



UPS Pulse of the Online Shopper™

EXECUTIVE SUMMARY

European Study, 2017





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- Global retail
- Mobile shopping
- Marketplace influence
- Physical stores
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- Search and purchasing dynamics
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The 2017 UPS Europe Pulse of the Online Shopper™ study analyses consumer shopping behaviours from pre-purchase to post-delivery. It explores what motivates today's shoppers and offers retailers advice on how to overcome challenges and capitalise on unparalleled opportunities.

This results report is structured in two parts. **Part 1** looks at the drivers for online shopping behaviours and **Part 2** provides insights on what drives shopper satisfaction and loyalty along the path to purchase.

PART 1

- GLOBAL RETAIL
- MOBILE SHOPPING
- MARKETPLACE INFLUENCE
- PHYSICAL STORES

PART 2

- SEARCH & PURCHASING DYNAMICS
- EXPECTATIONS AT CHECKOUT
- UNDERSTANDING DELIVERY NEEDS
- GETTING RETURNS RIGHT
- ALTERNATIVE DELIVERY & DROP-OFF LOCATIONS
- CUSTOMER SATISFACTION & LOYALTY
- RETAIL INNOVATION

About the Study

THE STUDY WAS FIELDDED IN Q3 2017 AND IS BASED ON A COMSCORE SURVEY OF 6,478 ONLINE SHOPPERS FROM FRANCE, GERMANY, ITALY, POLAND, SPAIN, AND THE U.K. PANELISTS HAVE MADE AT LEAST TWO ONLINE PURCHASES IN A TYPICAL THREE-MONTH PERIOD.



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European online shoppers buy globally, purchase on mobile devices, and rely on online marketplaces

The internet has made shopping truly global, enabling retailers to market and sell their products to customers worldwide. At the same time, shoppers have become increasingly technology savvy, honed their online purchasing skills, and learned how to find the best price from every corner of the world. The use of smartphones for researching and purchasing is becoming more common, and ensuring a positive user experience can reward retailers with increased customer satisfaction and loyalty. Opportunity is rife for both small and large retailers. European shoppers value both sizes in their search for a unique product, at the highest quality and the best price. Search engines and online marketplaces offer increased exposure for international retailers and allow businesses everywhere to connect to new customers in markets all over the globe. To succeed in this new environment, retailers need to evolve in order to provide consumers what they want, when they want it, and where they want it. At UPS we've made it our mission to help retailers do business across international borders just as easily as they do business across town.



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Global retail

Seven out of ten European online shoppers have made a purchase from an international retailer outside their home market, and the top two motivating factors for doing so are better prices and the search for a specific brand or product. The internet has levelled the playing field, enabling retailers to connect with customers in different geographical locations and, in turn, enticing customers to make the leap of buying from beyond their home market. European consumers are globally minded and are willing to make online purchases from anywhere in the world, as long as some key conditions are met. The top two considerations when making an international purchase are payment security and the total cost of the order including duties and fees.



71%
of European online shoppers **have purchased from an international retailer**

Of those:
73% have purchased from a **retailer within Europe**
57% have purchased from a **retailer outside Europe**

TOP CONSIDERATIONS WHEN MAKING AN INTERNATIONAL PURCHASE: (% IMPORTANT)



75%
payment security



72%
total cost of the order including duties and fees is clearly stated



63%
clear returns policy



63%
all prices are stated in home currency



62%
speed of delivery



62%
ease of returns

Top reasons to shop from international retailers

40%
The price is better internationally

39%
The brands or products I like are not available in my home country

33%
I want something unique which is only available from international sellers



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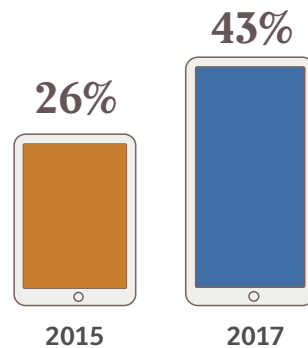
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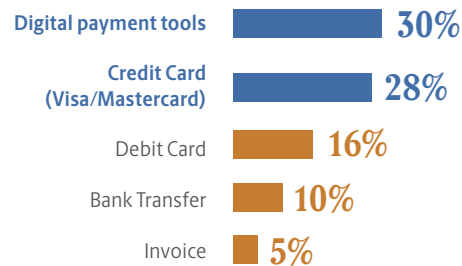
Mobile shopping

Shopping on smartphones has increased significantly, with 43% of all smartphone users having made a purchase on their phone. However, shoppers also use their smartphones for a variety of other shopping-related tasks, including looking up store-related information, delivery tracking, and searching for products. 72% of customers who purchased on their smartphone are satisfied with their smartphone shopping experience. 26% of smartphone users say they plan to shop more on a smartphone in the future. All together, these findings suggest mobile e-commerce is poised for continued growth. It is therefore a must for retailers to deliver an excellent shopping experience on all devices. Retailer smartphone apps are also growing in popularity, with 81% of consumers using them.

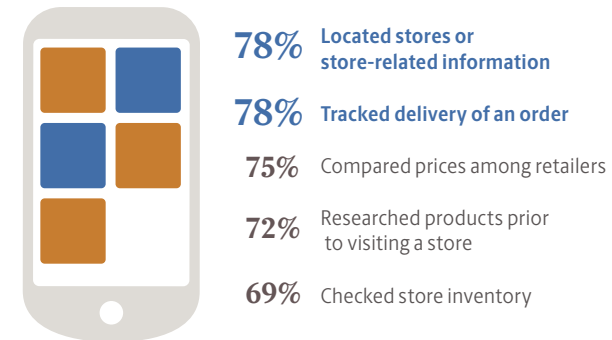
Percentage of smartphone users that have used their phone to make a purchase



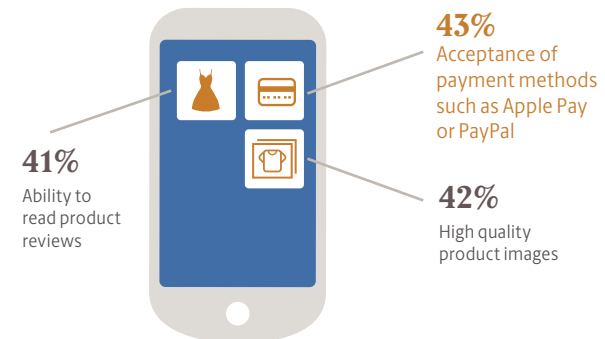
Preferred methods of payment for smartphone shoppers



Most common activities by mobile shoppers on their smartphone or tablet



Retail app features that mobile shoppers rank as most important





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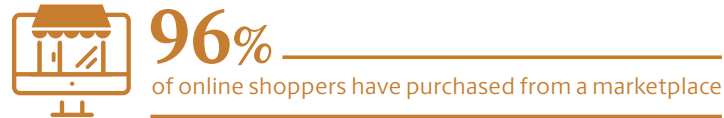
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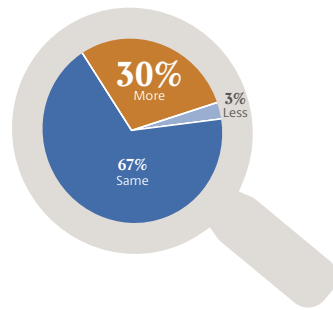


Marketplace influence

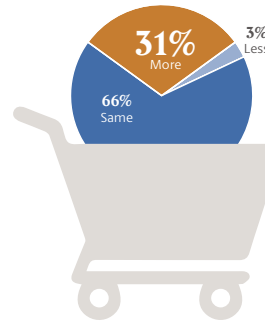
Considering the growing influence of both broad-based and specialty online marketplaces, it comes as no surprise that almost all online shoppers report having made a marketplace purchase. Further growth of marketplace purchasing appears to be inevitable, with many online shoppers indicating that they foresee 'more' researching and buying via this channel in the future. However, sellers need to be aware that they will be held to the same standards as traditional retailers, which include an optimal customer experience and service and a flexible returns policy. When asked why they shopped at a marketplace instead of a retailer, 67% of shoppers stated better prices and 43% indicated broader selection of products.



Future marketplace research behaviour



Future marketplace purchase behaviour



Amazon and Ebay are the top two marketplaces purchased from in all surveyed countries apart from Poland, where shoppers have a preference for local marketplace Allegro.

Europe



Poland



Top reasons for purchasing from a marketplace instead of a retailer:





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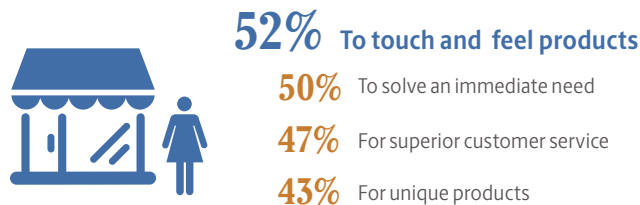


Physical stores

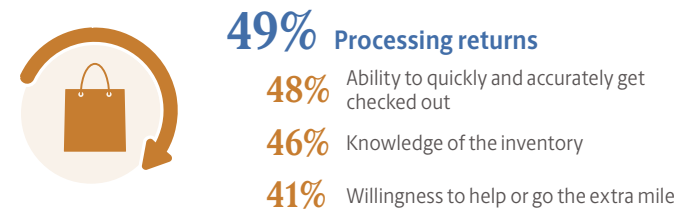
The majority of online shoppers (84%) agree that shopping in a store is still a major part of their retail experience. Being able to touch and feel products was seen as the most important factor for deciding to go to a physical store by just over half of shoppers, and 50% said that they wanted to solve an immediate need. The main reasons for choosing a physical store over an online marketplace are knowing the quality of products and better sales events. When asked about the most important aspects when interacting with in-store sales associates, the processing of returns and a positive check-out experience were ranked highest among shoppers.

84%
STILL CONSIDER **SHOPPING IN STORE** TO BE A MAJOR PART OF THEIR SHOPPING EXPERIENCE

Top factors for deciding to go to a physical store instead of online (% IMPORTANT)



Importance of in-store associate interactions (TOP 4)



30% OF ONLINE SHOPPERS FIND APPEAL IN **ONLINE-ONLY STORES OPENING UP BRICK-AND-MORTAR STORES**

45% OF THOSE WHO RETURNED ITEMS, WOULD PREFER TO **RETURN ITEMS TO A PHYSICAL STORE**



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Focus on international customers

Retailers should adopt a global mindset and strategy. Providing intelligent logistics and brokerage services, as well as full transparency on costs and secure payment solutions, is a must in order to accommodate international customers.



Make marketplaces an opportunity

Given their influence, retailers need to evaluate the scope and opportunity of online marketplaces for their business. However, when listing and selling products on marketplaces, retailers should not lose sight of customer service.



Think mobile first

Websites need to render properly on all devices to deliver an optimal customer experience while researching and purchasing. Retailers should also explore whether apps could be an effective way for their brand to connect with and serve customers.



Work towards a seamless omni-channel shopping experience

Physical stores are still a major part of retail. Retailers that operate both online and physical stores need to make all their channels work in harmony and provide an inspiring and effective customer experience.



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Meeting needs along the customer journey

The convergence of e-commerce and the brick-and-mortar world is causing a major shift in the way retailers market, sell, and deliver their products. As we have discovered, both domestic and international retailers are competing for consumers who are more globally minded, mobile, and marketplace driven. To succeed in this dynamic marketplace, retailers are compelled to understand consumer expectations, shopping behaviours, and channel preferences better than ever before.

This part of the report analyses the behaviour of the online shoppers throughout the customer journey, from pre-purchase research to the buying process and post-purchase expectations. The findings clearly show that convenience often drives decisions, while relevant and transparent information seals the purchase – whether that information is about delivery options, shipping costs, estimated delivery time, or ease of returning a product.



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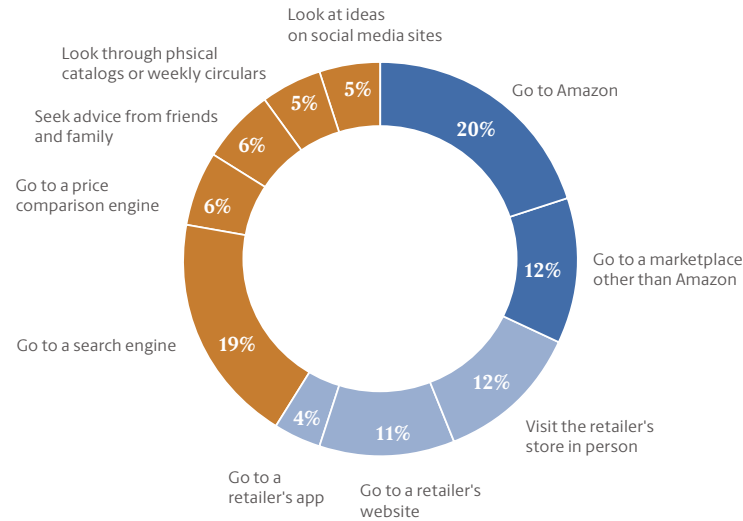


Search and purchasing dynamics

Efficiency is the driving force behind online search activities. European shoppers want to find the most information on the greatest number of products in the least amount of time, and online marketplaces have positioned themselves as the first stop for shoppers – with shoppers beginning their search for a product at a marketplace, on average, 32% of the time. Desire for efficiency also reveals itself when we look at multi-channel vs single-channel purchase behaviour. On average, shoppers search and purchase via a single-channel 61% of the time, which may be attributed to the fact that the online experience is continuously improving.

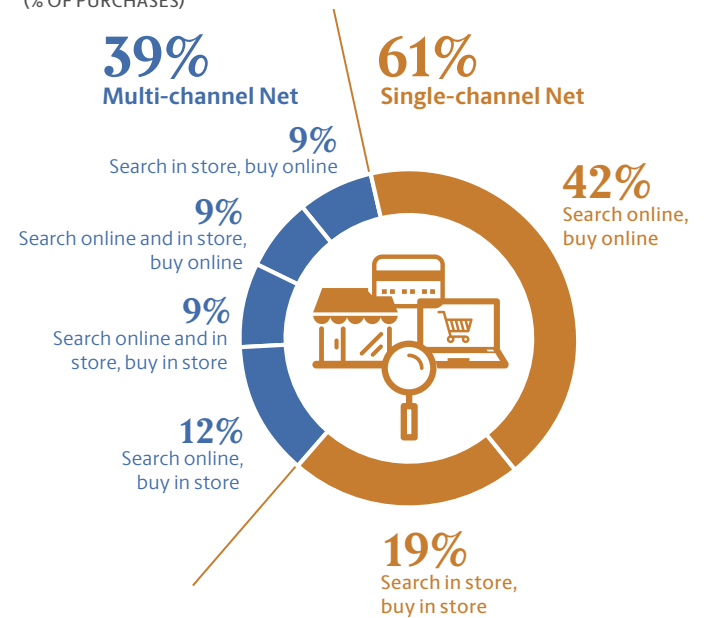
Initial shopping search

(% OF SEARCHES)



Single-channel vs multi-channel purchasing

(% OF PURCHASES)



Top important factors when searching for and selecting products online





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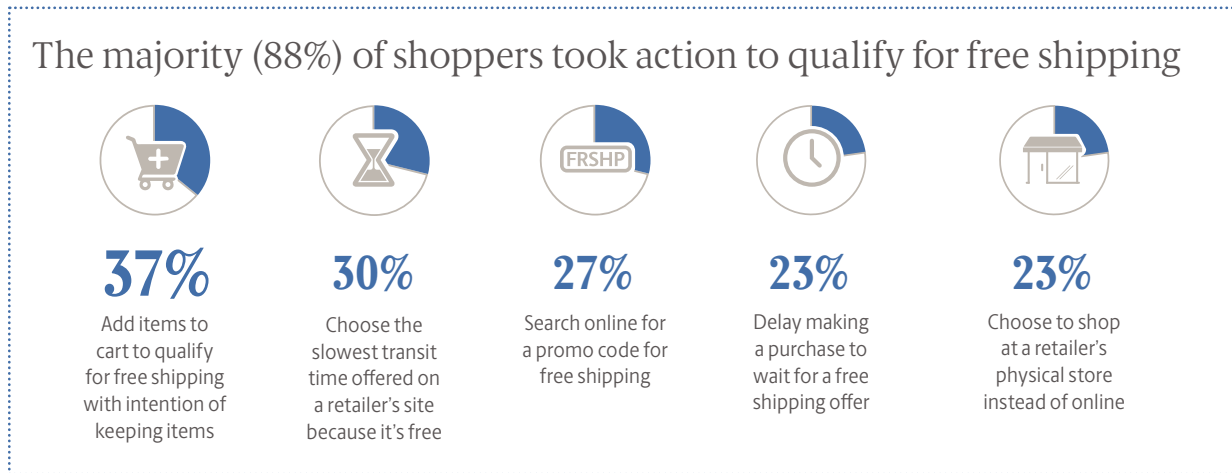
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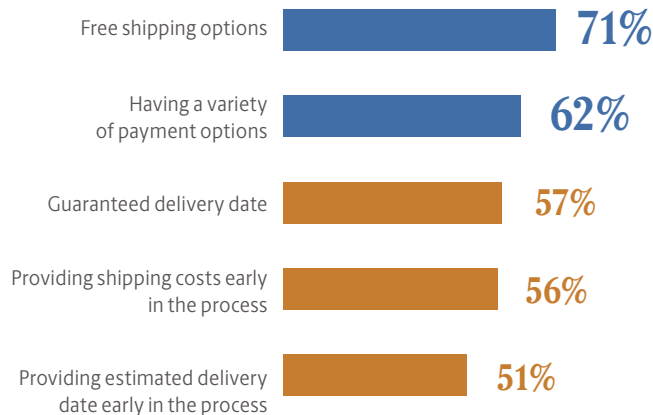


Expectations at checkout

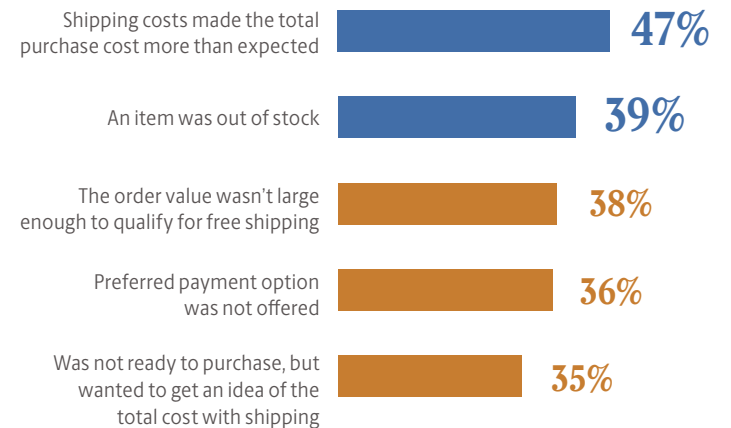
Many factors influence shopping cart abandonment and conversion rate drops on a checkout page, but what it all boils down to is giving shoppers everything they need to make an informed, confident decision. Seven in ten shoppers said that having a free shipping option is important to them when checking out online. Providing a variety of payment methods was also important, along with having a guaranteed delivery date.



Importance of options when checking out online (top 5)



Reasons for abandoning online shopping cart (top 5)





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Understanding delivery needs

While free shipping is a key consideration for online shoppers, retailers need to keep in mind that offering a range of faster, paid shipping options is still important, especially when the purchase is made for upcoming occasions such as travel or an anniversary that demands a specific arrival date. Overall, European online shoppers show a high degree of flexibility when it comes to waiting for their order – case in point, when shipping is free, 60% of shoppers are willing to wait 5 days or longer. Shoppers are willing to pay for their shipping for several reasons, such as an attractive product price even if shipping is not free, or speedier delivery than the free shipping option can provide.

When purchasing from domestic retailers

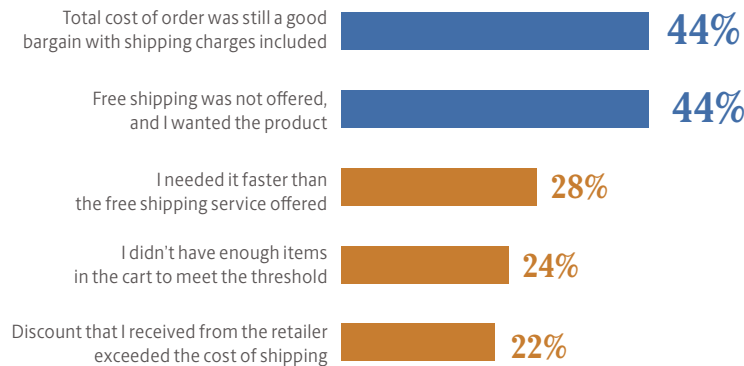
36%
are willing to wait 5 days
or longer when they are
paying for shipping.



60%
are willing to wait 5 days
or longer when
shipping is free.



Top reasons to decide to pay for shipping





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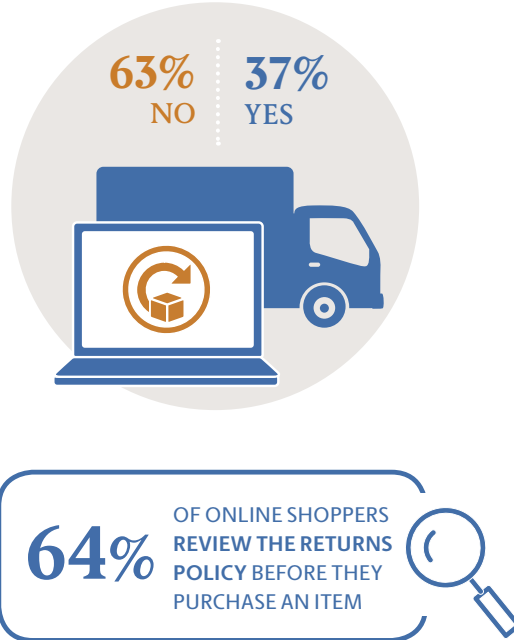
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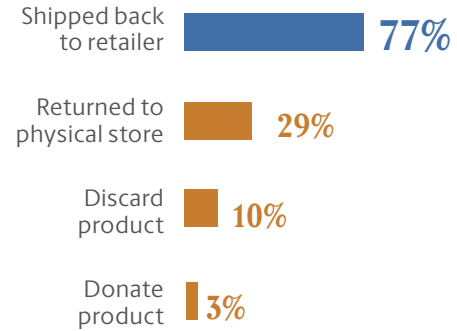
Getting returns right

Returns policies are extremely important for European online shoppers, with 64% reviewing the returns policy before they make a purchase online and 75% rating free returns as important when selecting an online retailer. Shipping an item back to the retailer is the most common method of returning an item, but three in ten shoppers have returned an item to a store. This behaviour presents additional business opportunities for retailers, as 64% of shoppers who brought an item back to a store made an additional purchase during their visit.

Percentage of shoppers who have returned an online purchase in the last year



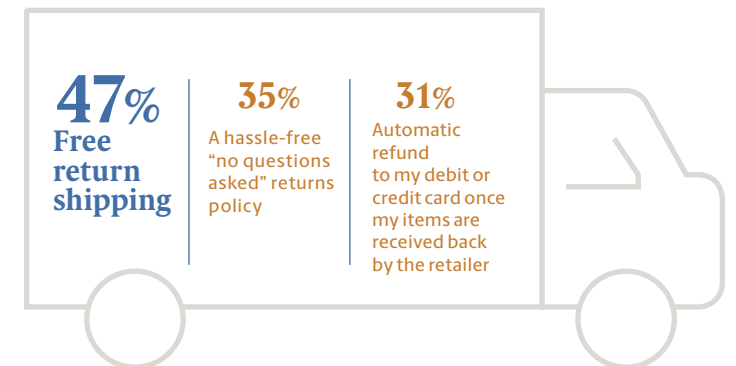
Methods used for returning products



64% OF SHOPPERS WHO RETURNED AN ONLINE PURCHASE IN STORE HAVE MADE A NEW PURCHASE WHILE PROCESSING THE RETURN

75% OF ONLINE SHOPPERS RATE FREE RETURNS AS IMPORTANT WHEN SELECTING AN ONLINE RETAILER

Elements that contributed to a positive online returns experience





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The role of alternative delivery & drop-off locations

Flexibility and convenience dictate decision-making when it comes to package deliveries and returns. The study shows that online shoppers have had 41% of their orders delivered to an alternative delivery location. Among those who have returned an online purchase and prefer to ship items back to the retailer, 28% are taking their returns to carrier authorised retail stores, such as UPS AccessPoint™ locations.



Preference for getting a return item to a carrier

(TOP TWO AMONG THOSE WHO RETURNED AN ONLINE PURCHASE AND PREFER TO SHIP RETURNS BACK TO RETAILERS)



28% take the return to the carrier authorised retail store (e.g. UPS Access Point™ locations)



27% schedule a return pickup from home or office



1 in 4 ONLINE SHOPPERS HAVE USED "SHIP-TO-STORE" AND, OF THOSE, 57% INTEND TO DO SO "MORE" IN THE FUTURE



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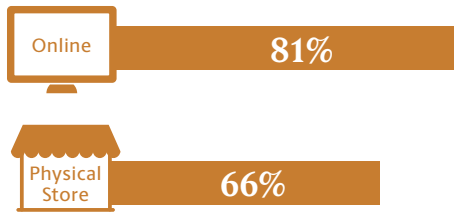
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Customer satisfaction and loyalty

Customer satisfaction needs to be at the forefront of any retailer's mind. It's no secret that the checkout process plays a pivotal role in driving shopper satisfaction - shoppers say the following are the top four factors of importance when checking out online: Free-shipping options (71%), variety of payment options (62%), guaranteed delivery date (57%) and providing shipping costs early in the process (56%). Membership programs provide another successful way for retailers to increase customer satisfaction, with 36% of shoppers considering a retailer's loyalty program an important factor when searching for products online. The key draws are the promises of free shipping, faster shipping, and free returns.

Overall satisfaction with shopping experiences (% SATISFIED)



Benefits of a membership rewards program that appeal to online shoppers



Shopper satisfaction with checkout experience





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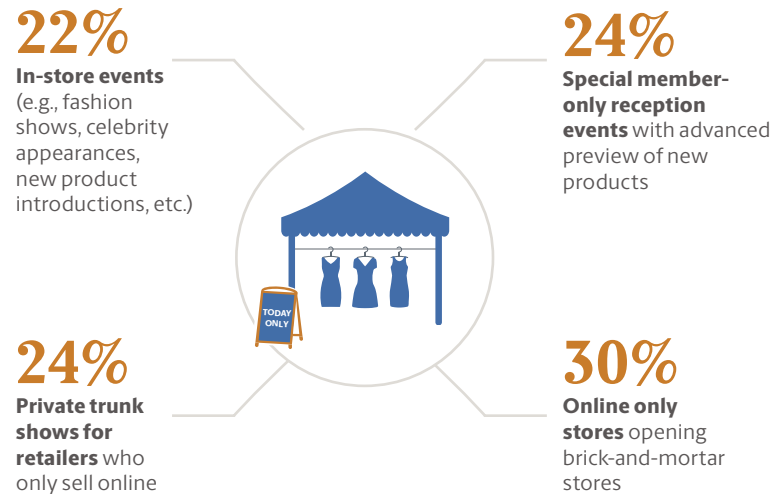
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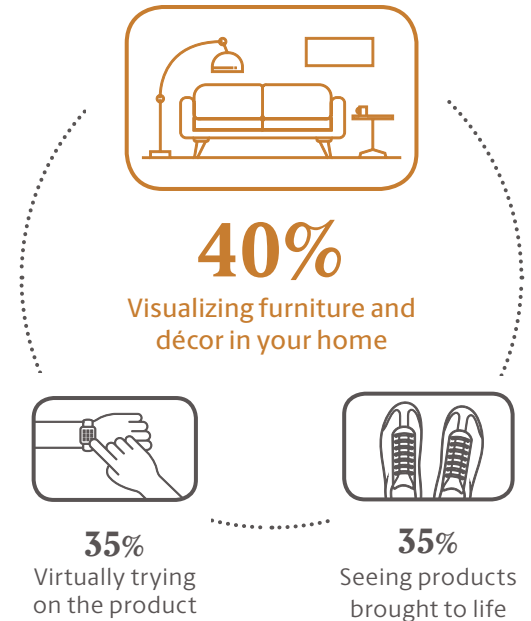
Retail innovation

As we look to the future, it's clear that physical stores continue to play an important – albeit changing – role. Many shoppers can see value in the new technologies that are becoming available for brick-and-mortar stores. The use of these, combined with the in-store experience means that retailers need to look at all channels, not just online. In-store events, festivals, and special member-only nights are just a few retail store experiences that ensure that physical stores stay appealing. It is also evident, that consumers are embracing new developments in technology, with 40% finding the use of virtual reality to visualize furniture and decor in their home appealing, and over a third are comfortable using chatbots for simple shopping tasks such as creating a return label, getting product information or ordering products. The future is very nearly here.

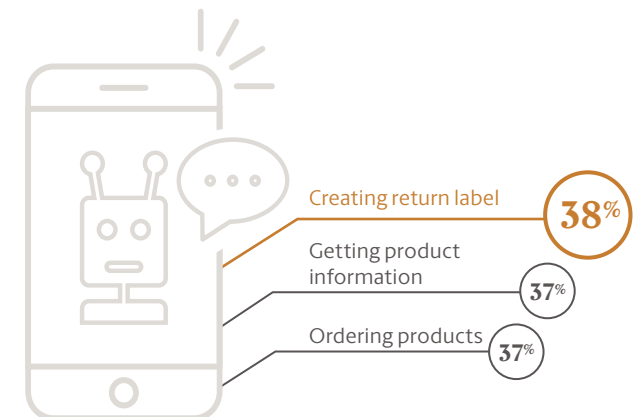
Appeal of retail store experiences



Appeal of virtual reality scenarios



Comfort level with using chatbots for various shopping experiences





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Focus on the user experience

In order to compete with marketplaces and to align with the single-channel search and purchase behaviour, retailers must ensure their shopping experience is as efficient and hassle-free as possible.



Give choice in shipping

While free shipping is important, retailers must also provide a full range of delivery options including premium and alternative delivery. Shoppers relax their fast delivery expectations when shopping internationally.



Reward loyalty

Customer satisfaction is key to encouraging both loyalty and repeat purchases. Retailers should consider implementing a rewards program that entices members with free and faster shipping, and ensures that they feel appreciated.



Ensure your checkout checks out

Retailers need to ensure a smooth checkout process and avoid unexpected surprises that may prompt shopping cart abandonment. It's key to ensure there are no hidden costs, an expected delivery date is shown, and that a free shipping option and a variety of payment methods are offered.



Meet expectations for returns

A clear and easy returns policy can be the deciding factor in whether a shopper makes a purchase or not. Consider a free shipping option and, if you have physical stores, offer the ability to return in-store as this can drive additional sales and ultimately business growth.



Look towards the future

Retailers should look to differentiate themselves by embracing new technology and recognising it as a way to keep shoppers engaged. From robots to virtual reality, these capabilities may entice shoppers to visit stores, and can even increase efficiency and cut costs.



Global Pulse of the Online Shopper™ study insights

The UPS Pulse of the Online Shopper™ study was conducted in 2017 in the US, Europe, and Asia. As retailers look to take advantage of opportunities beyond their domestic market, it is a must to understand the behaviours and preferences of online shoppers in other regions. Here's a small sample of the global study results to help retailers succeed.

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| RESPONDENTS WHO : | Europe | USA | Asia |
|--|--------|-----|------|
|  Bought from an international retailer | 71% | 47% | 55% |
|  Of the above, those who bought from a retailer in Europe | 73% | 32% | 21% |
|  Purchased via a marketplace in the past year | 96% | 96% | 98% |
|  Find the number of shipping options available important when searching for and selecting products online | 52% | 54% | 36% |
|  Purchased products on a mobile device | 67% | 65% | 83% |
|  Rate free shipping as important when checking out online | 71% | 74% | 65% |
|  Are interested in shipping to alternative delivery locations with extended hours for a reduced fee | 63% | 52% | 71% |



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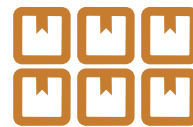
The UPS Pulse of the Online Shopper study evaluates online consumer shopping habits from pre-purchase to post-delivery. The 2017 study was fielded in Q3 2017 and is based on a comScore survey of more than 6,400 European Online Shoppers from France, Germany, Italy, Poland, Spain, and the UK. All respondents made at least two online purchases in a typical three-month period.

Shopping frequency in a typical three-month period



40%

MADE
7+
PURCHASES



40%

MADE
4-6
PURCHASES



20%

MADE
2-3
PURCHASES



About comScore

comScore, Inc. (OTC: SCOR) is a leading cross-platform measurement company that precisely measures audiences, brands, and consumer behaviour everywhere. comScore completed its merger with Rentrak Corporation in January 2016, to create the new model for a dynamic, cross-platform world. Built on precision and innovation, our unmatched data footprint combines proprietary digital, TV, and movie intelligence with vast demographic details to quantify consumers' multiscreen behaviour on a massive scale. This approach helps media companies monetise their complete audiences and allows marketers to reach these audiences more effectively. With more than 3,200 clients and a global footprint in more than 75 countries, comScore delivers the future of measurement. For more information on comScore, please visit comscore.com.

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