



# UPPING THE STAKES

Transparency, communication matter to online consumers **by SUSAN REDA, EDITOR**

**O**nline retailers operate in a global marketplace where customer service expectations seem to increase daily. Remember when five days was an acceptable delivery time? Or when free shipping was a perk? How about a few years ago when the ability to pick up items or return them to a physical store was considered a barometer of success?

Understanding online shoppers' expectations is critical to success and a retailer's reputation, as some found out during last year's holiday season when the combination of poor weather in parts of the country and a shorter shopping season crashed head-on with a surge in online demand (up 10 percent from November 2 to December 23). Some shoppers were left without packages under the tree — and retailers took it on the chin.

With Forrester estimating that U.S. online retail sales will total \$294 billion by the end of this year and projecting U.S. e-commerce sales to reach \$325 billion by the close of 2015, it's vital to ensure all the pieces of the online service puzzle fit.

If online retailers don't offer ways to "earn" free shipping, make the relentless pursuit of ever-faster delivery a top priority and do everything in their power to facilitate a smooth return process, customer loyalty is likely to take a huge hit.

"There's no easy way out," says Bruce Temkin, managing partner and customer experience "transformist" with customer experience

research and consulting firm Temkin Group. Online retailers "have to make it easy for the shopper to find the product they want, deliver it when they say will and send alerts and updates at every turn. The under-promise/over-deliver strategy doesn't get online retailers anywhere anymore. The stakes just keep getting higher."

How are online shoppers' expectations of service shifting as we approach the 2014 holiday shopping season? What service metrics are poised to bring about the next wave of change?

STORES commissioned data and analytics provider StellaService to uncover the next batch of emerging customer service metrics. The four-year-old company, which leverages a nationwide network of trained mystery shoppers to anonymously evaluate online retailers, went to work compiling data from January through June 2014. In all, 127 retailers were evaluated and five metrics were identified as gaining influence with consumers and shaping their ongoing expectations of the online shopping experience.



## ORDER LIFECYCLE

*Definition: The sum of total days to delivery and total days to process a refund for a given order, providing a more holistic view of the overall fulfillment process.*



### TOP PERFORMERS

1. Amazon
2. HP
3. Staples

**Top Performer Average: 6.6 days**

Too often online retailers' focus is exclusively on the front end — right product, faster delivery. Ty McMahan, senior director of marketing and content at StellaService, insists retailers need to invest more effort and capital on both sides of the transaction.

"Ease of returns is a big part of why a shopper decides to come back next time — even if she didn't get what she wanted on the first try. Faster refunds mean shoppers are not left in the dark waiting for money to be returned to their accounts, and speedy fulfillment can lead to fewer contacts at the call center for delivery/refund status questions."

McMahan says it's imperative that retailers take a holistic view. He notes that, in some instances, Amazon will issue a credit before an item is even returned to their warehouse. When the product is inexpensive, Amazon

has been known to refund the purchase price and have the shopper keep the item rather than return it — avoiding the costly reverse management process. That's the bar that's being set, McMahan says, and others have to pay attention.

Klay Huddleston, vice president of omnichannel at digital marketing agency Resource, agrees that order lifecycle is gaining ground with shoppers. "This is beginning to manifest itself in shoppers' appeal for more specifics on delivery — for example, is delivery three days from the point that it leaves the warehouse or three days from the time of order placement?"

"It's incumbent on retailers to be more transparent and more consistent," he says. "The same is true for a return. Shoppers want to know where things stand throughout the cycle. If there's no information or communication, there's doubt."

Temkin acknowledges the complexity of managing all components of the order lifecycle, but senses that shoppers are more focused on delivery speed than on the refund side. "Consumers expect narrower and narrower timeframes for delivery," he says. "Once they press the buy button they're very aware of how long it takes before it's in their hands."

Refunds are less about time and more about visibility and thus "are not a decision driver," he says. "Delivery speed generally is."

## OFFERED TO COMPLETE TRANSACTION

*Definition: Any suggestion made by a customer service representative that would lead to the transaction of money.*

### TOP PERFORMERS

1. Sears
2. Dell
3. Microsoft

**Top Performer Average: 18 percent**

Most online shoppers are just that — online shoppers. But sometimes consumers have a question that can only be resolved with a phone call. McMahan says it's incumbent on retailers to offer to complete a transaction when a shopper



calls in. "The caller may be ready to purchase or need assistance doing so, even if they do not explicitly ask. It's up to the CSR to act as guide."

"Online retailers are transitioning from looking at their call centers as cost centers to possible revenue streams," he says. "The right interaction could result in upselling and can lift customer satisfaction. Even if the caller is asking about a return policy, making that process

easier for them by initiating the return can contribute to customer loyalty."

Maybe so, but Temkin notes that offering to complete a transaction when a customer interacts with a customer service representative could backfire. "Customers who take the time to call are looking for support and service and if the rep pushes too much, they may feel as though they're being

'sold.' It's important to make relevant offers, but serving up an incentive to buy can be interpreted as pushiness."

Temkin says consumers shouldn't feel rushed into a decision; when that happens, the chances of buyer's remorse skyrocket and the ripple effect for the retailer is negative.

Huddleston says this metric is "imbued with nuance." Interacting with a CSR can be tricky because the agent must first solve the problem and then find a way to shift from

problem to sale — without awkwardness.

"It's interesting that the top performer here is Sears — a company with a customer base that skews older," he says. "It boils down to retailers understanding their demographic and their value proposition. If a company has an older shopper, it's probably wise to invest in CSR training with the goal of finessing the skills of problem-solving and converting callers to buyers."

## DIFFERENCE BETWEEN ESTIMATED AND ACTUAL DELIVERY DATES

### Definitions:

**Delivery estimate provided:** Whether or not the retailer set a delivery expectation in post-order communications with the shopper.

**Difference in estimated and total delivery days:** Whether or not the item arrived on or before the estimated date. Positive value: retailer padded estimate; negative value: retailer missed estimate.



### TOP PERFORMERS

(These retailers provided estimates 100 percent of the time, missed zero estimates and are ranked by how closely each came to hitting estimates to the day.)

1. **Diapers.com**
2. **Staples**
3. **Amazon**

### Top Performer Averages

Difference between actual and estimated delivery days: .85 days early  
Estimated days to delivery: 2.8 days

When a shopper needs to receive an item by a certain date, missing a delivery estimate jeopardizes a retailer's reputation and a late arrival may mean no second chance. "We believe it's essential for retailers to set delivery expectations for all orders and to make sure they hit the mark," say McMahan.

"If they don't provide an estimate and a shopper is left in the dark with no clue when he can expect his item, the result could be costly. If the shopper needs to know, he may engage customer service, send an e-mail or

try to get an estimate using live chat" — all costs that can be avoided.

Retailers who excessively pad estimates risk losing shoppers' trust. McMahan says he's seen this backfire, particularly with so many companies selling the same brands and products. "If I want a pair of Nikes and the first retailer sets a delivery expectation of 12 days, I'm not placing the order with them. I can easily find the item somewhere else," he says. "The customer has no way of knowing if the estimate was padded or not. An inaccurate estimate is just as bad as no estimate at all."

He recommends honest and transparent communication across the lifecycle, noting that retailers who communicate are typically perceived as more accurate simply because they kept the shopper informed. "Companies like Diapers.com and Zappos have set delivery expectation very high — two days or less," McMahan says. "Clearly most can't hit that mark, so being open and upfront about timing is vital."



## REFUND PROVIDED WITHIN 28 DAYS, NOTIFICATION OF REFUND IN PROCESS

### Definitions:

**Refund within 28 days:** A refund was processed and received within 28 calendar days.

**Notification of refund or store credit in process:** There was an e-mail sent regarding the return or refund process that referenced the refund/credit being processed or completed.

### TOP PERFORMERS:

(These retailers provided refunds 100 percent of the time, always communicated that the refund was in progress and are ranked by how quickly they issued refunds after the return was initiated. All were within seven days.)

1. **Amazon**
2. **RevZilla**
3. **Costco**

Top Performer Average: 4.8 days to process refund

Providing a timely refund helps keep customers happy and build loyalty. While processing a return within 28 days is expected, it's important for retailers to keep customers informed throughout.

"Too often the importance of the return process is overlooked," McMahan says. "It seems counterintuitive that retailers would be in a rush to give money back, but communicating to the customer that the return has arrived at the warehouse and [again] a day or two later that the refund has been processed and their account credited builds trustworthiness.

"Our undercover shoppers see this language a lot: 'We are committed to making sure you are satisfied, even if it means sending the item back.' So when a shopper decides that what she ordered is not necessarily for her, the speed and

proficiency the retailer displays really matters."

Resource's Huddleston considers the competence online retailers show at managing refunds to be "table stakes. The refund experience is an important part of the transaction. ... A terrible experience translates into 'I won't go there again.'

Refund expectations tend to vary based on the product. "If I've bought a \$12 cable and a \$600 Hugo Boss suit and each needs to be returned, you can bet I'll be watching more closely for communication about the latter," he says. "Shoppers expect the retailer to communicate all along the way. Once the shopper has experienced a positive return experience, complete with plenty of e-mail communication, he becomes accustomed to it and expects it from every company."

### CHAT - ADDRESSED TWO SAMPLE QUESTIONS WITHOUT REMINDER

*Definition: The customer service representative gave a response to two random sample questions posed by undercover mystery shoppers, without needing the questions repeated or using words like "Is there anything else I can help you with?"*

#### TOP PERFORMERS:

(These retailers required the least amount of effort on the part of the shopper to get all questions answered.)

1. L.L.Bean
2. Mr. Porter
3. Coach

**Top Performer Average: 91 percent addressed both questions without a reminder**

One of the ways StellaService measures the quality of customer service organizations is by evaluating attention to detail. Mystery shoppers pose two questions like, "Is this shirt

available in red?" and "What are the washing instructions for this shirt?"

"We are looking at how much effort is required ... to get their questions answered," McMahan says. "Repeating oneself is not only frustrating, it costs the retailer money when the interaction takes longer.

"It comes down to being fully attentive and paying attention to the customer's needs," he says, stressing that unanswered questions could create another contact with a customer care agent, thus driving up costs.

Temkin considers live chat to be less important than a call center, yet acknowledges the need for quick, accurate answers. "The portion of consumers who chat is still relatively low. While it's important that retailers get this piece of the online puzzle to mesh with everything else, it's probably not a deal breaker.

"That said, the likelihood of going from a live chat inquiry to a purchase is greater, assuming the question is appropriately and thoroughly answered."



The over-arching theme here is transparency. Meeting expectations is a given, but if something goes awry, communicating with shoppers about changes in delivery timing or a hiccup in processing a refund goes a long way to preserving sales — and a company's reputation.

"As the industry takes bigger steps toward next-day and same-day delivery, expecta-

tions will continue to climb and the pressure on online retailers will continue to rise," Huddleston says. "Shoppers want the items they ordered, not excuses. Clearly, we don't need everything we buy online to arrive the next day, but shoppers need to understand a retailer's value proposition around speed of delivery and retailers need to make sure they deliver on their promises." **STORES**