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SPECIAL REPORT

DRIVING LONG-TERM LOYALTY WITH POST-PURCHASE INNOVATIONS

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INTRODUCTION

There's no denying that consumers today expect more from the retail experience, and increasingly, that includes their experience with a brand even after a purchase is completed. In fact, **53% of shoppers** **view the post-purchase period as the most emotional part of any shopping experience.**

And beyond consumers' heightened sensitivity to what happens after they click "buy," **retailers and brands also are recognizing how crucial the post-purchase moment is for their own success.**

"It's always easy to come back to **Amazon**, because they really have encapsulated the psyche to make shopping easier and [have] been at the forefront of a lot of post-conversion activities," said Jerry Sheldon, Analyst at **IHL Consulting Group** in an interview with *Retail TouchPoints*. "But I also think **there's something in the DNA of the American psyche** — we're a fast-moving society and we are not conditioned to wait. We want information fast, we want our clothing fast, we want our food fast, we want to utilize credit to get things that historically our parents had to save up for.

"As a society we elevate the value of our time, and because of that, **the post-purchase experience is a huge component of customer loyalty, but perhaps the most overlooked**," Sheldon added. Every touch point, every interaction is a chance to impact customer loyalty, for good or bad, but for some reason post-purchase is often deprioritized."

But that is changing; as customer acquisition costs continue to climb, **retention is moving into the spotlight as a more sustainable way to grow business.**

This special report will explore what consumers now expect from the post-purchase experience and identify the tools, capabilities and organizational requirements for success, including:

- How to find the right balance between giving consumers **the information they want about their order** without overwhelming them with communications;

- Creative solutions to provide consumers the **returns experience** they want without disrupting your business' financial health; and

- New strategies and tactics to turn the funnel into an hourglass by **nurturing and leveraging your brand's community** of loyal fans.

NAVIGATING THE POST-PURCHASE COMMUNICATION 'MINEFIELD'

Many brands and retailers that have invested in tools and journey flows to help optimize the post-purchase experience realize that this means going beyond basic WISMO (where is my order) capabilities and investing in service, marketing and communication capabilities. The ultimate goal: **turning the post-purchase journey into an experience that's immersive, personalized and valuable for the customer**.

"The proliferation of customer journeys has been very significant," said Sheldon. "There are now so many permutations of where we buy, fulfill and return — pick it up in the store, pick it up curbside, locker delivery, home delivery — and we expect free delivery, or if it's not free, we want it to be reasonably priced."

And that's not all retailers have to contend with, because there also has been a **proliferation of communication vehicles to stay in touch with consumers** about the status of their order, including email, SMS and in-app notifications.

"People want — and expect — to know exactly when their packages are going to be delivered," said Ryan Kelly, VP of Marketing at **FedEx** in an interview with *Retail TouchPoints*. "When polled, **94%** of consumers said they expect brands to tell them when their delivery will be **before they even have to ask**."

But all consumers are not created equal; each comes with their own specific communications preferences, so **this expectation of transparency and the various vehicles through which it can be achieved creates "a real minefield for brands**," said Nick Kramer, Leader of Applied Solutions at global consulting firm **SSA & Company**.

To navigate that minefield, Kramer suggests that brands put the control back in customers' hands: "Consumers are more savvy with technology than ever before, and that crosses demographics," he said in an interview with *Retail TouchPoints*. "**More and more consumers expect to be in control of their communication with brands**. Like, for example, being able to open up the Shop app and find out what the status [of a delivery] is."

And while consumers do expect most orders to arrive relatively quickly, "shoppers can deal with delays, but they expect brands to keep them in the loop," said FedEx's Kelly. In fact, the experts agree, **more important than speed is transparency**.

POST-PURCHASE CONSUMER PREFERENCES

48% want a confirmation notification when an order is received

57% want a notification when their order is delayed

70% want a notification when their order is out for delivery

72% want a notification when their order is delivered

45% want a confirmation notification when their return is submitted

46% want a notification when their return ships

60% want a notification when their return is received by the merchant

58% want a notification when their return is accepted by the merchant

68% want a notification when their refund is issued by the merchant

Source: *Narvar, State of Returns 2023*

"Let's be adults and have adult communication," said Sheldon. "I can handle some disappointment, but don't disappoint me even further by not being honest. Treating people right really goes a long way."

This kind of transparency into delivery timeframes is well within the reach of all retailers, not just large chains with more resources. "Shippers have a very clear understanding of when items are going to arrive, and they offer APIs that any retailer can connect to to capture that information," said Sheldon. "Take Salesforce, for example — they have partnerships with FedEx and **Walmart** local delivery. If you're on the Salesforce platform, you can subscribe to these services, and it gets you fast local delivery through Walmart and pre-negotiated rates through FedEx. So **this isn't just a big boy thing, even if you're a small mom-and-pop you can subscribe to these services**. We have entered an age where you don't have to be a tier one retailer to offer that level of service."

AI also has the potential to make this process easier on retailers, although Kramer said it's as much promise as reality at the moment: "The ability to drive heightened personalization toward the 'segment of one' concept that we've always longed for, where we genuinely treat each customer differently — every brand is trying to experiment with AI to see how it will help create that," he noted. "It's all still very nascent though, more failed experiments than successful ones so far."

Even so, Kramer believes that the kind of responsiveness consumers are demanding — and that companies want to deliver — **is possible today by "creating visibility through the data into your performance**. Make these decisions data-driven and have a culture of visibility into those data decisions based on facts. That I do think is entirely feasible now. And **in fact, it's an imperative to do this now because AI is thirsty for data**. Enterprises that are diving into AI are learning this lesson the hard way, which is that **the quality of the AI depends on the volume and quality of the data that you use to train it**. The companies that lay that groundwork by becoming data-driven are the ones that will be ahead of the game with AI."

Sheldon also said that **a "modern API, cloud-based order management system [OMS] is so critical**," adding that "there's so much margin that can be recuperated with an OMS and yet it is probably one of the most underrated tools with regards to customer satisfaction."

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RETURNS: BALANCING CUSTOMER WANTS WITH BUSINESS NEEDS

All retailers know that they need to offer competitive return policies, but they also are aware of the significant costs involved. In 2023, consumers returned **$743 billion** worth of products, according to **the National Retail Federation**. Each return costs retailers an average of **$33**, according to the 2023 *State of Returns* report from post-purchase experience solution **Narvar**. To put even more pressure on retailers, the returns experience is increasingly shaping consumer opinions of, and trust in, brands.

"Merchants hate dealing with returns, but consumers overwhelmingly love the option," said FedEx's Kelly. "It's become somewhat of a catch-22 for retailers, but an online brand's return policy can truly be make or break. In fact, **96%** of consumers would shop again with a brand that has an easy returns policy. **Retailers should view [returns] as an investment, especially online brands with less name recognition**. We've all been on Instagram and seen something we want to buy but have never heard of the brand. A solid returns policy helps build trust in the brand and reduce the hurdle to cart conversion as an online retailer."

Returns can be more than a necessary evil for retailers. In fact, a good returns process can actually help a business financially by getting product back on shelf faster, said Kelly: "Let's say a shoe retailer has a **22%** return rate and **87%** of returns can go straight back into stock as new," he said. "What does it mean if your click-to-door-back-to-stock is **five** days versus **25** days? **[That would have a significant] impact on working capital**."

However, every retailer is not created equal, and every return policy does not need to be the same, particularly when it comes to the incredibly generous return policies of companies like **Costco**, **Casper** or **L.L.Bean** (many of which have in fact **pulled back on their flexibility** in recent years).

"When money was cheap some of [those really liberal] returns policies could be funded, but that's not the case now," said Kramer. "**Brands need to be realistic about return windows and rigorous about the financial impact of those choices**. Pricing is an analogous example — you always want to raise your prices, but raising prices is almost always going to mean a loss of sales; however, you understand the trade-offs in terms of your profitability and overall financial performance. Pricing is a place where that rigor is already in place, **but I don't see the same kind of rigor being applied to analysis and specification of return policies**. Financial results are sometimes more important than getting one more customer or one more sale."

Retailers also can **introduce optionality into their returns processes, at different price points, to mitigate the expense**. For example, **68%** of consumers said that a general **$3** return or restocking fee would not deter them from buying again from their favorite retailers or brands, according to the Narvar report. And when provided with a mix of return options, such as home pickup for a fee or in-store drop-off for no fee, **85%** consumers said they would choose the fee-free return methods, even if it wasn't their preferred method. "Retailers should consider offering at least one free return option as a way of cultivating loyalty, but they should only choose the most cost-effective return method," advised Narvar in the report.

"Mine the vast trove of data that you have," advised Sheldon. "Maybe you don't have to be best of breed, maybe it's okay to give somebody a store credit or maybe you a have a different set of rules for better customers. **Dig deeper into the data and understand what is actually affecting customer satisfaction and profitability, and figure out how to balance those competing factors**. Yes, all retailers want to foster customer loyalty and be the destination of choice, but you don't have to be all things to all people. There's nothing wrong with being a capitalist and balancing customer needs with shareholder and stakeholder needs."

Kramer also suggested that retailers look at ways they can reduce returns before the purchase, with **more informative product descriptions** and **better sizing guides**. Additionally, "if someone's buying five sweaters that are almost identical, you can predict that they're likely only looking to keep one," he said. "What we've seen some brands do **is intervene at that moment and ask, 'Is there anything we can do to help you narrow your choice to save you trouble?**,' because returns are a pain in the butt for the consumer, too. Look for predictors of people who are going to return and try to engage that customer before they purchase to see if there's anything you can do."

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>
> -Ryan Kelly, FedEx

CASE STUDY

NEWELL BRANDS GROWS BOTTOM- AND TOP-LINE WITH ENHANCED POST-PURCHASE EXPERIENCES

The 121-year-old **Newell Brands** is home to more than **60** household names — **Rubbermaid**, **Coleman**, **Graco**, **Sharpie**, **Yankee Candle** and more — many of which now have their own direct-to-consumer sites. That's great for the consumers who love these brands, but it makes things complicated for Newell.

Before working with post-purchase solution Narvar, the company offered an experience common to many retailers: customers were delivered self-serve links to delivery tracking information, and that was about it, according to Tambi Younes, Senior Director of Product, UX and Digital Experience at Newell Brands. There was no automation tied to the returns process at all, and the rest was handled through direct contact with customer service agents.

"As you can imagine, it was a lot of one-on-one conversations and call volume, which was good in terms of getting consumers' issues resolved, but it was expensive; it takes a lot of time," said Younes.

Since partnering with Narvar in 2020, Newell has not only seen a **drop in customer calls**, but also a **boost in lifetime value** and a **new level of cohesion** across its varied product portfolio. Newell uses the **Narvar Promise** solution for pre-purchase estimated delivery dates, **Narvar Track** to manage the post-purchase customer journey and **Narvar Return and Exchange** for seamless returns and exchanges.

Now, with Narvar, Newell's customers have the ability **to track their orders and returns in whatever channel they prefer**, whether that's email or SMS. This is a particular feat for a company like Newell, which has return rules and windows that vary across its many brands. "Having one tool that can accommodate those different needs across all our brands and with the different verticals that we play in is super important to us," said Younes.

Additionally, Narvar Track enables Newell's brands to create a white label tracking experience on their own websites instead of directing customers to a shipping carrier's site. This allows Newell to continue to nurture the brand relationship during that pre-delivery period.

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Additionally, through the integration of merchandisable modules on this tracking page, Newell's brands can present other products customers might be interested in. With many consumers visiting tracking pages upwards of **five** times throughout the order-delivery journey, Newell is capitalizing on this prime real estate for upselling.

The results speak for themselves. Since integrating with Narvar, Newell has seen a **20%** increase in retained returns revenue, a **40%** average reduction in Where is My Return? (WISMR) queries and a **20%** average reduction in Where is My Order? (WISMO) queries.

"The ROI that we're seeing in Narvar's post-purchase platform runs throughout the [customer] journey," said Younes. "We're able to **drive additional confidence in consumers** with more specific estimated delivery dates, both pre-purchase and post-purchase. [There's also] obviously been a **call reduction**, and the **savings** that we can drive with WISMO and WISMR are super impactful for us and our bottom line. And then that ability to **drive additional traffic back through our sites** through the merchandisable experiences adds those sessions and opportunities for consumers to shop our brands post-purchase as well."
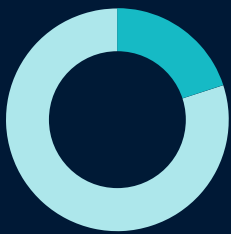
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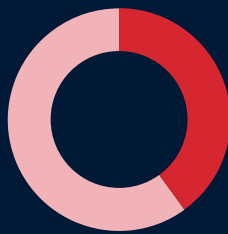
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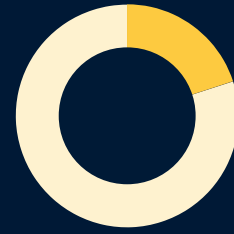
20% average reduction in WISMO (Where is My Order? queries)

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THE KEY TO RETENTION? BUILDING A RELATIONSHIP

Forward-thinking retailers no longer view the purchase as the end game, but rather **the starting point of what can become a mutually beneficial and enduring relationship**. In fact, Edelman's recent **Trust Barometer** revealed interesting insights about the importance of the post-purchase experience:

50% of consumers now conduct the majority of their brand research after a purchase, not before.

78% are looking for validation that they made the right decision.

Source: Edelman Trust Barometer

Edelman's conclusion is that **post-purchase is actually the moment when consumers are the most open to brand engagement**.

But beyond the standard order updates, what can brands do in this period to capitalize on that opportunity? "Loyalty programs are absolutely the number one lever to pull in terms of what has become an infinite lifecycle, and there's post-sales marketing of course, but all of that still hews too closely to the old way of working, which is that the brands push out," said SSA's Kramer. "**The breakthrough that you see with companies like Patagonia is turning the funnel into an hourglass where your consumers amplify your brand and turn into advocates**.

"We've seen this develop most in expert-oriented products, [things like] specialized outdoor equipment or music gear, but you are starting to see the evolution of these communities [more broadly]," Kramer added. "The savvy brands are participating in that community not as monitors or to control the dialogue, but simply as part of how they engage with the consumers of their products, as equals."

The ways brands are doing this varies greatly depending on the makeup of their own unique communities. **Sam's Club** has created an opt-in community called Member's Mark (a nod to the retailer's private label brand) and is now asking those members for input on new product releases. **Lacoste** is using new technologies like **non-fungible tokens (NFTs)** to make its loyalty program more engaging and collaborative.

Jewelry and accessories retailer **Claire's** has prompted a total turnaround of its business with a community-focused approach that includes a revamped loyalty program, a robust presence in the virtual game **Roblox** as well as new products, TV shows and podcasts. Critically, the choice of what to do is always based on a deep understanding of Claire's core consumer: "I only go where they're telling me they want us to go," shared Kristin Patrick, CMO of Claire's at an event last fall.

Kramer also said that these efforts can pay off in other areas of the business. Brands that can successfully nurture customers as brand advocates, even acting as pseudo-salespeople among their peers online, can relieve some of the **workforce pressures** currently plaguing retail.

IHL's Sheldon also suggested that retailers consider ways to remain connected with consumers outside of traditional communications channels, such as "online materials, educational content and access to manuals," he said. "One of the things I love about shopping at **The Home Depot** is that for any product, if I lose the user manual, I can always go to the product page and download it. They also have great installation videos."

Amanda Morris, Director of Media at The Home Depot, gave another example of how the company nurtures its customer base post-purchase at the recent **Retail Innovation Conference & Expo**. "**At Home Depot one of the things we prioritize is becoming radically helpful to our customers** as they engage in projects that they may not know how to complete," Morris said. "Showing up in a space like **Reddit**, where folks are giving each other advice on their home projects, allows us to show up in a contextually relevant way, with information to help them complete those projects."

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>
> -Nick Kramer, SSA & Co.

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Nicole covers the retail industry at large with a focus on ecommerce, looking at digital innovation and the evolution of modern retail.