GET POST-PURCHASE RIGHT
OR RISK LOSING THE NEXT SALE

retail
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SPECIAL REPORT

INTRODUCTION

The moment when a shopper hits the "buy" button shouldn't be viewed as the end of a transaction — it should be the start of a relationship. The post-purchase experience is just as important as that initial inspiration that made a customer choose your brand for their needs — and is even more important in setting the stage for future purchases. Experts agree that the most effective way to do this is by making convenience and assistance central to retailers' post-purchase strategy.

But while the immediate post-purchase window is a great time to plant the seeds of future business, the goal of the entire post-purchase experience is about making the customer know the retailer cares, not immediately seeking the next purchase. It's a relationship and should be treated like one.

"Asking more from a customer in communications before they've received their item is like asking for a second date before you've sat down to dinner," said Emily Pfeiffer, Principal Analyst at **Forrester** in an interview with *Retail TouchPoints*. "Instead of an upsell, use post-purchase messaging to provide helpful information about the product that's coming."

Of course, there will come a time and a place when that upsell, cross-sell or replacement purchase has value — retailers just need to be patient and deliver real value once they get there. Some of the key strategies retailers should follow over the course of a post-purchase relationship include:

- **Understand that expectations are everything:** A great post-purchase experience must remove uncertainty wherever possible, which has led to technologies like order tracking becoming table stakes and opened new avenues for retailers to explore loyalty-boosting options;

- **Be ready to fix it when things go wrong:** Mistakes happen, packages get lost or damaged, and deadlines are missed — which means retailers must have a plan for remediation, including both automated and live options, that helps make customers feel like they're still in control;

- **When the time comes for curation, get it right:** Shoppers do appreciate a value-driven recommendation based on past purchases, but in addition to coming later in the experience it has to be something inspirational and intriguing, not trite; and

- **Be there at the end of the product's life:** The post-purchase can extend years down the line, and retailers can provide further value that their customers will appreciate by exploring upgrade, refurbishment and repair options.

SET EXPECTATIONS EARLY, THEN FOLLOW THROUGH

The post-purchase experience can be many things, but "surprising" should not be among them. Retailers should strive to deliver on expectations, particularly delivery windows — it's better to offer **two-day** delivery consistently than to promise next-day delivery with occasional hiccups. This also matters when it comes to offering delivery windows. For example, if a retailer can guarantee delivery during a **two-hour** window, but only on purchases made **three** days in advance, that provides an appealing incentive for shoppers who don't want packages sitting unattended to accept the slower option — while providing the retailer with more time to stage the delivery.

"Customers need retailers to set expectations accurately, manage them as things change, and then deliver as promised," said Pfeiffer. **"That requires starting pre-purchase, like displaying delivery timing in the cart before the customer completes their order.** Post-purchase expectations management includes updating customers if, for instance, a package is delayed."

Opportunities in Installation

The post-purchase experience offers opportunities for continued communication even after a package has been handed off. For instance, retailers can offer installation instructions or quick-start guides to help customers get the most out of their purchase while building loyalty even further. Retailers can scale such offerings without excess additional costs by using digital options, such as putting a link to relevant information on your site. Not only is this a great way to drive engagement, but the content offering won't necessarily eat into the retailer's own resources.

"That's a great opportunity to either include a link to content or easy access to YouTube creators," said Bobby Stephens, Leader in the Digital Retail and Consumer Products Practice at **Deloitte**. "It doesn't always have to be brand-created content. **It just needs to be appropriate content to help you get the best out of that unboxing experience."**

Order tracking ties into this as well — Forrester found it to be the **fifth-most** important factor in choosing a retailer to purchase from online. However, Pfeiffer noted that this offering alone is "not enough to win business." It's expected, so retailers must offer it, but it's not a differentiator anymore.

Where order tracking can come into play in a bigger way is on the retailer's side. If a retailer knows an interruption is going to occur and they can get ahead of it — rather than unpleasantly surprise the customer when their porch is still empty come delivery day — it can minimize frustration. The apology can come in the form of anything, from free shipping to a retroactive discount, but the key is to communicate that you're working to solve the problem before the customer can even detect it.

"As soon as you have an exception to the normal process, figure out the best way to provide an explanation and options to that customer where possible," said Stephens. **"The worst thing that could happen is an expected delivery date comes and goes but the thing didn't show up**. Now you're stuck reactively dealing with an unhappy customer, and there's not a lot of options left. In some cases that's a customer that had ordered something for a very special occasion, and it now hasn't arrived, so you've got them in a state where they're pretty frustrated."

CHATBOTS AND LIVE AGENTS BOTH HAVE THEIR ROLES

Correcting post-purchase snafus requires the right forms of communication, and even when the last mile process is going smoothly customers can get impatient and demand additional information. It's a given that retailers must have order information ready to share at a moment's notice. The challenge comes in understanding where this process can be automated without harming the customer experience, and where the additional cost of live agents is worth it to relieve shoppers' frustration.

The most obvious place for automated messaging, from SMS to chatbots, is the immediate post-purchase experience. Many shoppers would rather visit a site or ping a bot to get an updated estimate on arrival dates as opposed to navigating a phone tree — though that is where the additional cost of live agents is worth it to relieve shoppers' frustration.

Good Return Policies Build Loyalty

Returns won't solve late deliveries, but they're a common solution for damaged merchandise or clothes that didn't quite fit right. With this in mind, retailers should strive to have a strong, flexible returns program that is convenient for the shopper — but without cutting too hard into the bottom line. Getting returns right can be every bit as much of a loyalty driver as any other customer interaction.

"The notion of the return, especially in categories like apparel that have higher return rates, is probably one that's **as important, if not more important, than the shipping portion**," said Stephens.

This also presents an opportunity to bring the store into the post-purchase experience. Getting the shopper to one of your locations can simultaneously ease frustration and generate new selling opportunities.

"We heard at [NRF 2023] that frustrations occur when the online/in-store experience is disjointed," said Tanya Moryoussef, Manager at the **Kearney Consumer Institute** (KCI) in an interview with *Retail TouchPoints*. "For example, consumers say a major turn-off is when brands do not allow online purchases to be returned in-store, as it feels like the brand is making it harder for the consumer to do returns/get their money back."

"Right now, digital businesses are focused on protecting their bottom line, which likely means more automated processes," said Pfeiffer. "This can work just fine for things like post-purchase messaging, where triggers from carriers can initiate messaging about delivery timing, for instance."

As noted, when something does go wrong, retailers should aim to catch the problem before it has a chance to affect the customer so that it can be corrected proactively. However, if a problem arises and is large enough that the retailer can't correct it on their own, a combination of automation and live agents is often the best option. Some shoppers prefer one approach over the other, or a hybrid of both, and maximizing the number of options for pursuing a proper correction can help.

"Whether that's a human being that is making a phone call or it's a quick email or SMS with a link that allows you to jump into a live chat, **something that allows a conversation where possible is the ideal scenario**," said Stephens. "That way, a customer doesn't feel like they're just **submitting a question or a problem into the ether and hoping that someone gets back to them**."

WHEN YOU DO UPSELL, YOU MUST GET IT RIGHT

Once a shopper has received their item and has had some time with it, retailers can look into suggesting the next purchase. The pitch can take any number of angles, from completing a wardrobe to perfecting the look of a room, but no matter what you aim to sell it needs to be something that piques the customer's interest — which makes **proper curation and personalization paramount**.

The classic example of a post-purchase error is a retailer seeing that a customer purchased a jacket from them and immediately sending communications recommending more jackets. Avoiding this error means adhering to proper data science practices, including breaking down the silos between transactional customer data and marketing teams. "**The number one thing that needs to happen is to make sure that your purchase data is flowing back into your marketing stack**," according to Stephens.

"You need to understand as soon as soon as possible what your known customers — whether they be part of your loyalty program, or just have identified themselves with personally identifiable information as customers of yours — have purchased," he continued. "Not just what they've expressed interest in, but what they purchased. **That way you can provide recommendations that are complementary or that are a next logical purchase, so a hat and gloves versus another coat**."

Additionally, it's not enough to have the right data if it's not being put to use. A survey by Kearney found that only **28%** of global consumers said that most of the product recommendations they saw were relevant to them. "The KCI believes brands have become hyper-focused on data collection instead of seeking to truly understand consumer preferences and behaviors to drive relevancy," said Kearney's Moryoussef.

That's a big reason why it's particularly important when implementing this process to achieve the correct level of granularity. It doesn't matter that **90%** of shoppers who purchased that jacket also purchased these gloves if the customer in question is part of the **10%** that doesn't want them. Proper curation calls for digging deeper into past purchases and preferences to make sure you're delivering real personalization, not just an approximation.

"There's a major differentiator right now in commerce search and product discovery, which is understanding intent," said Pfeiffer. "It's not even enough to understand what most customers were mostly likely to purchase after buying a certain item. **Retailers need to understand what each customer is likely to want based on all the inputs about that customer's history, behavior and preferences**."

STAY WITH YOUR CUSTOMER WELL BEYOND DELIVERY

The post-purchase experience can continue even years after the initial purchase, particularly with modern consumers' interest in sustainability. One avenue is offering in-house services to repair old products, which holds the strongest potential for electronics and other big-ticket items. This keeps customers in your ecosystem and builds further trust — if a retailer was able to restore a beaten-up old item into almost-new status, that creates plenty of goodwill for the brand.

Like many other aspects of retail, convenience is king in these offerings. Stephens suggested that retailers could offer loaner devices for customers while their repairs are being completed. Additionally, the service should be quick, easy and reliable — the idea is that you're saving the shopper a trip, particularly if they don't have one of your stores nearby.

Retailers should carry their post-purchase operations right through the point when a product becomes obsolete. Once again, electronics are the biggest beneficiary of this strategy, which can keep shoppers in your ecosystem at the moment they're most likely to leave for someone else.

This type of end-of-product-life strategy can be adapted to a number of different scenarios. "It's a similar process for if this is broken vs. I want a brand new one and I want to upgrade this," said Stephens. "Think about the necessary strategy to immediately, as soon as someone indicates an interest in either one of those, expedite that process along. **That is an absolute customer retention play**. If you think about smartphones, losing a customer to another carrier or another device type is massive, because now the center of their life has been shifted to a different brand."

Repair and resale also represents a promising strategy for apparel. Experts expect resale to **double to $82 billion** by 2026 in the U.S., providing opportunities to drive sales and loyalty while promoting sustainability. As a result, a number of retailers have recently launched their own programs, including **J. Crew**, **Shein**, **Torrid** and **Amazon**.

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