of all purchasing decisions. To earn a share of these orders made online, retailers cannot afford to have past customers sharing negative delivery experiences with their friends, families or social media networks. In an industry where reputation matters most, a single damaged box can pollute a retailer's online persona and spell a lifetime of missed business opportunities.

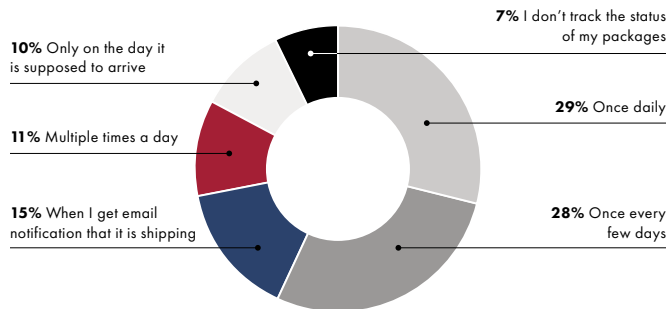
CONSUMER EXPECTATIONS FOR PACKAGE TRACKING

With the growth of mobile devices and the widespread popularization of technology overall, consumers now anticipate a high level of transparency into their orders throughout the entire supply chain, fulfillment and delivery processes. In addition to how fast a package arrives and in what condition, the survey found that package tracking is a top e-commerce demand for all online shoppers. This desire holds true for how frequently online shoppers wish to access order information, how up-to-date they desire information to be, and how they can go about accessing information.

Frequency

Forty percent of all respondents say they check an item's order status at least once per day, with just over 10 percent checking that order status multiple times per day.

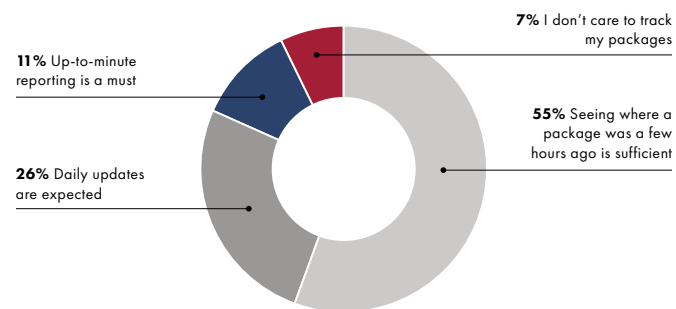
How often do you check the status of your package?



Accuracy

Over half (55 percent) of all respondents expect order status updates to be current as of a few hours ago, and 11 percent say up-to-the-minute reporting is a must. Over a quarter of online shoppers desire daily updates.

How detailed do you expect information about the location of your package to be?



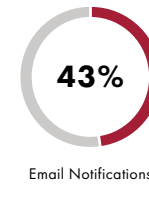
Accessibility

Online shoppers expect to be able to access their package information across multiple communication channels. To get order updates and track their packages, 75 percent of respondents rely on email tracking numbers. Forty-eight percent use email notifications, over a quarter (27 percent) of online shoppers turn to a mobile app, and 21 percent use text alerts.

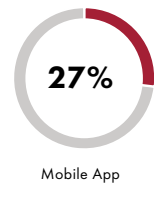
How do you check the status of your package? Select all that apply.



Email Tracking Number



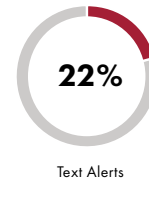
Email Notifications



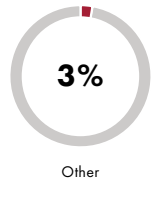
Mobile App



Googling the Tracking Number



Text Alerts



Other

Retailers can make logical connections between how online shoppers access delivery information and how often they do so. For example, **63 percent of those online shoppers who use text alerts to track their order status check it at least once a day.** Whether by tracking customer behavior or monitoring social media networks for customer feedback and complaints, retailers can meet shoppers where they want to be by investing in the delivery tracking capabilities today's consumers are most apt to use.

CARRIER EXPERIENCES, BEHAVIORS AND LOYALTY TRENDS

When looking for a carrier, retailers have three primary options: USPS, UPS and FedEx. While all three companies deliver online orders throughout the final miles of a package's delivery, the study found that many consumers do express loyalty for a particular carrier. Of all online shoppers surveyed, more than a third prefer one shipping service provider over another when given the choice at checkout.

When given a choice at checkout, do you prefer one shipping provider over another?

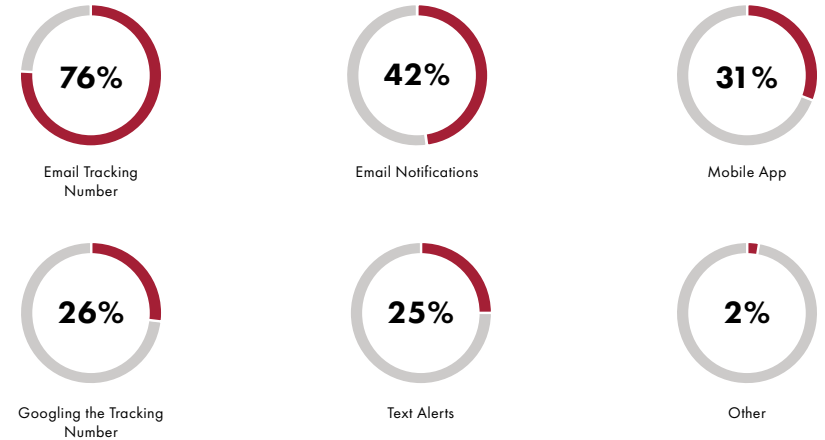


When broken down, 39 percent of respondents listed UPS as their top preferred carrier. Thirty-five percent listed USPS. Less than a quarter (23 percent) listed FedEx.

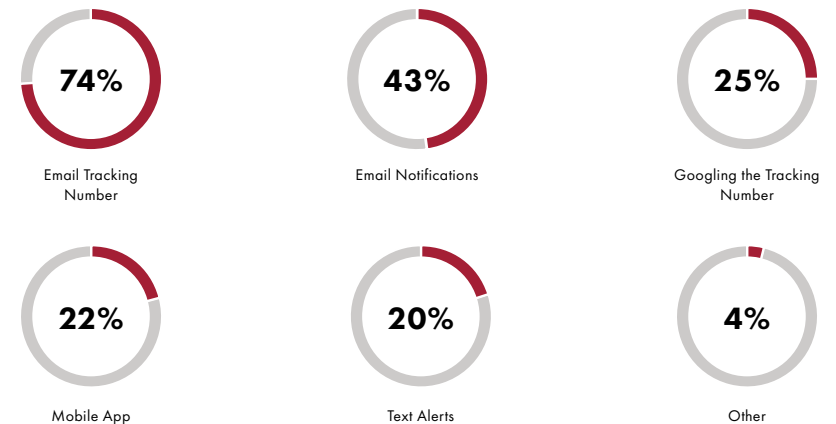
Among those online shoppers who prefer one shipping service provider over another, approaches to tracking package deliveries vary. Seventy-six percent use an email tracking number, 42 percent use email notifications and 31 percent use a mobile app. A quarter (25 percent) of online shoppers with a preferred service provider use text alerts.

Comparatively, those online shoppers who do not prefer one carrier over another are less inclined to use more modern tracking technologies. Just 20 percent of those without a preferred carrier use text alerts, and only a quarter (25 percent) use mobile apps.

How do you check the status of your package? Of those who do have a preferred carrier. Select all that apply.



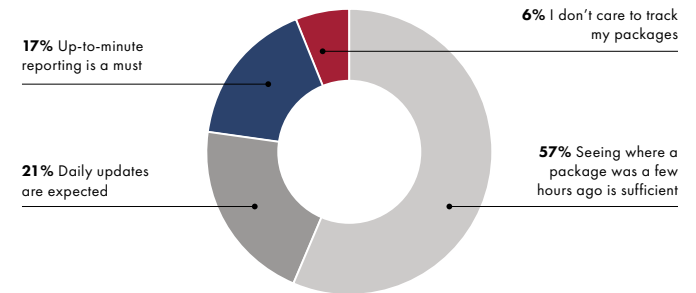
How do you check the status of your package? Of those who do not have a preferred carrier. Select all that apply.



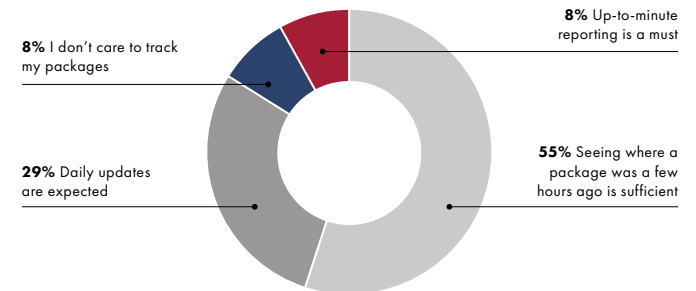
Online shoppers with a preferred carrier also have varied expectations for delivery reporting. Over half are satisfied to see where a package was a few hours ago, 21 percent expect daily updates and seventeen percent believe up-to-the minute reporting is a must. Likewise, online shoppers with a preferred carrier frequently check the status of their orders. Twenty-nine percent do so once a day, 27 percent once every few days and 13 percent multiple times a day.

Again, online shoppers without a preferred carrier have lower expectations. Just 8 percent say up-to-the-minute reporting is a must, and only 10 percent check the status of a package multiple times a day.

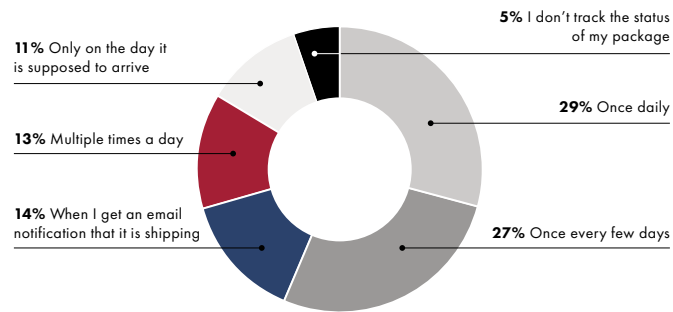
How detailed do you expect information about the location of your package to be? Of those who do have a preferred carrier.



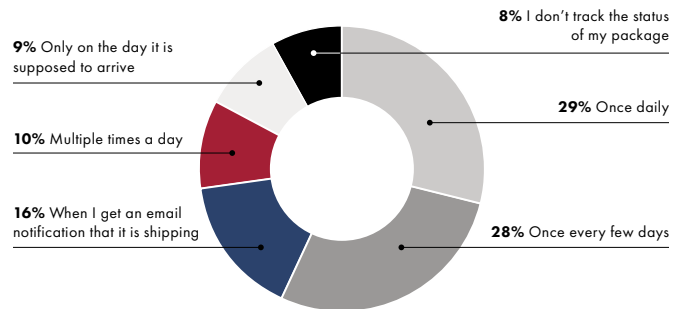
How detailed do you expect information about the location of your package to be? Of those who do not have a preferred carrier.



How often do you check the status of your package? Of those who **do have a preferred carrier.**



How often do you check the status of your package? Of those who **do not have a preferred carrier.**



Perhaps most shockingly, not only do many online shoppers have a preferred carrier, but their loyalty is so strong that these consumers would choose to not shop at a retailer that fails to offer their preferred carrier as a delivery option. Thirty-one percent of online shoppers with a preferred carrier would choose not to shop with a retailer because of its choice of shipping service provider, as compared to just the 6 percent of those online shoppers without a preferred carrier who would do the same.

Would you choose to not shop with a retailer because of their choice of shipping provider? Of those **with a preferred carrier.**



Would you choose to not shop with a retailer because of their choice of shipping provider? Of those **without a preferred carrier.**



When comparing carriers, USPS comes out on top in terms of customer loyalty. Of those online shoppers who chose USPS as their first or second carrier choice, 37 percent would choose to not shop with a retailer based on its choice of shipping service provider. Thirty percent of online shoppers who listed UPS as their first or second carrier choice, and 25 percent who listed FedEx as their first or second carrier choice, would do the same.

While UPS ranks highest as online shoppers' top choice for preferred carrier, USPS earns the strongest loyalty ranking among its preferred user base. Whether due to general familiarity and reliability, a more seamless delivery process, more efficient operations with lower costs, optimized routes, compliance with federal laws regarding U.S. mail or some other competitive advantage entirely, USPS leads the pack when it comes to driving trust and long-term relationships with online shoppers.

Would you choose to not shop with a retailer because of their choice of shipping provider?

Of those who ranked **UPS as their first or second preference for carrier.**



Of those who ranked **FedEx as their first or second preference for carrier.**

Of those who ranked **USPS as their first or second preference for carrier.**



CONCLUSION

In the face of elevated consumer expectations for e-commerce, many retailers are finding they lack the basic infrastructure and expertise to master routine delivery operations. Likewise, these companies do not have the resources to increase their parcel shipping capabilities or improve delivery practices alone. Over time, this has caused delivery speed, condition and tracking capabilities to fall below shoppers' expectations.

Moving forward, retailers can work with a logistics company to improve delivery. By creating clear strategies that exceed shoppers' expectations for delivery speed, condition and tracking, retailers can more easily build trust with online consumers and solidify a reliable reputation in an otherwise overcrowded marketplace.

A premium logistics partner's processes limit the number of physical touches a package endures, translating into less damage, fewer miss-sorts and more reliable domestic delivery timelines. No parcel is jeopardized by an ineffective or unnecessarily cumbersome delivery strategy.

A logistics partner's existing delivery strategies and networks boost shipping speed as well. Day to day, companies can perform with the confidence to get online orders to shoppers on time or ahead of time. This holds true domestically, as well as internationally.

Also, a logistic partner's past and future investments in top-notch tracking technologies allow consumers to adequately monitor their orders at any desired frequency. With a single barcode, shoppers can immediately obtain door-to-door tracking updates and know where their orders are every step of the way. Likewise, e-commerce retailers can use the same barcode to send email communications, schedule pick-ups and develop customizable delivery reports to more effectively communicate interact with customers. All of this is done in the most economical way possible, with retailers earning lower prices for an improved delivery experience.

As an additional bonus, leading shipping partners have established carrier relationships with preeminent companies like USPS, which means that extra investments are no longer necessary. This trusted partnership saves time and money across many areas of the delivery process, such as trucks and personnel. What's more, an approved USPS logistics partner can negotiate better rates for shipping contracts and has the infrastructure in place to handle day-to-day shipping operations like pick-ups, sorting, labeling, distributing, etc.

This kind of service is the goal of OSM Worldwide. As a leading provider of domestic and international parcel delivery solutions, OSM Worldwide reaches millions of addresses nationwide and around the globe. Not only can OSM Worldwide's award-winning OSM Premium Network ship packages nationwide within 1-5 days, reliably and economically, but OSM Worldwide is also a recognized preferred shipping partner of the USPS. OSM Worldwide is testament to the variety of delivery options, economical shipping solutions and expert, responsive customer service that businesses receive when choosing a shipping service with the right global partners and relationships with major postal authorities.

A partner like OSM Worldwide can make all the difference.

When retailers can ship parcels to every residential and business address in the nation with the confidence to know that customer expectations are being met, there is no online order that companies cannot handle. By 2020, the e-commerce logistics market is expected to increase by almost **10 percent**, and fully capable delivery strategies will facilitate that growth. Those retailers on the cusp of today's leading strategies will benefit from this expansion, while those lacking the proper shipping and delivery processes and partnerships will fall further behind and quickly lose valuable business to competitors.

METHODOLOGY

This study was compiled by an internet survey of more than 300 U.S. consumers. The results of the study should be assessed based on the survey size and methodology.

Responses were sourced from the following demographics and buying behaviors:

Age

>18	0%
18-29	21%
30-44	26%
45-59	23%
60+	30%

How often do you make a purchase online?

More than twice per week	5%
Once or twice per week	10%
Once or twice per month	8%
7-12 times per year	10%
4-6 times per year	17%
1-3 times per year	16%
I don't shop online	9%

Gender

Female	53%
Male	47%

Total Household Income

>\$9,999	8%
\$10,000 to \$24,999	10%
\$25,000 to \$49,999	17%
\$50,000 to \$74,999	16%
\$75,000 to \$99,999	10%
\$100,000 to \$124,999	9%
\$125,000 to \$149,999	5%
\$150,000 to \$174,999	4%
\$175,000 to \$199,999	1%
\$200,000 +	6%
Prefer not to answer	14%