

Voxware Research Indicates That Returns Process Remains Flawed

24% of consumers report receiving an incorrect item for a second time after already returning an incorrect order

HAMILTON, NJ – January 4, 2017 – Voxware, a leading provider of cloud-based solutions for distribution operations, today released research highlighting why consumers return items purchased online or by phone and how their experiences with the returns process affects their future intentions to shop with retailers. The results of the third biennial report, which surveyed more than 500 consumers, demonstrate the increased importance of the returns process in consumer purchasing decisions as well as the impact that shipping incorrect orders has on consumer loyalty. Highlights from the survey include:

- 96.8% agree that how well an online retailer handles returns influences whether they will decide to order items from them again in the future
- 36.2% prefer to return items purchased online or by phone with a prepaid mailing label and 44.9% prefer in-store returns
- 24.0% stated that a retailer has sent them an incorrect item for a second time after returning an item that was sent in error
- 60.3% of those who received an incorrect order twice said they are unlikely to shop with that retailer again for future purchases
- 28.4% expect retailers to replace item(s) shipped in error with the correct item(s) in 2 days or less
- 37.7% expect compensation (such as a discount, coupon, or credit) from the retailer when they receive the wrong item or when an item arrives late
- 45.5% are likely or very likely to share their negative experiences about a product and/or retailer online if a delivery is late or the wrong item is received

“Companies that want to deliver a superior customer experience and achieve greater brand loyalty must understand the importance of both inbound and outbound distribution operations in the customer decision-making process,” said Keith Phillips, President and CEO, Voxware. “Unfortunately, despite the overwhelming evidence that the returns process affects future buying decisions, this research exposes the gaps many companies still have in their distribution operations. By failing to close these gaps with technology solutions that deliver essential supply chain information exactly when and where it is needed, companies will continue to disappoint customers with late and incorrect orders.”

Consumers Consider Returns Process When Making Purchasing Decisions

One of the most striking findings from this research is that 96.8% of consumers agreed that how well an online retailer handles returns influences whether they will order items from that retailer in the future. This finding cements the fact that, regardless of brand recognition or reputation, nearly all consumers consider what will happen if they need to return an item before they even complete a purchase.

Unfortunately, the survey found that many consumers still suffer from outbound distribution operations processes that lead to an abundance of retailer errors:

- 23.2% noted that 10% or more of the items they return are because of retailer error
- 31.4% stated they had received an item that was correct but was the incorrect size or color
- 21.5% stated they had received the incorrect item altogether
- 20.0% specified they return items received from large retailers more frequently compared to purchases from small retailers

“Disappointing customers with a negative returns experience today may lead to a loss of business and lower customer lifetime value in the future. The fact that retailer errors remain such a prominent driver of returns means that many companies lack the distribution operations processes and technology to get the right product to the right customer,” said Phillips. “Companies that use a tool like Voxware’s multimodal voice automation not only improve fulfillment accuracy to above 99.9% but also improve their ability to execute returns and manage inbound distribution.”

Even With Perfect Accuracy, Companies Still Need to Prepare for Returns

Respondents also noted a myriad of other reasons for returning items purchased online or by phone:

- 35.2% stated that the item was correct but did not like the item once seeing it in-person
- 34.5% stated that the item was correct but poor quality
- 12.8% stated that the item was correct but arrived late
- 36.0% stated that the item was damaged or showed signs of previous use

Regardless of the reason for the return, the overall preferences noted by consumers points to the demand for omnichannel returns capabilities and the need for retailers to be able to manage inventory levels and track items across in-store and online channels. When respondents were asked about their return channel preferences, they were divided in their responses. When items are delivered to consumers by mail, 36.2% noted a preference to return purchases through the mail via prepaid label while 44.9% reported a preference for making in-store returns.

Returning for a Second Chance

When errors do occur and consumers receive an incorrect item, the survey found that they expect the retailer to replace the item(s) quickly. 28.4% of consumers expect to receive the correct item in 2 days or less and 72.8% expect the correct item in 4 days or less. These results demonstrate an increase in expected speed over previous years.

Surprisingly, the survey results also indicate that many retailers fail to ship the correct item even when given a second chance. 24.0% of consumers stated that they have received the incorrect item for a second time after returning an item. This figure represents a 25% increase in the number of occurrences compared to survey results from 2014. However, what may be the most telling result is the fact that 7.4% of consumers did not reorder from retailers who initially shipped an incorrect item and instead requested a refund. Furthermore, of those who received an incorrect order twice, 60.3% said that they are unlikely to shop with that retailer again for future purchases.

The Lasting Impact of Errors

Additional survey findings revealed that the financial impact of botched returns is not limited to increased shipping and logistics costs or long-term brand damage. When asked about whether they expect compensation (i.e. discount, coupon, credit, etc.) from the retailer when they receive the wrong item and/or an item arrives late many consumers made their expectations known that retailers should provide compensation of some kind:

- 37.7% expect compensation for both late and wrong items.
- 27.2% expect compensation only when the wrong item is received.
- 9.1% expect compensation only when item arrives late.

Similarly, the detrimental impact on a brand's reputation is not limited to a single consumer. When asked how likely they were to share their negative experiences about a late delivery or incorrect shipment on social media, customer review sites, or other public forums, 45.5% of consumers reported they are likely or very likely to share their negative experiences with an additional 29.3% indicating that they were at least somewhat likely to take the same course of action.

“This research shows that retailers need to focus equally on outbound and inbound operations in order to exceed consumer expectations,” said Phillips. “Mistakes in distribution operations are still too common, and the result is a negative lasting impact on customer loyalty, reputation, and the bottom line. Retailers can no longer afford to lag behind and must optimize the speed, accuracy, and efficiency of distribution operations with tools such as multimodal voice and predictive analytics to avoid being left behind. The time for retailers to optimize their distribution operations is now.”

About Voxware

Voxware helps organizations with teams who are on the move to more effectively receive, act on, and communicate information critical to their work. Our hands-free voice solutions enable employees to safely and accurately speed through tasks, thereby boosting operational productivity and improving customer experiences. What's more, Voxware easily adapts to changes in technology and processes, enabling organizations to quickly address shifting demands without disruptions to the operation. Our innovative approach to voice communication has proven to help our customers increase profitability by cutting costs and enhancing brand loyalty. For more information, please visit www.voxware.com.

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