



# FOCUSING ON POST-PURCHASE EXPERIENCE TO BOOST CUSTOMER RETENTION





## **EDITOR'S INTRODUCTION**



ALEX SWORD

Editor at eDelivery

The retail industry has often focused on the lead-up to acquiring customers rather than what follows. This whitepaper will consider the post-purchase experience and the impact that it has upon subsequent sales to the same individual.

The services and experiences that come into play after purchase are immature in terms of experience, polish, integration and value-add. When seen as a necessity rather than as the heart of service, the linked processes of delivery, tracking, returns, customer service are implemented in a sub-optimal fashion.

Nowadays all customers are experienced, returning consumers. Profitable growth can come from retention activity: turning a "purchaser" into a "customer" and the move from 'acquisition' to 'retention'.

The whitepaper will explore the results of a retailer survey which reveals the differences between consumer expectations after purchase and those of retailers. It shows that post-purchase can be held back by diluted responsibility and a lack of clear focus.

Often the problem is not unawareness and retailers have clear ideas of what they would like to improve, whether this is addressing a shortage of coherent data on customers or finding better ways to analyse it. They are being held back from making these improvements by limitations on priority or budget.

We will also cover case studies of retailers that have overcome these obstacles to improve the journey after the purchase and look at some of the areas that other retailers can start working on straight away.

## SPONSOR'S INTRODUCTION

### CUSTOMER EXPERIENCE - THE NEW BATTLEGROUND FOR COMMERCE

Facing high customer acquisition costs, tight margins and fierce competition, brands are looking to increase customer retention and loyalty to drive growth.

In the past, companies invested in the customer journey until the "buy" button. By enhancing the post-purchase experience, retailers can extend their brands and customer engagement beyond the "buy" button.

The post-purchase experience is fast emerging as a core differentiator for brands, enabling them to increase customer satisfaction and loyalty, and drive long-term growth. A study by Bain & Company found that companies that increase retention rates by just 5% were able to increase profits by 60%.

The Narvar platform is designed from the ground up to drive long-term customer loyalty, to deliver post-purchase experiences that retain, engage, and delight customers and to help retailers convert one-time customers into lifelong advocates.

Narvar helps brands take control of the post-purchase experience, keeping customers informed and updated throughout the delivery process with branded, user-friendly experiences and proactive customer notifications. Narvar helps brands reach consumers through their channel of choice, while offering additional engagement and marketing opportunities.

When a customer needs to return an item, Narvar streamlines the process with a convenient and easy-to-use interface, which leaves customers so satisfied that they're up to 95% likely to re-purchase.

From Narvar's earliest days, our vision has been to simplify the lives of consumers around the world by marrying global scale with a localised approach. Retailers and brands have invested heavily in technology to bring consumers to the point of purchase, but we believe great customer experience continues beyond the buy button. Narvar's platform powers world-class online shopping experiences by reducing friction in the customer journey, we turn one-time shoppers into loyal advocates.

As an enterprise-grade customer engagement platform serving 550+ retailers like Sephora, Patagonia, Home Depot, Gap, and Bose, Narvar enables seamless post-purchase engagements that retain, engage, and delight customers — from basket to doorstep and beyond.

To discover more about how Narvar can help you deliver world-class customer experiences that build loyalty and engagement, visit www.narvar.co.uk.



**CHRIS HOSKIN** Regional Director of Marketing, EMEA at Narvar

## **OPTIMISING FOR RETENTION**

Customer acquisition is expensive, with the recent story of Wayfair serving as an instructive example for retailers as they assign budget.

The home furnishing store saw its share price fall 14% after announcing its third quarter results, with an analyst from GlobalData noting that the cost to acquire each of its 3.6 million new customers had been \$196.1 This ate into the company's bottom line, with its loss for the guarter widening to \$151.7 million.

There is a commonly cited statistic suggesting it is five times more expensive to acquire a new customer than to sell to an existing one. Another statistic from Harvard Business Review says that a 5% increase in customer retention can lead to a 25 to 95% increase in profits.

Marketing is getting more expensive, with less data available post-GDPR, more sceptical consumers and the challenges posed by walled gardens such as Facebook and Twitter. According to one study in May 2018, less than half [43%] of retailers' EU consumer data would be usable after the legislation came into force.<sup>2</sup> Reports since support this conclusion to some extent, with shoppers saying they got fewer emails in 2018 and were signed up to receive marketing emails from fewer brands.<sup>3</sup>

Retailers can make optimal use of resources by ensuring they keep their customers and build loyalty.

The first step is for the retailer to extend their definition of the customer journey beyond the purchase. At the moment, websites and marketing are optimised for acquisition and customers may feel abandoned after they have purchased their product.

Marketing draws the customer to the website, while the website infrastructure funnels the customer towards buying specific products through filters that customers can apply themselves to find their ideal purchase as well as search interfaces.

The retailer has poured heavy investment into getting the customer to click the buy button through retargeting campaigns, investing in user interfaces and experiences, advertising, product imagery and merchandising. However, the moment the money is out of their account the retailer often ceases communication exactly when a consumer wants to know as much as possible: whether their product will arrive on time, whether it will be as described or whether it has got lost in the post.

There is a reason for this drop-off. Delivery and customer support are often outsourced, leading to a plethora of messages under different brands and varying service levels and experience. Many retailers don't have the technology or relationships with logistics partners required to curate this information in a user-friendly way for customers.

There are several stages to post-purchase experience. Customers need accurate information on the delivery options available and estimated time of arrival and wish to be able to check at any given point in time where the delivery is and how soon it will arrive. According to a survey commissioned by Infor and conducted by YouGov, 78% of consumers expect to receive status updates on their orders when purchasing goods and may switch brands if last mile customer experience fails to meet their expectations.<sup>4</sup>

Within that group, nearly half said estimated time of arrival and 29% real-time location information were the most important pieces of information to have.

The final piece of the puzzle is returns. Retailers say approximately 12% of their online sales are returned while 48% of shoppers say they returned an online purchase in the last year.<sup>5</sup>

Evidence shows that returns can affect consumer buying decisions, with 49% of shoppers actively checking the retailer's policy before completing an online transaction. 84% of respondents said restocking fees and 74% said return shipping fees would prevent them from making a purchase. 72% said a "no questions asked" returns policy would make them more likely to buy from a retailer.



A Voxware survey found that 95% of consumers said how well retailers handle returns influences their decision to order from them again.6

### THE SQUANDERED OPPORTUNITY

Poor post-purchase experiences can have a devastating impact on customer retention. In a survey by Narvar of 2907 shoppers, 65% say they will not shop with an online retailer following a bad delivery experience and 48% say the lack of information about when an item will arrive will prevent them from shopping with a retailer. A further 56% say they won't even try buying from an online retailer with an unfavourable exchange or returns policy.<sup>7</sup>

It is not just a matter of creating poor perceptions; it is also a considerable missed opportunity. When you hand over control of part of the customer journey to a carrier, you are losing another opportunity to impart your brand values to customers and even deliver marketing messages. With a number of carriers building their own mobile applications, there is competition for retailers to own this interaction.

Treating the purchase as the end of the journey neglects the fact that it is actually the beginning of another customer journey. From a marketing perspective, the first purchase is day zero for the next purchase. It is the postpurchase experience that drives subsequent sales and turns a purchaser into a customer. Delivering a good experience for the customer offers the opportunity to turn them into an evangelist, sharing their positive experience on social media or via word of mouth.

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## **MAKING IT WORK**

Designing a unified post-purchase experience from a number of third-party suppliers requires looking at it from the perspective of the customer and what they value. It also means ensuring that the customer experiences these features under the brand of the retailer, who is ultimately the guarantor of the delivery service.

### **COMMUNICATION**

The overwhelming majority of customers say post-purchase communication from a retailer impacts their view of the company. A recent Narvar survey found that 60% of consumers are more likely to repeat purchase from a brand or retailer that communicates with them directly after a sale. Meanwhile, 80% of consumers feel that consistent communication from the brand is fundamental to their desire to buy more products.

Good communication with a customer must be several things. Ideally it should come from the retailer themselves rather than a third party to ensure a consistent experience. It should also provide answers to vital questions before the customer asks them - even if it's to communicate bad news. If a delivery is delayed due to bad weather or other unforeseen events, 98% agree that they'd rather know.8

### CONTROL

Consumers have a marked preference towards flexibility and control over their orders. In particular, the ability to track parcels via their preferred channel provides additional certainty and allows them to plan around an upcoming delivery. Well over half (60%) of consumers said they were more likely to return to a retailer to make an additional purchase when they're able to choose how a retailer communicates with them (e.g., email, SMS, chatbot, voice, etc.).

### CONNECTION

Customers don't want to be handed over to a third party the second they have paid. They want their entire experience from purchase to unboxing to be curated by the retailer, with the latter taking responsibility for when things go wrong.

Retailers should recognise that the post-purchase experience, while often contracted out to others, is an extension of their brand. They need to work with their third-party logistics providers to create branded notifications, via customers' preferred channels.

### **FLEXIBILITY**

Ideally, the solution to returns is to minimise them by ensuring the customer gets what they want through accurate and informative product descriptions and imagery.

However, some level of returns is inevitable, whether due to faulty items or the customer changing their mind. Customer demand is growing for "try before you buy" options. The solution is not to make returns more difficult to dissuade customers. It might save the retailer having to issue a refund or exchange on this product, but is the customer really likely to come back?

Returns should be intuitive and convenient, reaching customers on their preferred channel whether mobile or desktop.

### **ITERATION**

Planning only gets you so far. Retailers should gather as much data from customer interactions to understand both individual customers and monitor broader trends to optimise processes as much as possible. They also need to set firm KPIs for post-purchase such as repeat purchase rate or return visitor rate rather than simply responding to complaints.

### POST-PURCHASE AS A PLATFORM

Delivering a strong post-purchase experience is not only about not disappointing customers; it is also a chance to offer value-added services.

Once the customer has clicked through to the page the retailer has a new captive audience who may be receptive to further messaging. This could include promotions for other products. Retailers could match the customer's data against similar profiles to serve them with tailored product recommendations.

For regular customers, the tracking page could prompt them to refer a friend or subscribe to a mailing list or loyalty programme.

### **BUY OR BUILD**

For most retailers, creating this kind of experience is not a simple matter since many of these services are outsourced to any number of third parties. It requires becoming the point of contact between customer and whichever logistics provider is serving them, communicating delivery updates to the customer and communicating customer preferences back to the logistics provider.

It goes without saying that this has to be an automated process to handle the necessary volume of transactions and requires analytics to make sense of the data. It needs to integrate with order and inventory management systems, search appliances and personalisation engines. It also requires integration with carriers to access their real-time data, who in the case of Hermes and DPD already have their own customer-facing applications.

Amazon, with its resources and time, can build its own bespoke software. The marketplace curates the entire customer experience under its own brand. However, the ecommerce giant is famous for its financial heft and development ability.

More in reach for the majority of retailers is working with a partner with their own platform which will handle the integration and automation for them. As the survey (see below) showed, funding and prioritisation for post-purchase are often in short supply so working with a third party will allow a retailer to benefit from the branding benefits without the CapEx burden of building. Also to find success with a homegrown solution, retailers also need to stay on top of ever-evolving consumer demands - just for starters.

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### **SURVEY**

INTERNETRETAILING SURVEYED 120 OF ITS MEMBERS TO EXAMINE HOW MUCH OF A PRIORITY POST-PURCHASE IS AND THE AMBITIONS OF RETAILERS IN THIS SPACE.

### **HOW IMPORTANT IS POST-PURCHASE EXPERIENCE?**

Barely half (60%) of management's time was spent focused on customer experience. Of this chunk, less than half (45%) was dedicated to post-purchase. Post-purchase, as we've seen above, is a clear lever for loyalty and this time commitment doesn't tally with the overwhelming importance consumers place on retailers getting it right.

The survey asked respondents to compare their performance in post-purchase with others in the sector. Around 20% said that their experience was worse or much worse than their direct competitors. The largest number of respondents, 45%, said their experience was similar to direct competitors. Meanwhile, 23% said their experience was better than competitors and 13% said it was much better. Therefore 65% of those surveyed are not using post-purchase as an opportunity to differentiate, or add more value than others in their sector.

The responses were more negative when respondents considered admired brands in their sector. 41% said their experience was worse or much worse, 33% said similar and only 23% said it was better or much better.

A good proxy for the importance that a company assigns to a certain function is whether an individual within the organisation has direct responsibility for it. A slim majority of respondents, 52%, said they had an individual who has ownership of post-purchase experience, leaving 48% without.

### **MEASURING SUCCESS - OR MEASURING FAILURE?**

The survey revealed that respondents used a vast array of different metrics to measure post-purchase customer experience.

A common metric was net promoter score, which was used by 37% of respondents. Other popular choices were repeat purchase frequency, highlighted by 36%, return visitor rate by 30% and customer satisfaction by 29%.

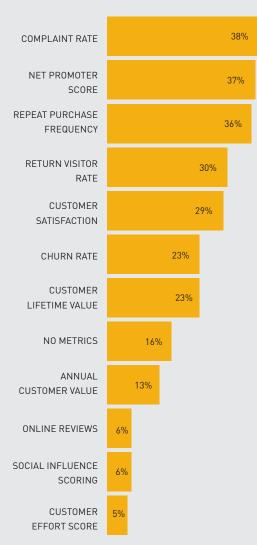
Some respondents also named customer lifetime value (23%), annual customer value (13%), social influence scoring (6%) and customer effort score (5%). Around 6% specified reviews, five-star satisfaction ratings or Trustpilot scores.

However, there was one telling metric that emerged: 38% said they used complaint rate, the most popular choice. In a similar vein, 23% said they used churn rate. Retailers are measuring post-purchase "success" by analysing negative responses or lack thereof from customers. Also concerning was the number of retailers that said they had no metrics for post-purchase experience: 16%.

### WHAT IMPROVEMENTS WOULD RESPONDENTS MAKE?

The survey asked respondents what changes they would make to improve the post-purchase experience,

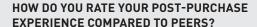
## WHAT METRICS DO YOU USE TO MEASURE POST-PURCHASE CUSTOMER EXPERIENCE?

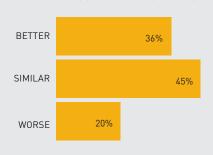


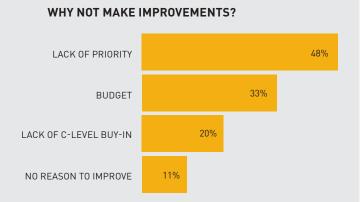
### DO YOU HAVE AN INDIVIDUAL WITH OWNERSHIP OF POST-PURCHASE EXPERIENCE?



### SURVEY







which generally fell under the broad categories of better methods for evaluation, more and better-trained staff, proactively following up with customers and introducing added value post-purchase services. Overall, the survey showed the somewhat scattergun approach to postpurchase experience, with responsibility often diluted throughout the organisation and a lack of clear objectives.

#### **EVALUATION**

A number of respondents said that they would like to get more feedback from customers. This might take the form of creating a strong community to encourage customers to provide views. One respondent suggested they would incentivise customers to feedback in exchange for a discount, while another was undertaking analysis with randomly chosen customers.

Better metrics came up several times in answers, but the anticipated improvement of the evaluation process could also take the form of analysing existing data more effectively, as two respondents said. One retailer said they wanted to improve the "visibility" of data, while another talked about introducing software to "better measure and monitor customers".

One retailer said they wanted an annual review of all complaints that would feed back into a strategic development plan.

### STAFF

A number of respondents raised the critical importance of customer-facing staff to the whole post-purchase experience. Some simply wanted more staff, while others wanted them to be better paid and motivated.

### PROACTIVE FOLLOW-UP

In one concise answer the respondent said: "more proactivity". Proactive was a popular word, with some respondents wanting to follow up more with customers, by email or by social media. This particularly applied to customers who had had a negative experience.

### **VALUE-ADD SERVICES**

Using the customer interaction to offer better value-added

services was another area of interest. This could include loyalty programmes or "how-to" style content designed to help the customer use the product. Another respondent viewed post-purchase as an additional sales channel, saying they wanted to introduce automatic top-up reminders.

The most basic ambition was for better services. Some specified offering a better and easier returns policy, while another wanted to improve delivery times compared to their competitors.

### WHO HAS THE BEST POST-PURCHASE EXPERIENCE?

The survey asked respondents who they thought had the best post-purchase experience, which gave some insight into what people most valued: high quality but not excessive communications.

The top individual scorer was Amazon, named by 16% of respondents to the question. Respondents cited the marketplace's fulfilment expertise, returns process and the ability to easily cancel orders.

John Lewis and Partners was mentioned by 6% of respondents to the survey. AO.com, Schuh, Nike and Argos were also named.

While most respondents cited consumer-facing companies, the B2B sector as a whole was mentioned by a few. Reasons included the more defined relationship between the company and its customers.

### WHY NOT MAKE IMPROVEMENTS?

The primary reason that respondents were not upgrading their experience was a lack of priority, cited by 48%. The second most important reason was budget, cited by 33%.

Twenty-one percent cited lack of C-level buy in while 20% said their organisation lacked the skills. 11% said there was no reason for making improvements.

Asked what the most persuasive business case for investing in improvements would be, increasing loyalty was cited by 54%. Reducing cost and reducing churn were cited by 44%, while increasing customer satisfaction was named by 43%.

Thirty-six percent named increasing brand equity and 30% improving customer feedback and reducing complaints.

### **CASE STUDY**

### **DOLLAR SHAVE CLUB**

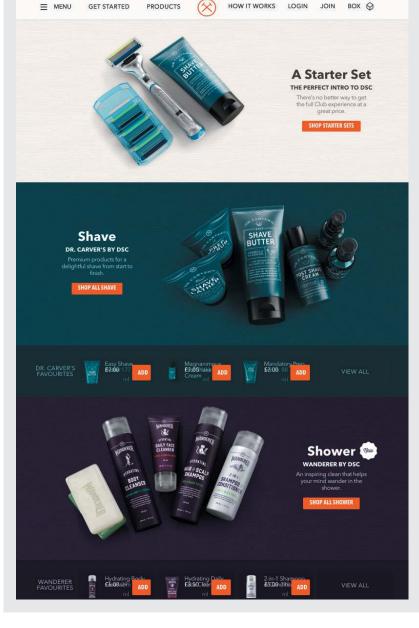
Founded in 2011 and based in California, Dollar Shave Club offers a range of personal grooming products, ordered online and delivered on a monthly basis. Unilever acquired it in July 2016.

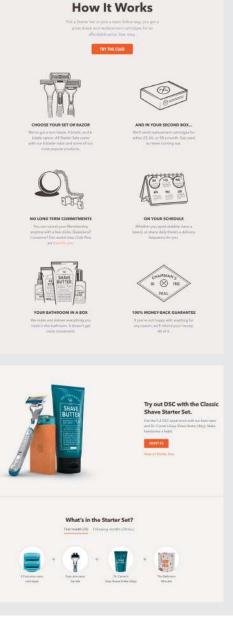
The company prides itself on its high-touch customer experience and credits this with achieving differentiation in what it views as a homogenised ecommerce environment.

The company implemented Narvar Tracking to provide simplified shipment status information and maintain a consistent brand experience. Previously the company had been sending customers to third party sites such as USPS or DHL after purchase.

Dollar Shave Club aims to retain customers by providing content such as newsletters and blogs. It offers tools to convert the customer's post-purchase excitement into further buys, with the shipment tracking page featuring editorial content, product upsells, referral requests or app downloads.

Dollar Shave Club customers have visited the tracking page more than twice per order on average. The campaign has resulted in 20% of customers clicking back to the site and an ROI of over 140%.





### **CASE STUDY**

### **URBAN DECAY**

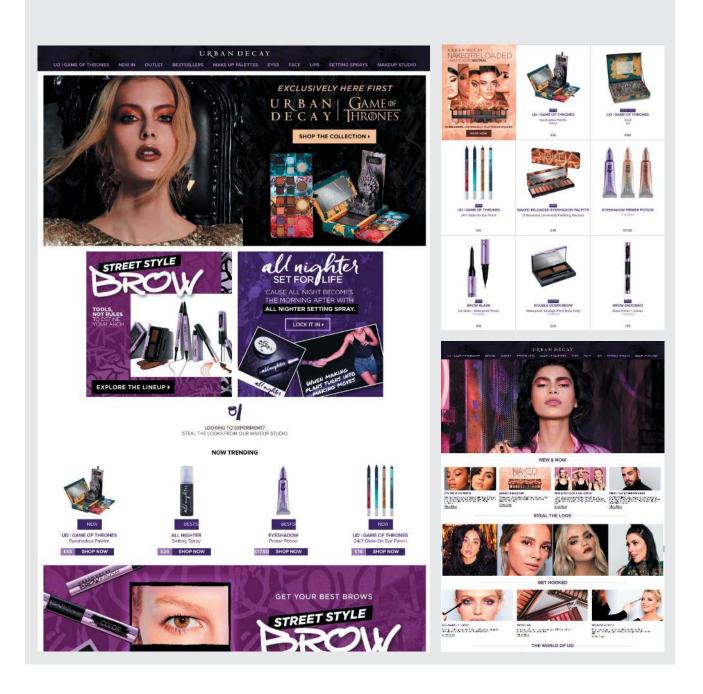
Make-up brand Urban Decay prides itself on its connection with customers, whether through its mobile interaction, stores or loyalty programme. One of the company's mottos is to "make customers feel special".

The company saw the next logical step as improving its post-purchase experience. To do this, they worked with Narvar which meant their customers could track their package in the run-up to delivery.

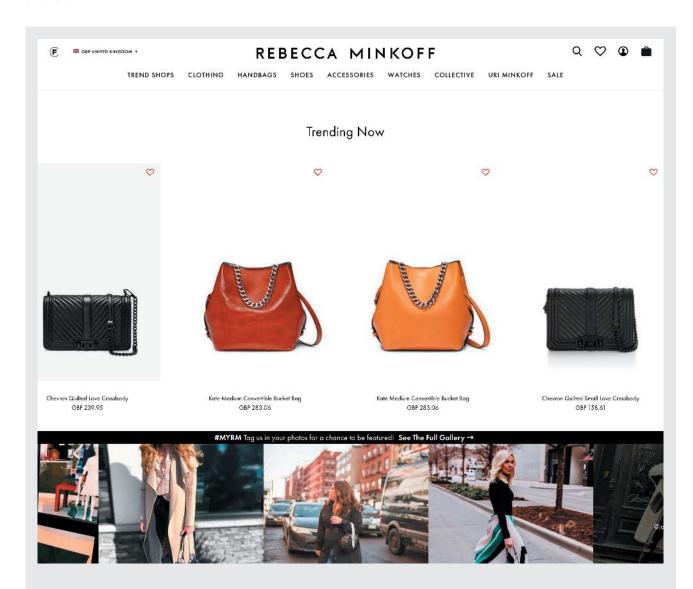
The channel has seen customers who click through to tracking pages convert at a rate 31% higher than average, with a bounce rate 25% lower than average. They are also spending 37% longer on the site.

Overall, the implementation of Narvar has provided Urban Decay with a 725% return on investment.

"We are fortunate to have developed a truly devoted fan base, and Narvar provides a new channel for us to continue to build on that relationship," said John Perasco, Assistant Vice President of Ecommerce at Urban Decay.



### CASE STUDY



### **REBECCA MINKOFF**

Founded in 2001, Rebecca Minkoff sells affordable designer handbags, accessories, footwear and apparel.

The company wanted to create an online experience that matched the in-store one, which combines the benefits of a physical location with online convenience. The brand started by designing an online shopping process that makes it easy to browse the site or quickly click, view, add to bag, and checkout. It highlighted its delivery and returns processes as areas where it was falling short.

The company's process for returns had been manual. Customers would have to call customer service when they had a return, which was time-consuming for everyone. Since packages all went out with a return slip, customers were free to send items back outside the return window, making it impossible to enforce the 30-day return policy.

The retailer decided to roll out Narvar Tracking for outgoing deliveries. This tells customers where a package is down to the last mile. On average, tracking pages are visited 4.4 times per order, with a click-through rate of 20%.

The company also introduced Narvar Returns, deciding to treat returns as an opportunity to demonstrate brand values. The retailer could enforce their return rules and make product recommendations while strengthening customer relationships.

It also allowed them to capture details of and reasons for returns. This information can go to merchandising teams to review the product to make sure images match what the customer is receiving. For example, an item that has been returned several times may have a fit issue or may be displayed incorrectly on the website, which will allow the support team to remedy these issues.

As a result, Rebecca Minkoff earned an ROI of 40% in the first year after implementation.

## CONCLUSION

Post-purchase experience is clearly an afterthought for many retailers, as is demonstrated by the lack of management time allocated to it, as well as the lack of ownership of the function within organisations.

However, as many retailers, including those in the case studies, are realising, there's no reason to invest in a strong overall brand experience just to let the customer down as soon as they have bought a product.

Our survey shows that increasing loyalty, reducing cost and churn and increasing customer satisfaction would be potentially persuasive business cases for focusing on post-purchase experience.

There are many areas to focus on but the most effective and, for the customer, visible ones are improving communication with customers and returns processes.

As the likes of Dollar Shave Club, Urban Decay and Rebecca Minkoff show, those retailers that do focus on post-purchase can point to a range of improvements. These include heightened customer experience and direct selling opportunities driven by click-throughs.

Retailers must grasp the nettle and view post-purchase as an opportunity rather than an afterthought or a box to tick.

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