

RETAIL

## Retailers missing out on engaging post-sale opportunities

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*Seventy-five percent of U.S. consumers have tried different stores, websites or brands during the COVID-19 pandemic. Image credit: Getty*

By NORA HOWE

U.S. retailers are overlooking valuable opportunities to engage their customers and inspire loyalty through the post-purchase customer journey, from checkout to delivery and returns, according to a new report.

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After retail experienced extraordinary disruption due to the COVID-19 pandemic, online shopping accelerated exponentially as consumers began to live entirely from their homes. In the first "[Operations Experience 2021](#)" study, parcelLab examines how retailers responded to these changes by looking at the checkout, delivery and returns processes of the top retailers in the United States, including Nordstrom, Sephora, Saks Fifth Avenue and Neiman Marcus.

"With many retailers either charging for shipping or requiring a minimum spend for customers to benefit from free shipping, it's clear that costs are being passed down to the consumer," said Tobias Buxhoidt, cofounder and CEO of [parcelLab](#), Munich. "This could lead to a customer opting to not shop with the retailer in the future due to these additional costs."

Through trial orders conducted from July to October 2020, parcelLab tested, documented and evaluated the complete customer journey throughout the online shopping process, compared the results and demonstrated the findings with charts.

The 52 retailers in this study were selected from the [National Retail Federation's](#) (NRF) list of the top 100 retailers in the United States. ParcelLab removed retailers that do not ship products to customers, such as grocery stores and fast food chains.

### Key findings

In terms of customer freedom, parcelLab found that all 52 retailers observed in the study decide which logistics service provider delivers the ordered product. In other markets, such as the United Kingdom and Germany, customers are able to view a list of carriers and choose which one they would like to deliver their packages.

Additionally, despite the U.S. having multiple parcel carrier options, only 4 percent of online retailers show the

carrier they use on their websites.

With the closing of physical stores due to the pandemic, many retailers relied more heavily on online shopping to maintain sales, however, 8 percent of retailers studied do not provide any alternative delivery options.

ParcelLab determined that curbside pickup is the most popular alternative delivery option, as it was the only option offered by 62 percent of retailers analyzed.



*Neiman Marcus was one of a number of retailers to introduce contactless curbside pickup during the pandemic. Image credit: Neiman Marcus*

The study also determined that free delivery is a myth, as more than half of the retailers offer free shipping only when a customer spends more than \$35. Thirty percent of the retailers do not offer free shipping at all, with an average of \$4.25 added to purchases for shipping costs.

While most retailers absorb the shipping and delivery costs to customers either by incorporating this into the minimum order value or adding a separate fee this could be a deciding factor for customers when making a purchase, according to parcelLab.

The report identified three key areas of improvement among the retailers that were analyzed: email communications, delivery processes and returns processes.

Transactional emails have an opening rate eight times higher than that of other marketing emails. By not leveraging the emails between sales and returns and engaging with consumers in more meaningful ways, retailers are missing out on valuable opportunities to turn first-time buyers or casual shoppers into loyal customers.

Another way to engage customers is by providing a tracking link that directs them to detail about the estimated delivery, including when the order has been shipped, is in transit, is out for delivery and has been delivered.

The majority of retailers, 73 percent, send their customers to a carrier or other third-party tracking page, instead of maintaining engagement with the customer through their own tracking pages. Providing a tracking page within the brand's website can help monetize valuable traffic, rather than entrusting this information to a third-party carrier.

By keeping customers informed, excited and creating a positive experience throughout the process, retailers can increase the likelihood of them coming back in the future, according to parcelLab.

Finally, parcelLab found that with some retailers, the returns process remains difficult and pricey for customers. According to the study, 43 percent of retailers charge for a return, with 59 percent of those charging more than \$10.



*Amazon was one of the 52 retailers analyzed in parcelLab's study. Image credit: Amazon*

"Returns are still such a tedious, time-consuming and costly process for customers in most cases, despite the increasing prevalence of online shopping," Mr. Buxhoidt said. "For 66 percent of retailers, we had to contact them directly to request a returns label and progress a return, making it more difficult to complete the transaction.

With one retailer, the researcher was unable to return an item because it cost less than the shipping to return it and, ultimately, did not receive a refund. When ordering online, customers forgo the ability to see an item in person, therefore parcelLab suggests that customers should always have the option to return items that have been purchased online."

#### Luxury ecommerce

Accelerated by the pandemic, luxury brands have had to adapt to the rising demand for online shopping services.

In October 2020, department store Saks Fifth Avenue launched a new website, marking the first comprehensive website redesign from the retailer in the last five years. Using Salesforce Commerce Cloud, saks.com now emphasizes fashion, convenience and personalization while ensuring flexibility for future enhancements.

The site allows customers to add items directly to their carts or "Wish List" from a variety of products, while product pages now feature a stylized "Complete the Look" section with the ability to add items directly to cart. Additional filtering options, such as buy-online-pickup-in-store (BOPIS), same-day delivery, preorder and currently available are also offered to provide a more convenient shopping experience ([see story](#)).

In June 2020, cosmetics retailer Sephora debuted an Instagram checkout feature with more than 80 of the brands it sells in stores and online, taking social shopping to the next level. The San Francisco-based retailer targeted its community of more than 20 million Instagram followers to let them buy a product available with checkout directly from their feed or stories.

Sephora worked with Instagram to enable the integration of transaction capability ([see story](#)).

Despite these improvements, there are more opportunities for retailers to effectively foster shopper loyalty.

"Luxury retailers should take back ownership of their post-sales customer communications from third-party carriers and proactively manage the customer relationship during the most emotional part of the shopping journey," Mr. Buxhoidt said. "By sharing real-time updates about the shipping and delivery status and personalizing these emails with relevant, branded, and engaging content, retailers can create a unique experience that makes them stand out from competitors, ultimately increasing customer satisfaction and retention."