



White Paper **Digital Customer Experience: Beyond The Buy Button**

The perfect e-commerce experience
includes a polished delivery experience.

The E-Commerce Landscape

Over the past decade, technology has rapidly changed traditional retail. In 2019, e-commerce sales accounted for 6.8% of the Canadian retail market. By 2024, that figure is expected to grow to 11.7%, totaling nearly \$80 billion (\$60 billion USD)¹.

The difference in e-commerce spending between 2019 and 2020 is even more drastic given the global COVID-19 pandemic which has driven a large majority of consumers online. Retail e-commerce spending in Canada is expected to grow 20.7% year over year, with mobile commerce making up 33.1% of that total².

Canadian e-commerce spending is expected to grow over 20% this year, with mobile commerce making up one-third of that total.

In this deeply competitive landscape, it is no longer enough to simply offer an online shopping experience. In order to stand out, brands must offer a seamless customer experience (CX) with minimal friction.

The world's leading retailers are continually investing in brand (or deliver their brand experience online). A well-executed e-commerce strategy considers each stage of the conversation funnel including SEO, product discovery, personalization, data, packaging and delivery - all of which drives customer loyalty.

As the world's most successful e-commerce retailers continue to improve, the expectation for seamless digital experiences rise. Those who have met that demand are able to foster brand loyalty and improve customer retention.

Optimization Beyond the Buy Button

Third-party shipping providers have always been essential to making e-commerce possible as most retailers rely on them to complete the 'last mile' of product delivery. Retailers have a wide range of options to choose from when selecting the best delivery solution, and while cost has been the primary deciding factor, attitudes are changing.

Four-fifths of consumers believe the experience a company provides is as important as its products or services³.

While the majority of innovation investment is allocated to the conversion funnel, the scope of the digital customer experience does not end with the "confirm purchase" button. Shipping is an essential phase for a brand to make a significant difference in their customer's experience. And it's not just an opportunity—failing to meet delivery expectations can significantly undermine any investment in the digital experience. Customers who say a company delivers a "good" customer experience are 34% more likely to purchase more, and 37% more likely to recommend⁴.

Optimizing last mile delivery can mean many different things depending on the retailer and its delivery partners but they ultimately lead back to the core tenets of CX optimization: ease of use, personalization and transparency.

The Last Mile Influence

Product delivery has evolved to become one of, if not the most important customer retention tool. 47% of consumers say they will stop buying from a company if they have a subpar experience. That same study also found that 76% of customers think it's easier than ever to take their business elsewhere⁵.

Nearly half of all consumers say they will stop buying from a company if they have a subpar experience, while 76% say it's easier than ever to take their business elsewhere.

The numbers decrease even further for delivery providers. Qualtrics found in a 2020 report that just 17% of customers who rate their experience with a delivery provider as “very poor” are likely to trust that provider to take care of their delivery needs⁶.

Most retailers cannot handle delivery on their own, so they must rely on a network of delivery providers. With the digital experience in mind, there is tremendous value in empowering customers with flexibility and real-time information. Selecting the right delivery solution becomes paramount to creating the best possible experience for a customer.

There is a lot at stake when choosing a delivery provider. Consumers have specific needs, and oftentimes, the delivery phase can be the difference between keeping or losing a customer. Convenience is one of the most important needs a holistic delivery process must solve for — nearly 7 in 10 customers (69%) prioritize convenience over brand, and 83% say they have come to expect flexible shipping and fulfillment options⁷.

Many businesses are beginning to realize the importance of an optimized last mile system. Just under half (47%) of SMB decision makers say they plan to increase their shipping spend in 2020, compared to 2019. And one in five SMB decision makers would rather invest in the right logistics team over technology, which highlights a stronger push towards embracing an end-to-end view of user experience⁸.

There are a number of reasons as to why consumers are looking to e-commerce before traditional retail channels. In Canada alone, a reported 25 million consumers research goods and services online, with 88.6% of those consumers actually going online to buy a product⁹. Three-quarters of consumers' site search queries are net new monthly, demonstrating an ongoing shift to online channels¹⁰.

As e-commerce continues to scale, the bond between customer and brand will shift from transactional to one that is relationship driven. Every interaction is critical to that relationship and the loyalty of the customer—including the shipping experience.

The Last Mile, Optimized

Understanding that shipping is the differentiator for more than half of all consumers illustrates that not all delivery partners are created equal. Unfortunately, this also means that a majority of consumers have had a poor last mile shipping experience for a number of reasons.

On average, the most common customer pain points are:

Delivery status

Inability to easily access the status of a delivery.

Shipment location

Inability to easily access the location of an expected package.

Updating address location/Redirecting a shipment

Inability to easily change the shipping address of an expected delivery.

Follow Up

Access and confirmation of prior information requests and changes.

These areas offer a glimpse into the main difficulties consumers encounter during the delivery process. Any online retailer seeking third-party shipping solutions must take a measured approach to preventing these pain points and unlock an optimized customer experience.

Transparency

The majority of pain points stem from a lack of visibility into the shipping process, as well as a misunderstanding of customer expectations. A 2017 study found that nine out of 10 shoppers track the delivery status of their online orders and believe delivery needs to fit in with their hectic lifestyles¹¹. Incorporating tracking and shipment location helps build trust for a consumer. BigCommerce reports that for Gen Z—defined as anyone born after 1997—delivery transit time is the #1 impediment to a happy shopping experience¹². This clearly illustrates the demand for better, more dynamic tools that highlight exactly where and when a package will arrive, and if any delays are expected.

Personalization

Meeting a customer's needs during the shipping process now means offering them the ability to control the delivery process. Approximately 29% of shoppers have changed a delivery time or location, and a further 50% would do so if available¹³.

Features such as defining shipping preferences (for example, leaving a package at a back door), updating a shipping address or redirecting a package to an alternative location are essential features that customers expect to find in basic shipping management applications. Providing flexibility in the delivery process empowers customers with a personalized experience that meets their unique needs.

Ease of Use

The core of quality CX is convenience, so any experience must meet the customer on their own terms. It should be easy to use and easily accessible on the customer's terms. Details such as tracking, updating addresses, and offering a secure delivery location have been largely inconsistent. The experience suffers when customers are not in control — missing a shipment or not having mobile access to shipping details can negatively impact their experience.

Customers expect to be able to access their shipment information via mobile and web applications and manage them instantly. Passive communication methods like text messages and email notifications are also preferred as they provide information to customers with little disruption and no action required.

Easy to access customer service is just as central to the customer journey as delivery and the overall digital experience — 91% of people say good customer service makes them more likely to make another purchase¹⁴.

The FedEx Response

We understand our role as an essential extension of our retailers' customer experience. Through continued customer research, we have been able to identify and address customer pain points with our own digital experiences that champion transparency, personalization and ease of use.

One of the ways we provide a straightforward simple delivery experience is by offering a suite of proprietary recipient solutions that focus on flexibility and ease-of-use, all free to the recipient. With these tools in hand, our clients can address the biggest pain points associated with last mile delivery and trust that both new and repeat customers will remain engaged and satisfied through every step of the purchase process, from browsing to unboxing.

Our recipient solutions are designed to prevent pain points before they happen, but also to *give your customers more flexibility and control*.

Delivery Management

Oftentimes, a recipient's plans can change at a moment's notice, meaning they may not be able to receive a package the moment it arrives. Our delivery management tools include a number of options that allow for a convenient, easy approach to customizing the delivery. During the package's transit, recipients can add more information to an address such as an apartment code or courier instructions, request that FedEx leave eligible packages without someone present, or send the package to a FedEx retail location.

Delivery Status and Notifications

Recipients have full visibility regarding the status of a package, with the option to receive SMS or email notifications every step of the way. These messages show the most recent location of a package as well as near real-time updates regarding the expected delivery. This process guarantees transparency and helps recipients understand exactly when their package will arrive.

Redirect to Hold

When a FedEx package is already in transit, the recipient can easily redirect their incoming goods to one of many FedEx retail locations near their home or workplace. Recipients can access the Redirect to Hold feature through a number of options, including an easy-to-use mobile-friendly website, ensuring deliveries fit their schedule and unique delivery needs.

Delivery Preferences

If a recipient receives packages frequently from FedEx, they have the option to easily set up an online profile that remembers delivery preferences and applies those settings to eligible incoming packages. The recipient's online portal includes customizable preferences such as delivery instructions (e.g. buzzer code, leave at front door), request a signature release, hold at FedEx retail location, and more, creating peace of mind by ensuring recipients don't have to worry about each incoming delivery.

With these features in market, we have seen 100% year-over-year growth in the number of retailers providing access to recipient solutions such as these.

The Impact of Recipient Solutions

Our goal is to provide our customers with the best suite of FedEx solutions and tools that addresses the major pain points recipients encounter in the shipping process. These features can be accessed by the recipients themselves by signing up for a profile, however shippers can ensure that they are automatically available for recipients as soon as the retailer creates a shipping label, removing any barrier to a flawless customer experience. Putting easy-to-use customization tools in the hands of customers gives them control, information and builds their trust in the retailer.

The demand for FedEx recipient solutions has been reflected by a surge in sign-ups, increasing 400% during the months impacted by COVID-19.

Your Partner in Excellence

As CX continues to grow as the most important aspect of customer retention, winning retailers have already realized that shipping is an essential touchpoint of that experience. Retailers who invest in innovative digital customer experiences but ignore the critical last mile will fail to see adequate returns.

We at FedEx understand that customer experience is built on the values of transparency, personalization, and ease of use. We will extend the excellent experiences of our clients' brands directly to their customers—building loyalty, retention, and success

Reach out to learn more about how FedEx can support your customer experience by visiting fedex.ca.

References

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FedEx Corp. provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce, and business services. Our networks operate independently to deliver the best service to customers without compromise. They compete collectively as a broad portfolio of customer solutions and are managed collaboratively, under the respected FedEx brand.



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