



# Omnichannel Retail Survey 2016









# Introduction

The peak trading period is critical for retailers, brand organisations and parcel carriers. In the run-up to Christmas, market share, margins and shareholder confidence can be either improved or eroded based on supply chain and operational performance.

**KPMG has surveyed over 250 retailers and brands during the Black Friday and Christmas period 2015 to identify and analyse trends impacting the retail industry. Our survey has highlighted 5 key themes:**

- **The Black Friday discount week is easing the burden on peak logistics –**

Black Friday has evolved into a discount week, with only 45% of Black Friday purchases occurring on the day itself. Improvements in logistics by parcel providers and retail businesses, coupled with this smoothing of demand, have ensured a reduction in the number of missed deliveries from last year's survey.

- **Savvy consumers are defining the delivery model –**

Consumers are opting for free service over their preferred delivery options, causing retailers and parcel providers to face challenges meeting customer requirements at potentially high cost to their business.

- **Consumers are shopping late and bringing the fitting room home –**

Consumers are shopping throughout the afternoon and late into the evening. Many order multiple items and physically test the product for the first time on receipt of delivery.

- **Free returns are driving extra online purchases and additional store traffic –**

Returns are of growing significance to both store and logistics operations as customers are provided a free and convenient service, which they consider to be of utmost importance when choosing a store.

- **There are opportunities to improve the end-to-end online experience –**

Customers are increasingly using smartphones and tablets to purchase. We believe there is an opportunity for retailers and brands to differentiate themselves by offering a personalised and seamless experience, from browsing through to delivery.



**David McCorquodale**

Partner  
Head of Retail



**James Tilley**

Director  
Supply Chain



**Iain Prince**

Director  
Supply Chain

# Where KPMG can help:

Over the past 12 months we have helped our clients by providing Supply Chain and Omnichannel services including:



## Supply Chain and inventory

- End to end view of warehousing, transport, returns, inventory and planning hotspots across the supply chain
- Supply Chain maturity assessment
- S&OP review and best practice process design
- SKU ranging and rationalisation
- Cost-to-serve and product and channel profitability
- Replenishment & Merchandising planning



## Logistics & Network Design

- Warehouse and Logistics optimisation
- Process & operational review of logistics
- Dynamic routing and scheduling implementation
- Systems review and benchmarking
- Capacity review and modelling for peak period
- Strategic network modelling via third party software



## Procurement

- Focus on Cost, Cash, Consumption and Compliance opportunities ("4 Cs") to reduce GNFR and GFR spend
- Organisational design, skills assessment and gap analysis
- Analysis of supplier contract terms and margins
- Procurement function maturity assessment and benchmarking



## Cash & Working Capital

- Understand operating cash cycles and how processes and policies for Accounts Payable, Accounts Receivable and Inventory impact cash conversion (including opportunities for indirect tax)
- Identify opportunities to release trapped cash and cleanse the balance sheet
- Drive cultural behaviour within the organisation and inform decisions



## Customer & User Experience

- Sales effectiveness and conversion
- Customer Data Insight & Analytics
- Omnichannel health check
- Digital integration
- Mapping the customer journey and identifying key contact points



## Decision Support and Analytics

- Product Information Management
- Order Management and Returns analytics
- Assess appropriateness of existing MI & KPIs
- Introduce P&L accountability
- Test robustness of commercial model



## Technology

- Identify where key operations can be supported and enhanced by improved systems
- Enhance IT governance to improve the quality of technology processes
- Systems support: review of contract, support arrangements and costs of the current system

## | Survey overview

This year's survey built on the success of the 2015 Omnichannel Retail survey. We utilised an online survey tool to collect data from KPMG UK employees over an 8 week period from November 2015 to January 2016 and developed a dynamic dashboard to analyse and interrogate the data.



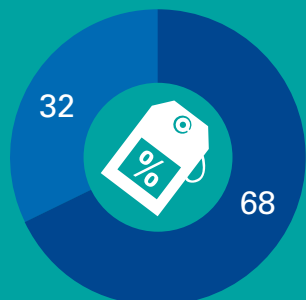
Over  
**1,600**  
responses  
from  
KPMG UK  
employees



Over  
**250**  
unique retailers  
and brand  
organisations



30 categories including men's clothing, women's clothing, homewares, electronics, children's toys, food and non-alcoholic drinks, CDs, DVDs and books, beauty

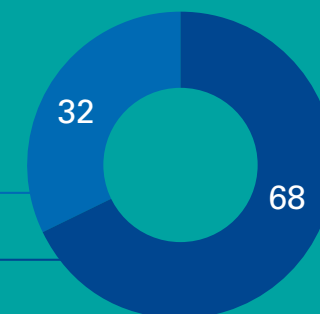


**32%**

of responses related to Black Friday period

**68%**

related to other purchases during the peak period



**68%**

of purchases were  
made online

**32%**

on the high street

# The Black Friday discount week is easing the burden on peak logistics

## KPMG experience: Peak planning

KPMG has worked with retailers and parcel carriers to improve forecasting and implement peak planning processes across complex logistics networks. Pro-active planning involves utilising customer and pricing analytics, collaborating with suppliers and clearly defining strategies such as introducing volume caps.

## Black Friday is now a week-long event

Black Friday 2015 was markedly different from last year, where there were huge crowds outside stores, widely shared videos of tussles over TVs and incidents where police were called to restore order. This year the tone of Black Friday was more measured and the event has evolved into a week of discount sales with many deals available between Black Friday, November 27, and Cyber Monday, November 30. Our survey showed that only 45% of Black Friday purchases were made on the day itself.

Some retailers, such as Asda, opted to spread discounts across a period of weeks between Black Friday and Christmas. This limited the pressure on their supply chain network, but risked reduced profitability through sustained discounts in the busiest period of the year. A quarter of retailers did not participate at all<sup>(1)</sup>, while others restricted discounts to certain product types to manage demand.

## Online sales growth exceeded expectations, while footfall in stores decreased

Retailers were anticipating an increase in online purchases and many have been making unprecedented investments in their IT, supply chain and logistics infrastructure and merchandising and buying capability to prevent high-profile issues such as those faced by some businesses in 2014. However, the extent of channel shift from in-store to online purchases was greater than forecast, meaning that investment in extra staff and longer store opening hours did not pay off for many retailers. Online Black Friday spending was £1.1bn, a 36% year on year increase<sup>(2)</sup>.

Overall, retailers' websites performed relatively well, although a number of retailers had some technology issues. 8% of our survey participants encountered technology issues during their Black Friday purchase, including slow or unresponsive websites, payment issues, incorrect stock or basket information and functionality issues on mobiles and tablets.

"The much-hyped Black Friday discount event was a damp squib and high street chains suffered most as spending continued to migrate online."

The SundayTimes<sup>(3)</sup>

## Discounts remain a key driver for Black Friday purchases

Black Friday sales are part of a wider culture of discounting which has seen a rise in consumers planning their spending in advance and holding off purchasing until discounts are available, as well as comparing prices in-store or online so that they can take advantage of the best deals.

Our survey found that for 72% of Black Friday purchases, the customer was motivated by price. On average, survey participants received 24% discount on Black Friday purchases. 35% of customers were prepared to buy the product at full price if they had to but were able to obtain it with a discount, while 58% said they would not have made the purchase at full price.

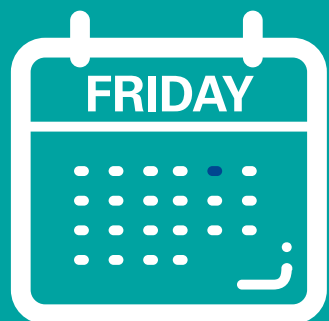
Another important motivation for Black Friday purchases was planning ahead for Christmas. 28% of participants said that their purchase was an early Christmas present, while others said they had deliberately waited until Black Friday to buy. This supports the view that Black Friday does not create additional demand, instead it spreads the Christmas rush over a longer period of time, with a set of daily spikes.

"While high streets were quiet in the early hours of last Friday, websites were overloaded as people ordered bargains from their beds."

The Guardian<sup>(4)</sup>

## | Findings

## Timing of purchases



**45%** of Black Friday purchases were made on the Friday

Purchase method  
(Black Friday)

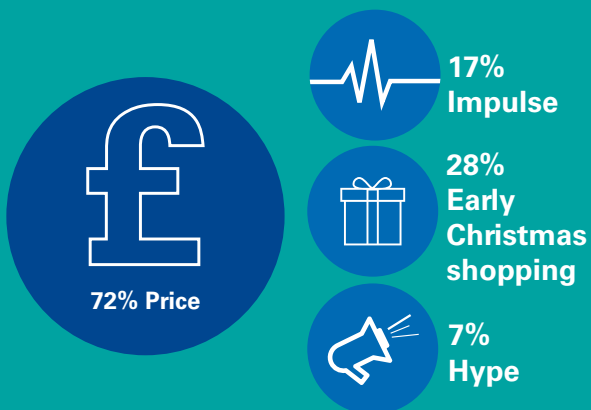


**Vs**

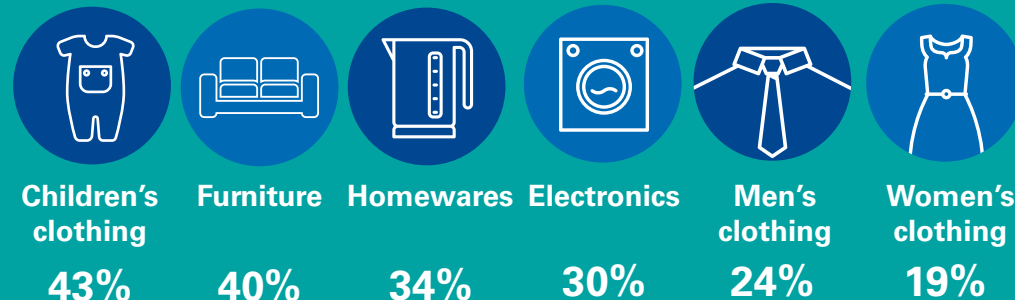


High Street

## Motivation for Black Friday purchases



## Average discounts by category of purchase



Would you have bought the product anyway at full price?

**58%**  
**No**

**35%**  
**Yes**

**7%**  
**Paid full price**

## IT issues

**8%** of online purchases for Black Friday reported IT issues

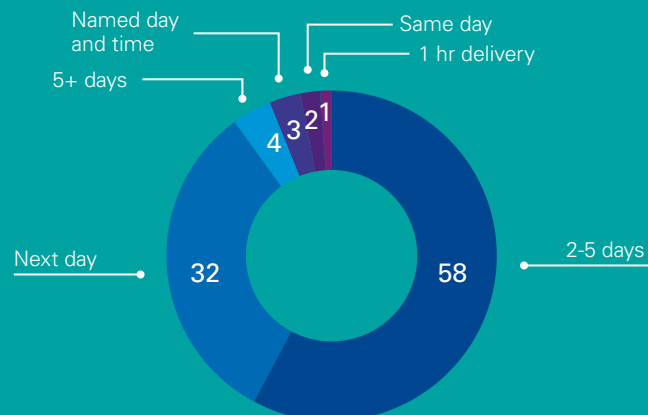
**Vs**

**5%** during Christmas peak

## Typical IT issues



## Delivery options



# Savvy consumers are defining the delivery model

## Investment by carriers has helped reduce the proportion of late deliveries

Retailers and parcel providers have invested in their logistics and supply chain processes to ensure improved delivery and service to their customers in 2015. We have seen this trend of delivery improvement in the survey results with only 7% of responses reporting late deliveries, compared to 9% last year.

## Consumers prefer next day but are resistant to paying current delivery charges

As the consumer has grown used to cheaper and faster delivery options, retailers have had to adapt their supply chain accordingly to meet this demand.

78% of all online purchases included free delivery. The most popular delivery method chosen by our consumers was 2-5 day home delivery, of which 76% were free. 14% of products were picked up via Click & Collect, a figure lower than typical industry estimates - providing an interesting insight into the shopping habits of urban professionals.

However, when asked what delivery method is preferred if given the choice, our consumers opted for next day home delivery. 42% would choose this option, with 36% of these consumers prepared to pay for the service. However, the average price they would accept was £4.33 (vs the £5.47 average paid by those choosing a next day time window for the actual delivery – excluding free deliveries). 28% opted for 2-5 day and only 11% would choose Click & Collect. Our survey respondents were less interested in same day or named day deliveries, which have a significant impact on the retailers cost-to-serve and logistics. We therefore believe that retailers have an opportunity to investigate pricing strategies to really understand what delivery options the consumer wants and how to improve delivery profitability.

## Click & Collect is growing during busy periods with some retailers fighting back on delivery charges

Black Friday delivery choices made by consumers were broadly the same as the Christmas trading period, however the survey revealed that there is a slight shift towards the consumer opting for Click & Collect compared to normal trading – there was a 30% increase in Click & Collect orders compared to the Christmas period. This year many retailers flexed their delivery options, aiming to smooth operations by increasing the time period of high parcel volumes – potentially sending consumers to stores instead.

Some retailers are now realising that charging for Click & Collect services is a viable tactic, such as John Lewis introducing a £2 charge for orders under £30 through its Click & Collect service<sup>(5)</sup>. Our survey suggests that 93% of those that prefer Click & Collect for their online shopping would expect free service, indicating that consumers have limited awareness that these products are dispatched from the same warehouse as a home delivery.

It was reported in the media that over the Christmas period one third of Click & Collect customers had issues when collecting their order. The most common problems were<sup>(6)</sup>:

- stores lacked any designated area in-store for customers to collect their parcel,
- limited staff during peak trading to find the package in high density stockrooms, and
- customers faced long queues as a result

Retailers need to be prepared for an increase in Click & Collect options during peak trading, from both a logistics and operational point of view.

### KPMG experience: Cost to serve

KPMG helps clients to understand the true end-to-end cost of serving their customers, across all channels. This includes reviewing consumer purchases, parcel delivery routes and returns product flow to enable informed decisions on pricing, as well as product and channel profitability.

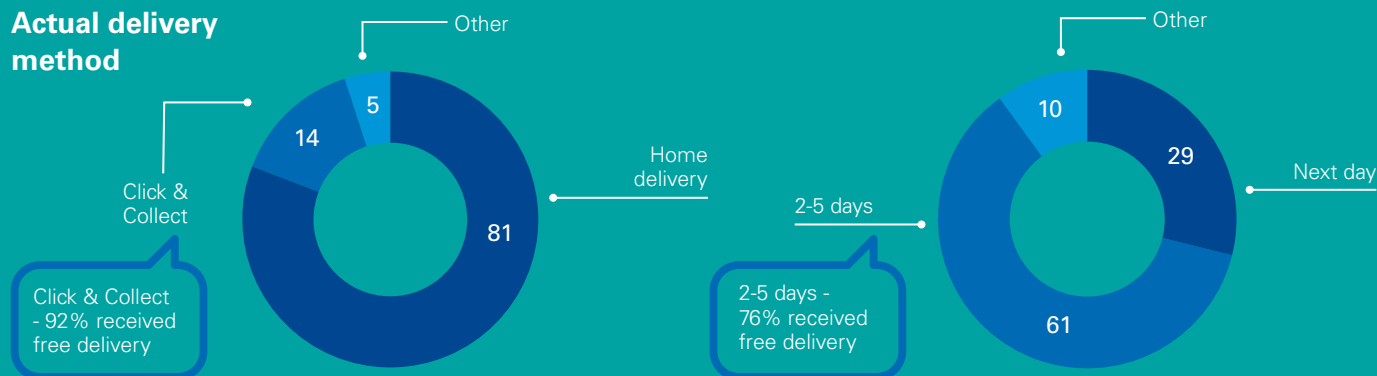
“The rise of online retail should, in theory, be a massive boost for British parcel delivery firms. Yet many have struggled to adapt to the surge in volumes and the increasingly specific demands of customers, including requirements to hit 30-minute slot windows.”

The Independent <sup>(7)</sup>



## Findings

### Actual delivery method



**11%**

of items delivered to home or work were delivered using the store's own delivery fleet

**44%**

of responses did not know which provider delivered their parcel

### Average price paid for non-free delivery



Does the delivery of product have any impact on your choice of store?

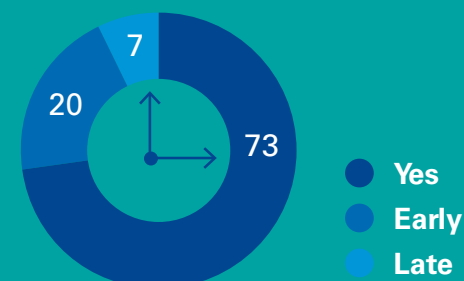
**53%**  
**Yes**

Would you choose this carrier if you had a selection?

**37%**  
**Yes**

Preferred delivery method	% of respondents	% who want free delivery	Average price those who are prepared to pay will pay
Next Day delivery	42%	64%	£4.33
2-5 Days delivery	28%	86%	£3.51
Click & Collect	11%	93%	£5.06
Named Day and Specified Time	5%	47%	£4.14
Same Day	4%	56%	£4.33

### Was the item on time?



# Consumers are shopping late and bringing the fitting room home

## KPMG experience: Supply Chain diagnostics

KPMG conducts diagnostic reviews of organisations' end to end omnichannel supply chains. This typically involves reviewing warehouse, store and transport operations, analysing key supply chain, customer and inventory data and identifying issues and opportunities for improvement – both in terms of operational efficiency and business profitability.

KPMG's supply chain maturity assessment can also provide a view on an organisation's position relative to others, including industry peers.

## Online sales continue to grow

Our survey showed that respondents conducted a high proportion of purchases online, with 68% opting to purchase online vs 32% in-store. Whilst we know the weather could have been a factor for this, it also suggests a change in consumer behaviour as the online channel has become much more convenient. Consumers are also opting to start their route to purchase online, without physically checking the product in-store before they purchase. 70% of respondents started their purchase online, with 86% of these finally buying the product online. Although UK retailers have seen a decrease in overall consumer spending on the high street, our survey indicated that there is still appetite to spend more whilst shopping in-store. The average value of items purchased by survey respondents was 43% greater on the high street than online.

## Should retailers shift their operations cycle later?

We asked what day consumers purchased and at what time, with the results showing that the Christmas peak online shopping days fell on Saturday and Sunday, with 39% of purchases on these days. We also found that the peak time for online shopping was between 6-9pm, with 29% of online purchases made during this time. The results also revealed that some consumers are shopping later in the evening, with 11% of respondents buying between 9pm – midnight. Overall, 83% of purchases were made between noon and midnight.

Our Black Friday survey results show that whilst 45% of online purchases were made on the Friday, the remaining sales were predominantly on Sunday and Monday. The most popular time to purchase was again between 6-9pm, with 25% of all online Black Friday purchases across that week made between this time.

With so much shopping occurring later in the evening and the increased requirements for next day delivery, businesses should consider the impact on their supply chains. It may even be a requirement to shift the hours of logistics operations to optimise delivery networks.

## Consumers are bringing the fitting room home

Our survey has revealed that 74% of customers did not physically test the product before they purchased online. The majority of consumers no longer feel the need to go to a store to 'touch and feel' the product before buying, as it has become much easier to order online, try or test the product at home then return at their convenience. This is partly due to more product information available on retailers' websites and trust in user reviews or crowd sentiment which allows customers to make an informed decision before purchase.

Our survey asked if consumers were buying more than one of the same item, and 15% said they bought more than one of the same product to either try on for size or to compare. Of these, 45% bought two extra units of the same item, with 27% purchasing more than three extra products.

Fashion was the most popular category for additional items – with up to 23% of orders containing duplicate items for testing purposes.

"In 2015 daily demand from consumers for fresh product and the latest trends is putting pressure on retailers to provide a better service proposition on a quicker turnaround. Furthermore, the explosive growth of click-and-collect and the demands of serving international export markets are putting retailers under serious pressure to deliver."

Drapers Online<sup>(8)</sup>

## Findings

Did you check the product physically before purchase?

**No** 74%

**Yes** 14%  
in store

**Yes** 7%  
in competitor store

**Yes** 3%  
already own

**Yes** 2%  
family and friends

## Purchase start

## Purchase end



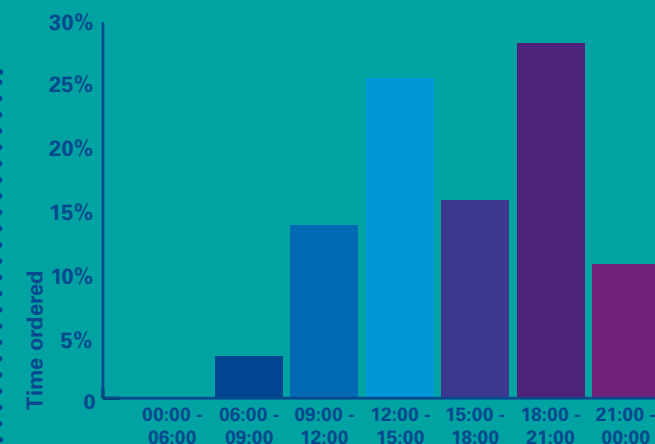
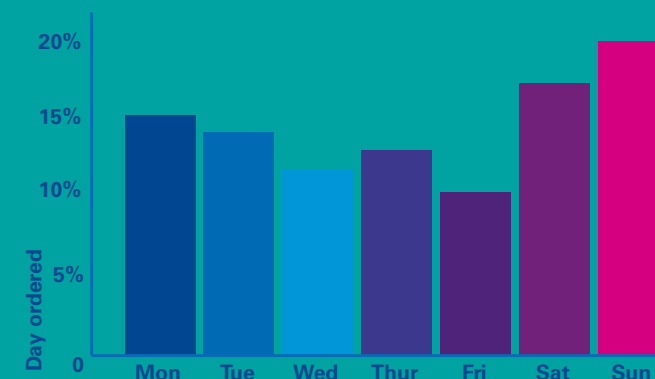
Where did your path to purchase start?		Where did your path to purchase end?	
Online - Store	54%	8%	46%
High Street - Store	24%	20%	4%
Online – Competitor / other website	12%	2%	10%
Mobile app	4%		4%
High Street – Competitor	3%	1%	2%
Friend recommendation	3%	1%	2%

● In-store ● Online

The average value of items purchased was **43%** more on the high street than online



Customers are still buying more expensive items on the high street

Order profile  
(excluding Black Friday)

The majority of consumers are purchasing using debit or credit cards - few are paying in cash



**46%**

Debit Card



**43%**

Credit Card



**6%**

Paypal



**3%**

Gift voucher



**2%**

Cash/other

## Purchase time

**29%**

of consumers preferred choice to purchase online is between 6-9pm



# Free returns are driving extra online purchases and additional store traffic

## KPMG experience: Online Returns - Exception Management

KPMG helps clients quantify and manage exceptions with returns, exchanges and replacement processes. We use leading analytical software to help clients spot returns that could lead to a negative customer experience (e.g. no / incomplete refund) or revenue leakage (e.g. no credit from supplier, 'free' replacements, never returned). Thereafter we help improve the returns journey, minimising such exceptions.

More broadly our analytics cover exceptions across the full online process, from ordering through to fulfilment and payment e.g. orders not processed in time, late deliveries, no payment taken, customer loopholes within the Order Management processes.

## Growth in online shopping is driving growth in returns

Customer-friendly returns policies have long been viewed as an essential part of good service in the retail industry but online channel shift is driving returns volumes sharply upwards, with our survey highlighting the numbers of extra items that consumers are buying purely to compare. Our survey showed that 15% of all purchases included intentional returns - a duplicate item to test and then return, and this increased to 23% for fashion products.

The main reason for returning items was that customers either did not like the item, or that it did not fit. Other reasons for returning items were that products were not as advertised, they arrived damaged or faulty, the wrong product was sent and in some cases the customer had ordered the wrong product themselves. Many of these issues were significantly more prevalent for online channels than in the traditional in-store purchase model.

## In-store returns are used by both in-store and online purchasers

Our survey showed that 96% of items purchased in-store were also returned in-store, while one third of items purchased online were also returned in-store. This indicates that despite online sales growth customers still see a role for the store. Many customers value the experience of browsing and buying on the high street, while others value physical stores for the convenience of collecting and returning items. To be successful, retailers will need to adapt their business models to meet changing customer demands and deliver an omnichannel service. For those returning via delivery providers the average time to receive credit was 10 days – this consumer experience is likely to drive store returns, where average time to receive credit was 2 days.

## Free returns and speedy reimbursement are viewed as part of the service

Our survey highlighted that many retailers are allowing customers to return purchases for free, with 91% of returns costing the customer nothing. Free returns policies are attractive to customers, with two thirds of survey participants purchasing online saying free returns was the most important factor when considering returning, while one third valued a convenient service more highly. 6% of returns in our survey were due to the customer finding an alternative product which was perceived as either better or cheaper, highlighting that customers are remaining savvy post purchase.

## Returns should be considered when reporting sales and profitability

The impact of returns on retailers is significant and growing. Retailers face the challenge of recovering the items and transporting them through their reverse supply chain at additional cost to their business – 76% of non-store returns were free-of-charge to the consumer.

Retailers should adopt the mind-set that a sale is only a true sale when the customer keeps the product, not once it is purchased, especially during and after promotional periods. There is a potentially high cost associated with processing returns, as items typically need to be reviewed and assessed for faults or damage, repackaged and then distributed to a location where they can be resold. Items are not available for sale until they are back in the retailer's warehouse, meaning there is an additional credit implication. Nearly 15% of our returned items took more than 2 weeks for the consumer to receive their money back – indicating a sub-optimal process. Following the introduction in October 2015 of the Reference Consumer Rights Act, the impact of returns will undoubtedly increase as shoppers are now entitled to automatic refunds for faulty goods purchased online.

“By mid-December, £600m worth of stock bought between Black Friday and December will be tied up in the returns system, preventing retailers from selling the items during the crucial sales season”

Clear Returns, The Telegraph<sup>(9)</sup>

“Customers are deliberately over-ordering, causing intentional returns - almost a fifth of online fashion purchases include duplicates”

Iain Prince, KPMG, Financial Times<sup>(10)</sup>

## | Findings

## A typical reverse supply chain



The average time it took to receive a refund if returning via delivery provider was

**10 days** Vs **2 days**

the average time it took to receive a refund if returning in store

Intentional returns by category (online purchases)

Overall

**15%**



**23%**  
Fashion



**15%**  
Sports & Travel equipment



**12%**  
Health and Beauty



**11%**  
Furniture



**7%**  
Homeware



**7%**  
Electrical

## Reimbursement method

**12%**

of customers returning items received store credit

**88%**

received a cash refund

## Returns method for online purchases

In-store

**33%**

Collect +

**22%**

Royal Mail

**22%**

Courier

**21%**

Other

**2%**

## Returns method for in-store purchases

In-store

**96%**

Other

**4%**

## Reason for returns

**37%**

Didn't fit / like product

**15%**

Ordered duplicates

**15%**

Damaged / quality issues

**10%**

Retailer error

**8%**

Gift / unwanted item / late, no longer required

**6%**

Found better / cheaper alternative

**9%**

Other

Free returns

**76%**

of all non-store returns were free

Most important factors for returns

**62%**  
Free

**34%**  
Convenient

# There are opportunities to improve the end-to-end online experience

## KPMG experience: Improving the customer experience

KPMG works with clients to strengthen the six pillars which are the universal characteristics of all brilliant customer experiences:

- Personalisation • Integrity • Expectations • Empathy
- Time and Effort • Resolution

Typical benefits of strong customer experience include increased acquisition of customers, long-term shareholder value and market leading customer experience rankings.

## KPMG can help clients to:

- Improve mobile friendly sites and apps to allow consumers to purchase on-the-go, and at ease.
- Improve product information online to ensure the consumer purchases correctly the first time.
- Use customer analytics to make online shopping more personal and suggest products for impulse buy.

## Technology continues to improve the online channel

In 2015 UK Retailers saw an increase in online sales through smartphones and tablets up to 31%<sup>(11)</sup> as more consumers are choosing to purchase via these channels.

As more consumers choose to purchase online and shift away from the high street, it has become increasingly key for retailers to personalise the user experience online. We found that 39% of retailers sent a personalised email communication to customers, compared to 9% last year. This is a marked improvement but still shows opportunity for user interaction.

From our targeted audience of respondents, we also found that preferred online purchasing time was between 6-9pm. For most of the survey population this is peak commuting time, when consumers are most likely to be on their smartphones and tablets. This highlights the need to quickly secure the purchase at the checkout and how the overall experience through an app or on mobile internet is important to ensure consumers want to return.

## There are opportunities to improve experience and enhance brand during the delivery process

During the delivery process order tracking was offered by 70% of retailers. For those purchasing using the mobile app, only 35% received delivery notifications through their app, indicating room for improvement. Whilst our consumers have prioritised delivery tracking as least important after reliability, price and convenience, it remains an area where personalisation can be offered to the consumer and enforce either retailer or parcel provider brand.

The survey revealed that the experience of the delivery of products has an impact on the choice of retailer for 53% of consumers, with 37% stating they would choose the delivery carrier if they had an option. This suggests that the customer experience with not only the store, but also the delivery provider, is important to the consumer. Needless to say, should it be a negative experience, this could cause a significant impact to the retailer.

## Opportunities to increase impulse buys online

KPMG's online survey in 2014 revealed that 'recommended products' were an area of success for retailers, with 83% of respondents offered recommended products, and 79% of these deeming them to be relevant. However, our survey

for 2015 revealed that 35% of high street shoppers actually bought add-on-sales, compared to 21% of online shoppers. There is further opportunity to use data and customer analytics to better understand how shoppers are converted to a sale, in order to trigger more impulse purchases online and drive up-sell and cross-sell opportunities.

## A single view of inventory supports a seamless fulfilment network

Consumers were also able to see improved stock level information, with 84% of survey respondents able to see stock information online. This is a significant improvement to last year's results, with the proportion of retailers displaying stock information having doubled versus 2014. Stock visibility and stock integrity are core enabling factors to achieve a single view of inventory, which is key to unlocking the potential of the supply chain network by:

- Allowing Click & Collect from store stock; removing incremental fulfilment costs.
- Enabling same day delivery from store stock using a specialist fulfilment carrier.

"Amazon's announcement of a "record-breaking holiday season" ... showed the shift to the internet is far from over, with more and more people using smartphones to do their shopping"

The Sunday Times<sup>(12)</sup>



## Findings

### Shopping on the high street

Do you have an online account with the store?



No | Yes  
**58% | 34%**

Did you buy any products which were on impulse or store recommendation?

**Yes 35%**

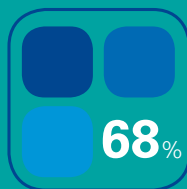
### Shopping online



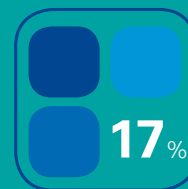
Yes | No  
**82% | 16%**

**Yes 21%**

### Do you use the official app for the store?



No



Yes -  
to purchase

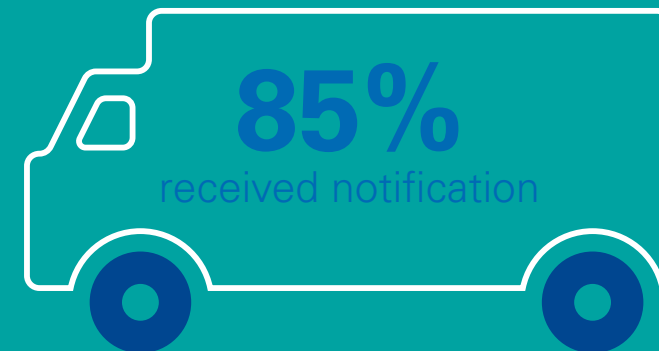


Yes -  
to check  
items



Store has  
no app

### Delivery notifications – online purchases



### Delivery tracking – by customer

49% of customers were able to track their orders through the store website  
28% were able to through a third party  
23% were not able to track their order



### Delivery tracking – by retailer

This year: 70% of retailers offered delivery tracking



Last year **9%**  
of retailers sent  
personalised emails vs  
**39%** overall this  
year

### Were you able to check stock information before purchase?



Availability of stock information has doubled vs our 2014 survey

**Despite improvement in the availability of stock information, some participants found that website stock information was incorrect and they either could not order an item listed in stock, or did not receive an ordered item because it was out of stock**

# Conclusion

- The jury is still out on whether Black Friday is ultimately beneficial for business but our view is that it is here to stay – retailers, brands and parcel providers need to effectively plan and manage their strategies in the peak period. Retailers and brands have managed to smooth the peak by extending the discount period, and turning off certain delivery options, but this could increase savvy spending by consumers - over a third of our survey respondents would have paid full price for their discounted items.
- Consumers state a preference for a next day service but choose free deliveries - there is an opportunity for retailers and brands to review their range of delivery propositions, including next day and other new fulfilment methods (e.g. UBER Rush), and the associated pricing.
- Volumes of returns are being driven in part by free and convenient offerings to the consumer. With returns often being viewed as the 'biggest supplier' in terms of inbound volumes, this places pressure on the reverse supply chain - retailers and brands should consider cost to serve both in terms of delivery and returns.
- Consumer shopping habits are evolving, with increases in mobile and late night shopping - retailers' supply chains need to be flexible and resilient to cater for these demands, which may require significant investment.
- Our survey sample currently make more impulse purchases in-store than online, suggesting there is an opportunity to increase revenue through Internet-based channels by further improving personalisation and effectively leveraging data collected.
- Retailers should continue to focus on stock integrity and visibility initiatives such as inventory management practices and RFID - there is an opportunity for omnichannel retailers to challenge online-only specialists by achieving a single view of inventory.

## Savvy consumers are defining the delivery model

Convenience (next day delivery or Click & Collect) and cost (low / nil for delivery) are key priorities for customers

Preferred delivery option is

**next day**

with 36% of customers willing to spend (on average),

**£4**

## **Black Friday discount week is easing the burden on peak logistics**

Part of a wider culture of discounting, in which customers are increasingly savvy

**Over 1/3**

would have paid full price

## **Consumers are shopping late and bringing the fitting room home**

Customers are increasingly ordering online, valuing convenience over inspecting the product

**74%**

of customers did not 'physically' look at the product or try it on before they purchased online

## **Free returns are driving extra online purchases and additional store traffic**

Customers are buying duplicate items to try multiple sizes and/or colours at home, with intent to return

**23%**

of fashion returns were intentional i.e. purchased duplicates

## **There are opportunities to improve the end-to-end online experience**

Customers make more impulse purchases when they are in store as opposed to online

**35%**

bought impulse products when shopping in store, compared to

**21%**

when shopping online



# Key contacts

## Key Contacts



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Survey analysis is based on a sample of KPMG UK employee shopping habits collected over an 8 week period from November 2015 to January 2016.

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