



RESEARCH

The Real State of BOPIS in the US Retail Market



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Executive Summary

Tecsys OrderDynamics' Omni-2000: US research details the customer buying journey specific to the US retail market. This research takes a random-walk method to review 753 US-based retail chains with a web presence and minimum of 10 stores.

With over 2,000 retail chains reviewed in depth, the Omni-2000 Global research provides an increasingly robust view of the modern retail market. Of the countries reviewed in the global version of this report, the US market stands last in omnichannel penetration with retailers (BOPIS: *buy online pickup in store*, also referred to as *click and collect*).

Despite being the largest retail market in the world, US retail has room for improvement in various omnichannel aspects. US shoppers are quickly moving toward social media shopping as yet another retailing channel. Yet only 20.1% of the entire retail market has the ability to sell on Instagram. The use of optimized m-commerce sites is also in its early days. Only 8.9% of all retail merchants have an optimized site.

The research also uncovers a steep decline in active inventory visibility. This seems most indicative of old, in-house developed, or light technology choices; or strategic decisions to use passive stock visibility formats. Whichever case is the key driver, the results are an alarming step back for the industry.

The number of collection methods has also dropped. US BOPIS currently focuses intensely on own store pickup.

The US omnichannel retail market is in its early phase. This is evident from the profile of the retailer using BOPIS, by size of chain. It skews heavily toward the enterprise-sized chains, indicating an early and maturing market.

Key findings for the US retail market include:

27.5%

of retailers offer BOPIS (buy online pickup in store) currently

39.1%

of omnichannel retailers offer basic, active inventory visibility

24.7%

of all retailers provide free return shipping

0.4%

of all merchants charge a restocking fee for returned items

42.1%

of US retailers offer BORIS (buy online return in store)

31.9%

of omnichannel retailers accept Instagram purchases



Research Methodology

Tecsys OrderDynamics' Omni-2000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omnichannel capabilities. Researchers took a shopper's perspective to uncover which merchants currently offer click and collect / BOPIS services. The random-walk approach means the research does not attempt to map to predefined market segment ratios (ex: 50% fashion, 10% footwear...). This research reviews a total of 753 US retail chains with 10 or more stores/locations and a web presence. The full Omni-2000 Global research initially investigated over 5,000 merchants, narrowing to 2,026. What follows articulates the detailed findings of the US omnichannel market, retail sub-sectors, chain sizes, and e-commerce platforms.

An interesting note is that although the random-walk methodology appears haphazard, there is a high level of consistency across categories, and countries across the years.

Data collection and analysis for the Tecsys OrderDynamics Omni-2000 US spanned from August to November 2018. The research reflects the offerings the retailers in the study express through their websites. In effect, this is what shoppers experience during their buying journey.

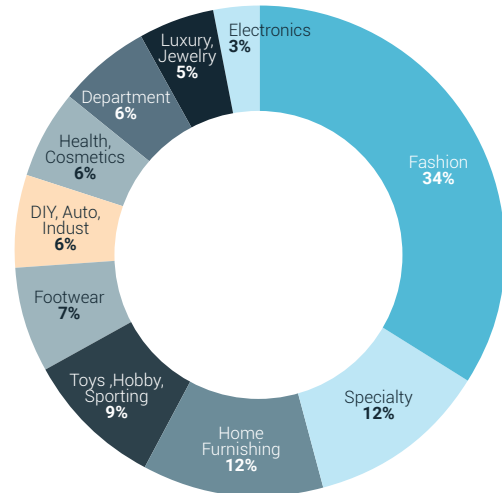
Included retailers each have a web presence, be it merely a website, or an e-commerce platform for purchase. Not all had online order-taking capabilities.

Forty observations were collected for each retailer, amounting to 30,120 data-points for the US. Some core data is provided in the various charts throughout the report. Readers should be cognizant of the smaller sample sizes for some of the sub-sectors. It means drawing conclusions from small sample size groups should be considered directionally indicative rather than statistically robust.

Research Methodology

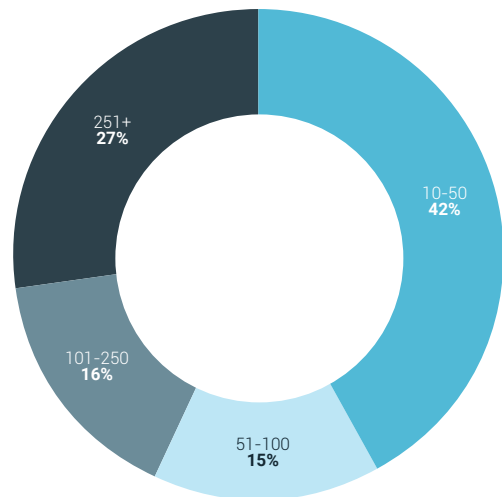
Retail Sector

Using the random-walk approach (similar to the Omni-1000 research)¹, the retail sector breakdown remains fairly consistent across study years. Fashion is by far the largest segment of the market at 34%. This followed by Specialty at 12%, Home Furnishing at 12%, and Toys|Hobby|Sporting goods at 9%. These top four reflect the top four across both reports.



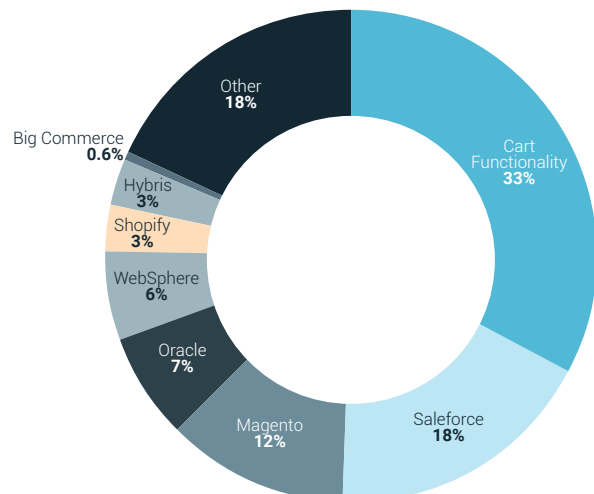
Store Count Sizing

The retail chain size composition has shifted significantly in this year's research. The Omni-1000 research skewed toward enterprise-sized retailers of 251+ stores. After increasing the number of retailers from 330 to 753, a 128% increase, the retail chain sizes should better reflect the nature of retail in the United States. Although the 10-50 store (small) category seems disproportionately large, it does better reflect the market (more small chains than large). It is important to realize the enterprise level retail chains still appear disproportionately large. It remains as an exercise for next year's research.



E-Commerce Platform (ECP)

From the e-commerce platforms that were identified using Builtwith, Cart Functionality fares well, once again. This followed by Salesforce at 18% of the market, then Magento at 12%. Other notables are Shopify and Shopify Plus, which is now in 2.9% of retail chains, and Big-Commerce showing up at 0.6% of retail chains in the research.



¹ OrderDynamics' Omni-1000: Global Research. OrderDynamics 2017 | <https://infohub.tecsys.com/hubfs/2019%20-%20OrderDynamics/Research/Omni-1000%20Global.pdf>

American Retail Snapshot

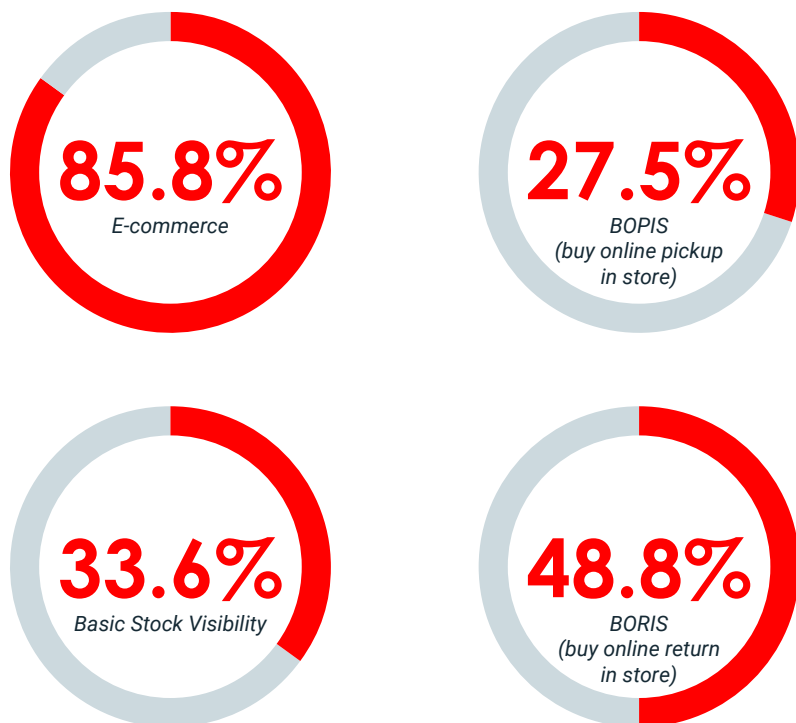
As a snapshot of the US retail market, e-commerce is deployed well. Although last year 89.4% showed an e-commerce presence, this year's 85.8% is across a larger sample size of 753 chains. With all the attention on the growth of online sales, it is surprising this figure is not above 90%. Statistica estimates the e-commerce to grow to 13.7% of retail sales by 2021.² As such, there is room to grow.

Superficially, it appears that BOPIS (buy online pickup in store) availability dropped from 29.1% (last year) to 27.5%. This is not the case. Strictly comparing retailers in both studies shows that BOPIS grew 5.7% this year.

Similar to observations from retailers around the world, basic inventory visibility declined substantially over the year. Currently, only 33.6% of retailers provide active, basic inventory visibility.

Finally, BORIS (buy online return in store), stands at 48.8% of retailers offering the service. This is definitely a growth opportunity, as 61% of consumers shop more often from retailers offering some form of free returns.³

Capabilities Snapshot



Across 753 US Retail Chains, only 27.5% offer Buy Online Pickup In Store (BOPIS) today

² Ecommerce Share of total retail US 2013 - 2021. Statistica 2018 | <https://www.statista.com/statistics/379112/e-commerce-share-of-retail-sales-in-us/>

³ The Journey to Build Loyalty Among Online Shoppers, Canada Post, 2018 | <https://www.canadapost.ca/blogs/business/ecommerce/the-journey-to-build-loyalty-among-online-shoppers/>

E-commerce and Free Shipping

Of the 62.9% of retailers offering free shipping, the bar graph below shows the minimum order value thresholds. The largest group of retailers that offer free shipping is in the \$0 - \$24 range. This appears to be a strategy to counteract part of the Amazon effect, where the free shipping threshold is \$25 USD.

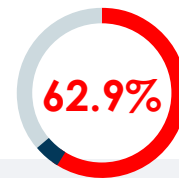
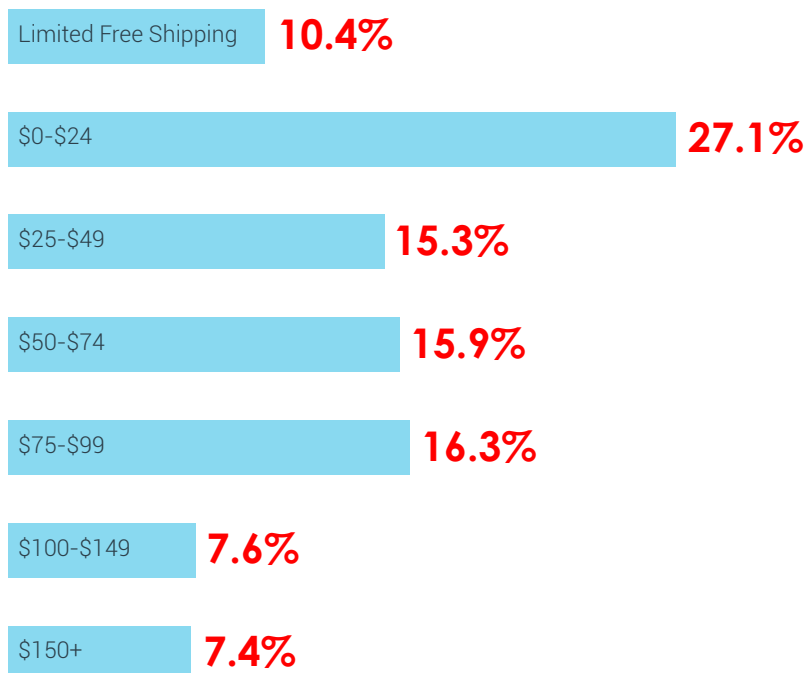
Again, the next range are the three from \$25 - \$49, \$50 - \$74, and \$75-\$99. These are fairly equally distributed ranging 15.3%, 15.9% and 16.3% respectively. This range is just below the cost of Amazon Prime membership at \$119 annually.

Despite the sample size change over the year, more retail chains have set the minimum order value threshold for free shipping to over \$100. 15.0% of retailers offer free delivery for orders over \$100. This is an increase, whereas the Omni-1000 recorded 13.1% in this category.

This is an interesting direction. Is it possible that a growing proportion of retail chains have found their customer base NOT to be as sensitive to the minimum order value threshold, as previously believed?

Equally interesting is that it was neither the DIY|Auto|Industrial goods, nor the Luxury|Jewelry segments that dominated this high threshold group. Fashion accounts for two-thirds of this group, followed by Home Furnishing at 10%, then Specialty goods at 7%. Home Furnishing was not a surprise; however, the Fashion segment being two-thirds of this group was surprising. Naturally, there are many high-end fashion retail brands in this group, like J. McLaughlin, Victoria's Secret, Giorgio Armani, Chico's, and David's Bridal; as examples.

Free Shipping with Minimum Purchase



62.9% of e-commerce retailers offer some form of Free Shipping.

6.5% of them offer promotional (limited time offer) free shipping

Free Shipping by Retail Sector

Free shipping offers by segment are not surprising. As expected, Footwear and Fashion are highest with 86.0% and 77.7% of retailers providing free shipping offers in these segments, respectively.

Shown in the table below, it is not alarming to see DIY|Auto|Industrial goods segment as least likely to provide a free shipping offer, with 17.0% of merchants providing the option. Home furnishing follows at 33.7% of merchants offering free deliveries. In both cases, merchandise can be either very large format, heavy, or requiring special handling to avoid damage. Moreover, it is not conducive to standard, low cost, or free shipping options.

Shifting focus to average minimum order thresholds and high-value thresholds show further surprising trends. Over the past year, the minimum order value threshold to achieve free shipping, rose from \$55.65 to \$63.75. A similar case is true regarding the highest threshold values found. These rose from \$799 to \$999. Comparing the average values in comparison of 247 retailers in both studies, finds that the average free shipping threshold in the US has dropped. The smaller group showed an average minimum order of \$56.02, whereas this year it is \$50.17. As such, the retail market competition continues to intensify to capture the retail shopper.

Retail Sector	Retailers	Offer Free Shipping			Min. Basket for Free Shipping	
		All	Promo (*)	%	Average	High Value
Fashion	256	190	9	77.7%	\$64.21	\$500.00
Specialty	93	43	12	59.1%	\$46.26	\$150.00
Home Furnishing	89	22	8	33.7%	\$204.32	\$999.00
Toys Hobby Sporting	72	40	5	62.5%	\$59.38	\$150.00
Footwear	50	39	4	86.0%	\$38.77	\$125.00
DIY Auto Indust.	47	6	2	17.0%	\$75.00	\$350.00
Health Cosmetics	46	28	3	67.4%	\$32.32	\$55.00
Department	44	24	5	65.9%	\$66.58	\$150.00
Luxury Jewelry	35	23	0	65.7%	\$29.26	\$150.00
Electronics	21	10	1	52.4%	\$87.60	\$599.00
Total	753	425	49	62.9%	\$63.75	\$999.00

(*) Promo: Promotional free-shipping

BOPIS

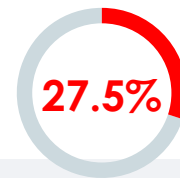
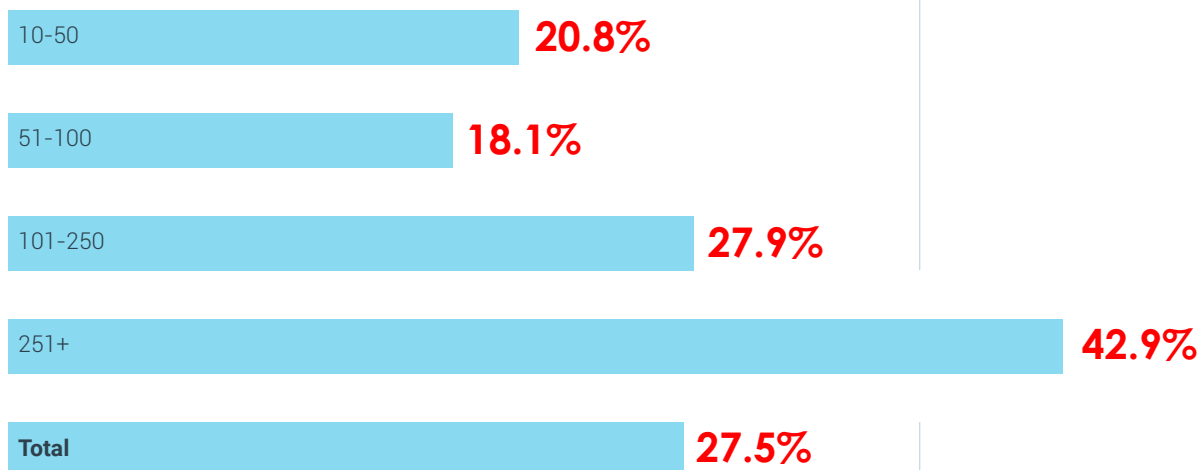
BOPIS Profile

US retail continues to show the omnichannel profile of a maturing market. Initial markets start with only enterprise-sized retailers adopting omnichannel practices, with few if any mid, upper-mid or large merchant chains adopting the techniques. For the US market, there is adoption at the mid (10-50 stores) and upper-mid (51-100) sized categories, stronger adoption at the large chain level (101-250 stores). Then the enterprise-sized chains (251+ stores), have the greatest adoption.

Although the difference between mid, upper-mid and large-sized merchant chains is not great, there is a large leap between large and enterprise-grade chains. Between these two categories, we see a 15.0% gap. By contrast, the UK market shows upper-mid-sized chains with the highest adoption, followed by the enterprise-sized chains. The gap between these two groups is 1.2%. As the US market matures, we will start to see a similar pattern of smaller deviance between the different chain sizes.

Although large and enterprise merchant chains are better at advertising omnichannel services, no size category was particularly good at it. Overall, only 27.5% of retailers offering BOPIS, stated this on the first page. Only 32% of the large or enterprise-level chains highlight 'in-store pickup' on page one. This continues to be a missed opportunity. Again, to contrast this against the most mature market, 68.1% of UK retailers promote the service immediately on the front page.

BOPIS Adoption by Retailer Store Count



Ads for in-store pickup on the first page, have become less common.

Only 27.5% of omnichannel retailers inform customers about it on the first page.

BOPIS

On the in-store pickup 'How To' instructions, and pickup alerts, retailers have largely adopted the practice. Although 82.1% and 85.0% are good take-up rates, there continues to be room for improvement. All retailers with BOPIS capabilities should provide both instructions and offer pickup alerts

Chain Store Count	Retail Chains	BOPIS		BOPIS Ad on 1st Page		'How To' FAQ		Pickup Alert	
		Count	%	Count	%	Count	%	Count	%
10-50	312	65	20.8%	13	20.0%	49	75.4%	52	80.0%
51-100	116	21	18.1%	5	23.8%	15	71.4%	15	71.4%
101-250	122	34	27.9%	11	32.4%	26	76.5%	26	76.5%
251+	203	87	42.9%	28	32.2%	80	92.0%	83	95.4%
Total	753	207	27.5%	57	27.5%	170	82.1%	176	85.0%

BOPIS Options

Of the 207 true omnichannel retailers found in the US sample, 86.0% offered one pickup option, at a given location specified by the consumer. The remaining 14.0% simply did not state the option, or make any third party references.

Last year's research found more variation, with two or three options offered by retailers; however, this year these additional options were not found.

40% - 59% of shoppers are likely to purchase additional goods when offered in-store pickups, at the retailer's location.⁴ Moreover, providing customers with added conveniences like pickup from a sister brand, pickup kiosk, courier store, pickup locker, or other options - engenders shopper loyalty. This is especially true of a market in which the competitors are NOT making the additional offer, and effort.

⁴ The Rise of the Click and Collect Superconsumer. OrderDynamics, July 2018 | <https://infohub.tecsys.com/hubfs/2019%20-%20OrderDynamics/Research/The%20Rise%20of%20the%20Superconsumer.pdf>

BOPIS

Pickup Notifications

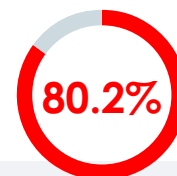
Pickup notifications let shoppers know their order is ready for them. The vast majority of retailers offer a single method, at 80.2%.

Predominantly this is an email message, but in some cases, it is a telephone call. Only 4.8% expressly offered two alert methods. No retail chain in the research sample expressly offered three or more options. A surprisingly large number of omnichannel retailers did not mention the notification methods at all, at 15.0%.

As Millennials and Generation Z shoppers continue to grow as an important consumer group, retailers will need to adapt. To run omnichannel practices like BOPIS effectively, retailers need a robust order management system (OMS). A good OMS provides flexible communications letting a retailer send alerts through Snapchat, Twitter, WeChat, text, email, voice messaging, or other social vehicles. We expect to see an evolution in the notification methods, over the next few years.

Engaging Customers

The table below presents a retail segment view of the US data. In some cases, like electronics retail chains the sample sizes are small. As such, consider any analysis at this level to be directionally indicative. Sliced to this extent there is a small statistical confidence. However, directionally, it is still informative for readers who are part of retailers in that particular segment.



The vast majority of retailers offer a single method of pickup notifications.

On the categories listed below, department stores are more apt to provide BOPIS, a third show ads of their service on the front web page, and they seem to keep shoppers best informed.



Retail Sector	Sector	BOPIS Available		First Page BOPIS Ad		'How To' Instructions		Pickup Alert	
	Count	Count	%	Count	%	Count	%	Count	%
Fashion	256	65	25.4%	15	23.1%	54	83.1%	57	87.7%
Specialty	93	19	20.4%	9	47.4%	18	94.7%	18	94.7%
Home Furnishing	89	31	34.8%	5	16.1%	19	61.3%	19	61.3%
Toys Hobby Sporting	72	22	30.6%	6	27.3%	18	81.8%	19	86.4%
Footwear	50	14	28.0%	2	14.3%	10	71.4%	11	78.6%
DIY Auto Indust.	47	14	29.8%	6	42.9%	14	100.0%	14	100.0%
Health Cosmetics	46	7	15.2%	2	28.6%	3	42.9%	4	57.1%
Department	44	19	43.2%	6	31.6%	19	100.0%	19	100.0%
Luxury Jewelry	35	8	22.9%	2	0.0%	7	87.5%	7	87.5%
Electronics	21	8	38.1%	4	50.0%	8	100.0%	8	100.0%
Total	753	207	27.5%	57	27.5%	170	82.1%	176	85.0%

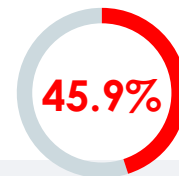
BOPIS

In-Store Pickup Delays

Almost half of all BOPIS merchant chains commit to having a customer's in-store pickup within 24 hours.

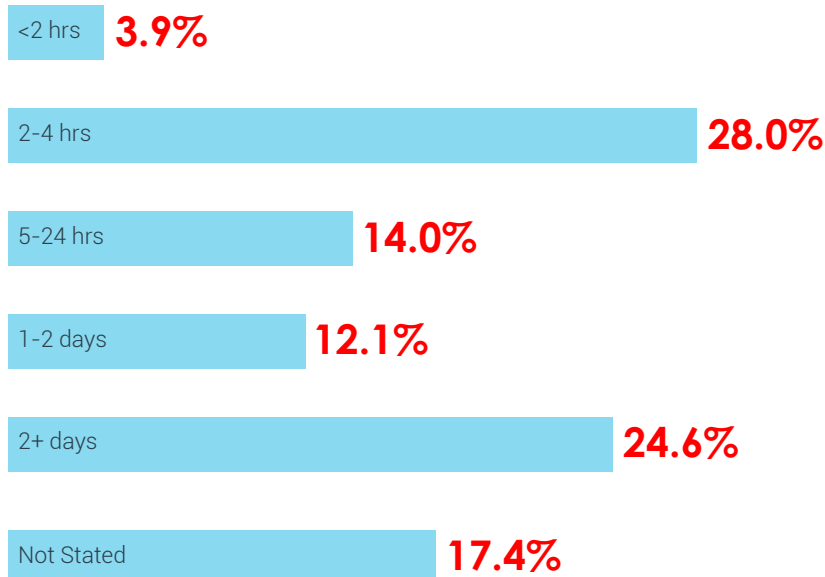
What is troubling for the US market is that this figure is significantly lower than last year (71.3%). Merchant chains need to find ways to increase this commitment level or face losing their best customers. The omnichannel superconsumer is a retailer's ideal shopper. 78% of superconsumers expect a BOPIS order to be ready within 24 hours.⁵ Other research finds that from a broader market view, 45% of all shoppers expect orders to be fulfilled within one day.⁶

It is risky to make commitments that retailers cannot actually support. There continues to be a strong need to improve the supply chain effectiveness, including speed. Again, part of the answer points to robust order management technology that finds the ideal ship-from, or holds for in-store pickup locations. At the very least, the onus is on merchants to find ways to commit to at least having part of a shopper's order ready within 24 hours. At the very least this would be a step in the right direction.



45.9% of US Omnichannel retail chains commit to having an in-store pickup ready within 24 hours.

Pickup Delay in Hours



⁵ The Rise of the Click and Collect Superconsumer. OrderDynamics, July 2018 | <https://infohub.tecsys.com/hubfs/2019%20-%20OrderDynamics/Research/The%20Rise%20of%20the%20Superconsumer.pdf>

⁶ The Journey to Build Loyalty Among Online Shoppers, Canada Post, 2018 | <https://www.canadapost.ca/blogs/business/ecommerce/the-journey-to-build-loyalty-among-online-shoppers/>

BOPIS

Retailer Size and Pickup Timing

At the current stage of the market, larger chains have an advantage regarding omnichannel deployments. Thus far, the systems needed to operate an omnichannel service, have been expensive.

Often, only the largest and deepest-pocketed retailers could afford the large, full replacement unified commerce solutions. However, as faster, standardized, out-of-the-box, and much less expensive point solutions are deployed in the market, this profile will shift.

Regarding pickup delays, the enterprise-sized chains are most transparent with customers. 93.1% of these chains disclose pickup delays, compared to only 66.7% for upper-mid tier retailers. It is interesting to note that the smaller chains show the lowest average pickup delay. Mid-sized merchant chains commit to an average of 32.1 hours before an order is ready for an in-store pickup. This compared to a 47.4-hour average commitment from the enterprise-sized retailers.

Given the earlier discussion about customer expectations for orders to be ready for pickup within 24 hours, there is room for improvement.

Retailer Store Count	Retail Chains	BOPIS		Pickup Delay Stated in Hrs				
		Count	%	Count	%	Average	Low	High
10-50	312	65	20.8%	48	73.8%	32.1	2	120
51-100	116	21	18.1%	14	66.7%	45.6	3	168
101-250	122	34	27.9%	28	82.4%	38.9	1	168
251+	203	87	42.9%	81	93.1%	47.4	2	360
Total	753	207	27.5%	171	82.6%	41.6	1	360

Inventory Visibility

Online Inventory Visibility Levels

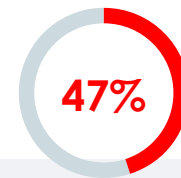
47% of shoppers claim to check local store inventory levels before buying an item online.⁷ If the American consumer checks a retailer's inventory levels online, and does not see an indicator, it is easy for them to click to another retailer. So, failing to actively show an inventory level, even at the basic 'in-stock', 'out-of-stock' indication, is a customer loss waiting to happen.

US retailers are risking many customer losses. All retailers should be able to connect their warehouse management system (WMS) to their e-commerce engine, to provide some indication of stocking levels. However, there is a widespread fear that competitors will know the retailer's inventory levels, and act on their weaknesses. As a result, we observe a continued downward trend in providing inventory visibility online. D3 Supply first noted it in their research from 2016 to 2017.⁸

Similar observations are noted for the US market, currently. At 32.9% of retailers showing active stock visibility - this is just over half the figure observed in 2017, being 63.3%.

As noted in the Omni-2000 Global observations the fear of competitive intelligence may have prompted a growing number of retailers to opt for passive inventory visibility techniques. These allow the e-commerce system to 'not' show inventory when an item is in stock. It only provides an indication to the online shopper when an item is 'out-of-stock'. Thus, everything that is shown is in-stock, unless otherwise stated.

Passive techniques are clever. However, they leave consumers with a sense of ambiguity. There isn't a pro-active indicator telling the consumer that there are 3 left of a given product. It misses the opportunity to create a sense of urgency when there are only 2 units left of a certain item at the store near the shopper.



47% of shoppers claim to check local store inventory levels before buying an item online.⁷

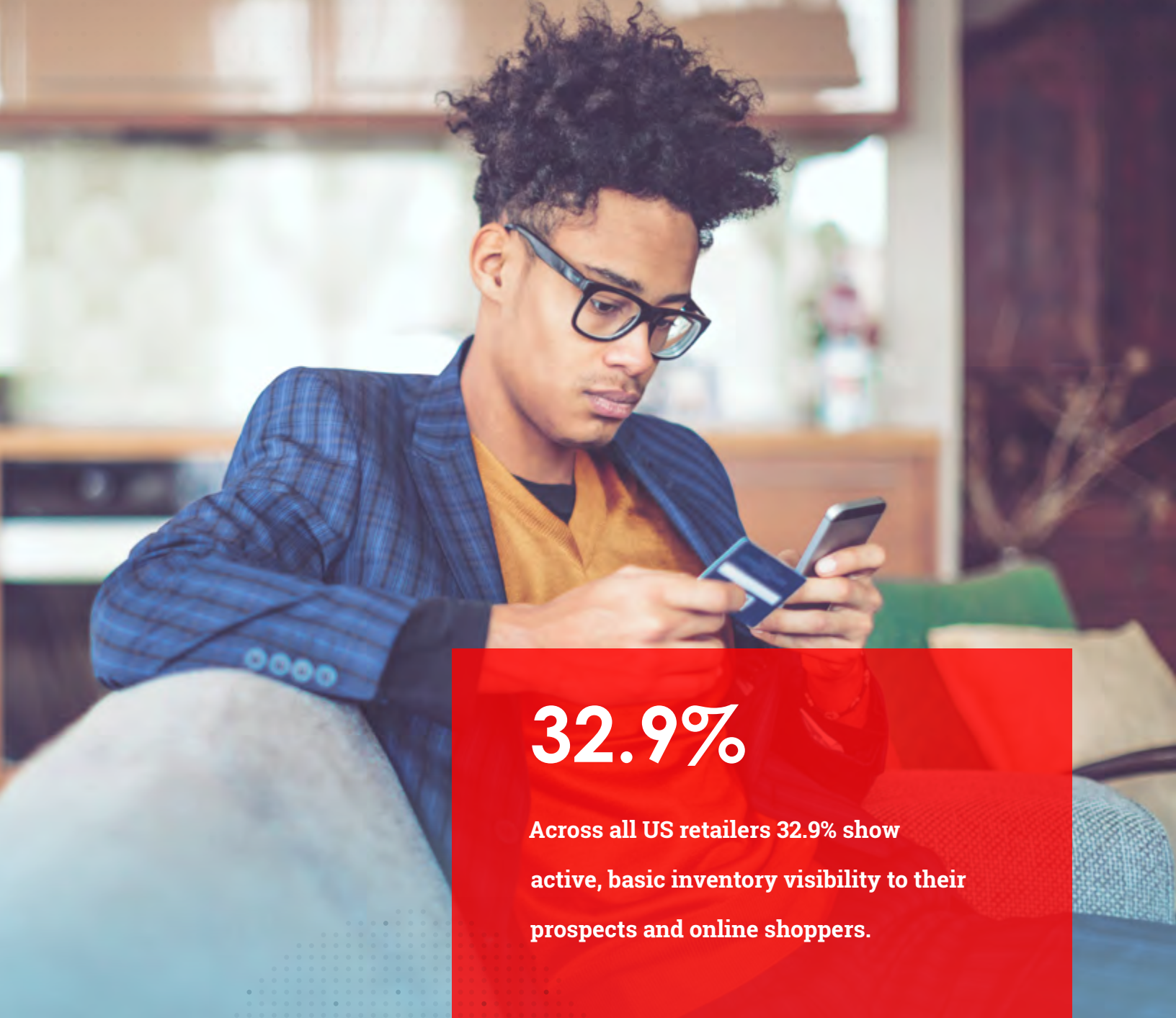
Basic Inventory Visibility Across Retail Sites



(*) Multichannel is when a retailer offers an in-store and an online/digital presence with no buy-online-pickup-in-store abilities. Omnichannel is having an in-store and an online/digital presence, while also offering buy online pickup in store and other cross-channel services.

⁷ The Journey to Build Loyalty Among Online Shoppers, Canada Post, 2018 | <https://www.canadapost.ca/blogs/business/ecommerce/the-journey-to-build-loyalty-among-online-shoppers/>

⁸ Dynamic Distribution Disruption 2017 State of Retail Supply Chain Report. EFT & D3 Supply 2017 | <https://www.eft.com/content/dynamic-distribution-disruption-2019-state-retail-supply-chain-report>



32.9%

Across all US retailers 32.9% show
active, basic inventory visibility to their
prospects and online shoppers.

Inventory Visibility

Inventory Visibility by Retailer Size

Four inventory categories are tracked in the research. First is the overall active inventory visibility indication. Is the item 'in-stock' or 'out-of-stock' at the retail chain? Second is a step better, asking how many of an item is available with a particular merchant? Third is the store level, overall active inventory visibility. Is the item 'in-stock' or 'out-of-stock' at a particular store that is part of the retail chain? Finally, the fourth is a detailed look at the number of items of a particular product, available at a particular store for that retail chain.

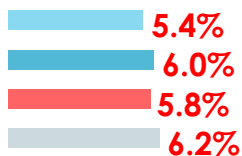
As shown on the graph, the detailed level of visibility is uncommon. This is true both at the overall chain level and at the particular store level. As discussed earlier, this is not surprising, given that retailers are apprehensive of releasing detailed inventory information to competitors. It is a shame that customers miss out too.

Inventory Visibility Types Across Retail

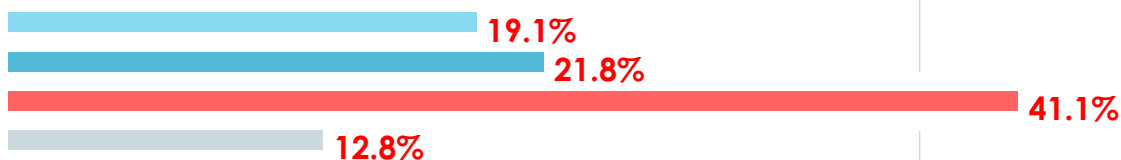
Overall In-Stock Indication



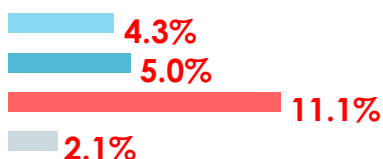
Overall #Items Available



Store Level In-Stock Indication



Store Level #Items Available



All Retailers All Online Retailers Omnichannel Retailers Multichannel Retailers

Inventory Visibility

Inventory Visibility by Retailer Size

Notable is that omnichannel retailers are significantly more advanced with inventory visibility capabilities than other retailers. This includes multichannel retailers with both online and physical stores, but where the two are independent of each other, and a generalization of all retailers with an online presence.

More likely to be equipped with systems like order management technology, gives omnichannel retailers an advantage here. A good OMS will have a centralized and real-time inventory view across the entire retail business.

Not surprising, more enterprise-level retailers have store level basic and detailed inventory visibility. As discussed earlier, enterprise level chains are more likely to have investments in advanced order management systems, than their smaller counterpart. With more cloud-based and advanced out-of-the-box solutions available (like Tecsys OrderDynamics' solution), this is expected to evolve over the next few years, in the US market.

Retailer Store Count	Retail Chains	Overall Inventory Visibility				Store Level Inventory Visibility			
		InStock	%	Qty	%	InStock	%	Qty	%
10-50	312	106	34.0%	21	6.7%	47	15.1%	5	1.6%
51-100	116	44	37.9%	10	8.6%	19	16.4%	8	6.9%
101-250	122	38	31.1%	4	3.3%	27	22.1%	6	4.9%
251+	203	60	29.6%	5	2.5%	48	23.6%	13	6.4%
Total	753	248	32.9%	40	5.3%	141	18.7%	32	4.2%

Returns

Return Policies

Clear Returns Policy

Returns are extremely important to today's shopper. 18% of consumers claim they choose not to purchase from a retailer based on the returns policy.⁹ Fortunately, 62.4% of US retailers have a clear, simple and intelligible returns policy.

Albeit a subjective category, the research team felt that despite most retailers providing fairly good clarity on returns, there is still room for improvement, by using more icons/images, making it easier to find, bullet pointing the key concerns, and making the language even simpler.

No Returns Policy

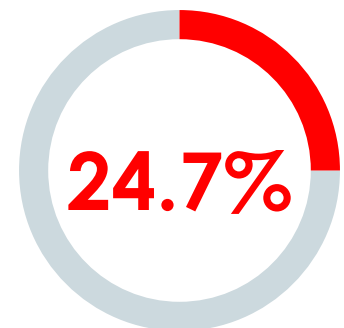
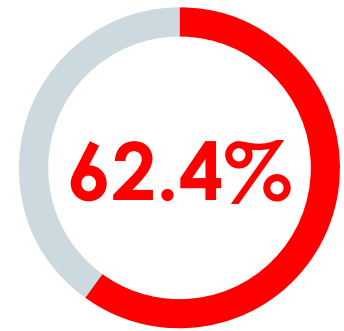
Few US retailers fail to show a returns policy online. But, the 12.5% that do not provide the policy online, or made it very difficult to find, are probably losing customers.

This is a very easy category to fix. It only requires the webmaster to add a returns policy section to the website. Truly, this number should step toward zero, in short order.

Free Returns Shipping

Although only 42% of US shoppers prefer to ship return back to a merchant, 75% have done so.¹⁰ Even though most shoppers prefer to return merchandise in-store, it is important to reduce the risk with customers by providing free return shipping.

Yet, only 24.7% of retail chains provide free return deliveries. This low level would make sense if the majority of US retailers offered BORIS services. Here is another opportunity for improvement among US retailers.



⁹ E-Commerce Returns: From Costly Complication to Competitive Advantage. Canada Post 2018 | https://www.canadapost.ca/web/en/blogs/business/details.page?article=2017/02/22/how_to_transform_ret&catttype=business&cat=shipping

¹⁰ UPS Pulse of the Online Shopper Study, UPS April 2018 | <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets&id=1523375506132-228>



42.1%

Across all US retail chains studied, 42.1% offer buy-online-return-in-store (BORIS) services to their customers.

Returns

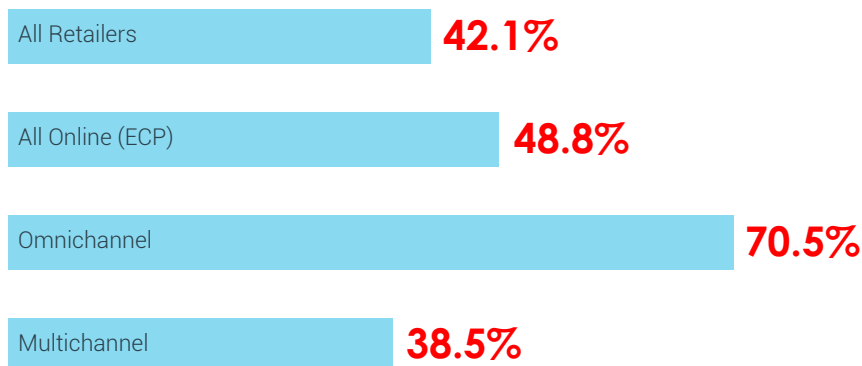
Buy Online Return In Store (BORIS)

When 82% of consumers state that they will proceed to buy an item if there is a favourable returns policy in place, it means that offers like BORIS (buy online return in store) are important.¹¹

UPS found that 58% of American consumers prefer to return merchandise to a physical store.¹² As such, BORIS is an important part of modern retail.

Although for the overall US retail market, only 42.1% of chains offer BORIS, the omnichannel vendors outpace other retailers again. For omnichannel merchants, 70.5% offer BORIS to customers.

Buy Online Return In Store by Retail Strategy



Not only does offering in-store returns reduce the feeling of risk with a retailer's consumers, but it can also improve sales. When a customer returns merchandise in store, 53% of BOPIS superconsumers and 43% of occasional BOPIS users purchased more goods during that trip.¹³ Unlike a free mailed return which costs a return mail fee for the retailer, the in-store return saves on this, and provides an opportunity for shoppers to buy more goods. In effect, BORIS helps increase in-store sales whereas an online return would just have stopped as a negated sale.

¹¹ This is What Retail Multichannel Supply Chain Excellence Looks Like. Tom Enright, Gartner, Sep 2015 | <https://www.gartner.com/en/documents/3130217>

¹² UPS Pulse of the Online Shopper Study, UPS April 2018 | <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets&id=1523375506132-228>

¹³ The Rise of the Click and Collect Superconsumer. OrderDynamics, July 2018 | <https://infohub.tecsys.com/hubfs/2019%20-%20OrderDynamics/Research/The%20Rise%20of%20the%20Superconsumer.pdf>

Returns

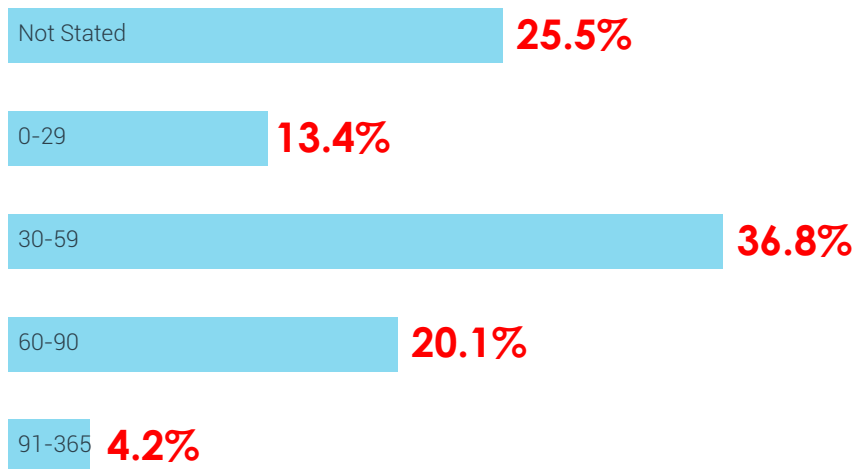
Days to Return

Return allowances in the US are comparable to and somewhat better than global standards measured in the international version of this research.¹⁴ The most popular return allowance both globally and in the US, is the 30-59 day return window. For the US 36.8% of retailer adopt this window, with 34.6% doing so internationally.

Unlike the global results, the US market does not gravitate to 0-29 day returns as intensely. Globally, 29.1% of retailers offer 0-29 day return policies. That is almost triple the rate observed in the United States. This is good, as 0-29 day returns are a very tight retailing policy that does not favour the consumer.

US retailers offer 60-90 day terms about twice as often as global retailers. Globally only 10.1% of retailers offer 60-90 day terms, whereas 20.1% of US merchants offer this time allowance.

Retailer Return Days Allowance



¹⁴ E-Commerce Returns: From Costly Complication to Competitive Advantage. Canada Post 2018 | https://www.canadapost.ca/web/en/blogs/business/details.page?article=2017/02/22/how_to_transform_ret&catttype=business&cat=shipping

Returns

Return Allowance Ranges

Luxury|Jewelry and Fashion retailers are most likely to offer 30-59 day return terms, at 45.7% and 45.3%, respectively. For a more generous 60-90 day return, Toys|Hobby|Sporting goods, and Footwear are the strongest retail sectors at 31.9% and 26.0%, respectively. On the very high end with 91-365 day returns 15.9% of Department stores offer this impressive, yet costly level of return allowances. Although this is very favourable from the shopper's perspective, it may also open up the retailer for significant abuse. Yet, the counter-argument is that such rich returns may engender a very strong retail brand loyalty, similar to what Costco has appreciated, in part due to its rich return policies.

By retail segment, 48.0% of Footwear, and 36.7% of Fashion retailers offer free return shipping. It is interesting that both of these sectors are also part of the top three that allow customers to return items in-store (even for online purchases). At the top, 65.9% of Department stores offer BORIS. This followed by 52.3% of Fashion retailers, and 52.0% of Footwear merchants.

Electronic goods vendors seem to provide the least customer favourable terms and offers. Only 9.5% provided free return shipping. Despite this low offer on the free return shipping, electronics retailers were also least likely to allow customers to return online sourced items in-store. Prime opportunity for an electronics retailer wanting to break the mould.

Retail Sector	Sector		Days to Return Merchandise				Free Return Ship		BORIS	
	Count	N/A	0-29	30-59	60-90	91-365	Count	%	Count	%
Fashion	256	14.5%	14.5%	45.3%	22.3%	3.5%	94	36.7%	134	52.3%
Specialty	93	36.6%	10.8%	31.2%	16.1%	5.4%	14	15.1%	28	30.1%
Home Furnishing	89	31.5%	29.2%	23.6%	13.5%	2.2%	6	6.7%	24	27.0%
Toys Hobby Sporting	72	25.0%	0.0%	40.3%	31.9%	2.8%	18	25.0%	29	40.3%
Footwear	50	14.0%	16.0%	38.0%	26.0%	6.0%	24	48.0%	26	52.0%
DIY Auto Indust.	47	53.2%	0.0%	19.1%	21.3%	6.4%	2	4.3%	16	34.0%
Health Cosmetics	46	39.1%	2.2%	37.0%	19.6%	2.2%	9	19.6%	17	37.0%
Department	44	27.3%	4.5%	34.1%	18.2%	15.9%	8	18.2%	29	65.9%
Luxury Jewelry	35	20.0%	22.9%	45.7%	11.4%	0.0%	9	25.7%	9	25.7%
Electronics	21	28.6%	42.9%	28.6%	0.0%	0.0%	2	9.5%	5	23.8%
Total	753	25.5%	13.4%	36.8%	20.1%	4.2%	186	24.7%	317	42.1%

Mobile and Social Commerce

Mobile Responsive Sites

Only 14.0% of Omnichannel retailers have a fully optimized m-commerce site.

Overall, 74.2% of US retailers offer mobile responsive websites. Consumers can browse products and categories, and even purchase items from here. This is particularly important given that 29% of US smartphone owners make purchases from their mobile on a daily basis.¹⁵ It makes sense that a large fraction of retailers have mobile responsive capabilities.

The difference between a responsive and a m-commerce site is optimization. Mobile responsiveness is good, but not optimized for the purchasing experience. Most website platforms and themes offer mobile responsive web designs, today. Solid first step. But, it does not ensure everything is set up ideally for a customer purchase on smartphones. It explains why 74.2% of US retail sites are responsive, yet only 8.9% of all retailers offer m-commerce optimized sites. This is also the difference between the circle graphs to the right. The top one is specific to the m-commerce optimized site, for omnichannel retailers.

Retailers most readily adopting mobile responsive sites are Luxury|Jewelry at 82.9%, Fashion at 82.4%, and Footwear at 76.0%.

M-commerce Optimized Retail

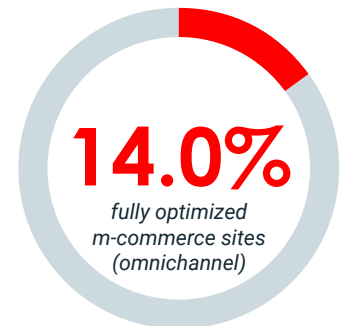
The mobile research suggests that 57% of US smartphone owners make purchases multiple times per month using their mobile phone. As such, it seems surprising that more retailers have not adopted fully optimized m-commerce. 8.9% of US retailers have a fully optimized m-commerce site designed for ease of purchasing goods and services.

Again we see that omnichannel retailers have the highest penetration of m-commerce optimized sites, at 14.0%. What is surprising is that compared to omnichannel retailers, multichannel merchants have just over half of the m-commerce optimized adoption rate. This is lower than even a look at all retailer categories.

Retailers may currently feel that mobile responsive sites are good enough for their shoppers' needs.

For comparison, worldwide 7.0% of multichannel merchants have mobile-optimized sites, while 11.4% of omnichannel vendors have them. In that light, US retail is on the forefront of the m-commerce developments.

¹⁵ Reimagining Commerce: Global Findings. Experience-Driven Commerce Outperforms Conversion-Focused Strategies. Episerver, 2018 | <https://www.episerver.com/globalassets/assets-website-structure/resources/guides-and-reports/episerver-reimagining-commerce-report-2018.pdf>



M-commerce Responsive Sites

All Retailers 8.9%

All Online (ECP) 9.8%

Omnichannel 14.0%

Multichannel 7.7%

Mobile and Social Commerce

Social Media and Commerce

Overall, retailers in the US have gravitated toward Instagram en masse. 89.5% of US retailers have a presence on the platform. Once again omnichannel retailers specifically, are in the lead with 96.1% with a presence on Instagram.

Retail chain size shows only minor variations among merchants. On the social platform, enterprise-sized retailers do NOT have a stronger position than mid or upper-mid-sized chains. From a segment perspective, only 59.6% of DIY | Auto | Industrial goods have an Instagram presence. All other retail sectors find that 81.0% or more have an Instagram presence.

Despite the high 'presence' adoption of Instagram, only 20.1% have the platform established as a sales channel. Of the 753 retailers reviewed, 151 allow shoppers to place an order directly from Instagram. No doubt this will be a category that will grow quickly over the next year or two.

Before this research, BigCommerce released a report showing a particular high acceptance of purchasing on Instagram in the UK market.¹⁶ Specifically, it calls out that "2X as many UK respondents made a purchase on Instagram as global respondents."¹⁶ Our research finds that the UK has the second most Instagram shops at 15.2% penetration, behind the US retail market at 20.1%. If consumers in the UK are willing to purchase on Instagram, then the results imply that the US consumer should be an even more willing buyer on this channel. Again, we expect social selling to be a rapidly growing retail channel in the coming years.

Loyalty programs seem under-represented online. This is certainly the case among mid and upper-mid-sized chains, with observations in only 16.7% and 19.8% of cases, respectively. Germany|Austria, and Australia have the greatest number of retail loyalty programs found online, at 39.0% and 36.8% respectively. In this case, US retailers showed loyalty programs online in 25.5% of cases.



Retailer Store Count	Retail Chains	Loyalty		Mobile				Instagram			
		Prog.	%	Resp.	%	Opt.	%	Present	%	Shop	%
10-50	312	52	16.7%	242	77.6%	22	7.1%	278	89.1%	52	16.7%
51-100	116	23	19.8%	85	73.3%	13	11.2%	103	88.8%	17	14.7%
101-250	122	41	33.6%	91	74.6%	3	2.5%	114	93.4%	29	23.8%
251+	203	76	37.4%	141	69.5%	29	14.3%	179	88.2%	53	26.1%
Total	753	192	25.5%	559	74.2%	67	8.9%	674	89.5%	151	20.1%

¹⁶ 2018 Omnichannel Buying Report. BigCommerce 2018 | <https://grow.bigcommerce.com/rs/695-JJT-333/images/report-2018-omnichannel-buying.pdf>



31.9%

31.9% of Omnichannel Retailers have an active shop on Instagram, and allowing customers to buy directly from their Instagram account.

Comparison: Omni-1000 vs Omni-2000

Omnichannel Progress

For the US, this year's Omni-2000 investigation more than doubled the number of retail chains in the research.

From 330 chains, the current research investigates 753, representing a 128% increase. Given the dramatic sample size increase, and the shift in retail profiles reviewed, a superficial comparison of the two reports alone can be misleading. For a clear year over year (YoY) comparison, this section reviews only the 247 retail chains that appear in both. Fortunately, the sample in both investigations is large enough to offer a reasonable level of confidence.

BOPIS

A simple comparison of the two reports shows that BOPIS adoption in US retail was found to be 29.1% in 2017 (Omni-1000), yet only 27.5% in 2018 (Omni-2000). At first glance, this appears either to be an error or to suggest that the market has regressed. Neither is true. The new sample includes a significant increase in the number of small retail chains (10-50 stores). Smaller retailers are least likely to offer omnichannel services to customers. As such, it is not surprising that a sample which increases the number of small retail chains will result in lower BOPIS observations.

Instead, a like for like comparison of the 247 retail chains reviewed in both studies, provides a more accurate perspective. Across only the 247 retailers in both studies, they show 33.6% with BOPIS in the Omni-1000, with 39.3% offering the service in the Omni-2000. In effect, there has been a 5.7% improvement. It means that 5.7% more retailers offer BOPIS services this year than last year.

Although progress is always preferable to demise, 5.7% does seem like a small increase for the world's largest retail market. In that regard, the US market continues to have plenty of room to grow in omnichannel deployments and customer offerings.

Omni Report	Retail Chains	Retail Offering			
		BOPIS	Basic IV (**)	Returns Policy	BORIS
Omni-1000 (2017)	330	33.6%	68.8%	81.0%	66.0%
Omni-2000 (2018)	753	39.3%	37.7%	77.3%	68.0%
Difference	+128%	+5.7%	-31.2%	-3.6%	+2%

(**) Basic IV = Basic Inventory Visibility

Comparison: Omni-1000 vs Omni-2000

'How-to' FAQ

In the 'how-to' instructional category, US retailers showed modest improvements. Last year 81.9% of omnichannel retailers provided a set of instructions on how to use BOPIS services. If it is a first-time BOPIS shopper, the process is not necessarily intuitive. Currently, 88.7% of omnichannel retailers provide these instructions online. This is a 6.7% improvement. It is a step in the right direction, but it is still not fully used across the industry.

Buy Online Return In Store (BORIS)

Two-thirds of US retail provide BORIS. This has changed marginally over the past year, with a 2.0% increase. BORIS still seems to be an underappreciated opportunity. As expressed earlier, BORIS means customers bring merchandise back for their returns. When this happens, the retailer saves the cost of shipping returned items. It also means that 40%-59% of the time the customer comes in to return an item, they may purchase other goods. For many retailers, it remains an untapped means of making the most of a negative situation.

Active Inventory Visibility (Basic Level)

Inventory visibility is a key part of the omnichannel journey that is experiencing a significant and troubling decline. The like for like comparison finds that where 68.8% of retailers provided active online inventory visibility in 2017, only 37.7% show it currently. This is a massive drop of 31.1%; more sizable than the 30.5% global drop.

After the significant effort of triple checking these figures, we uncovered other research with similar results. D3 Supply's research also notes a drop in inventory visibility among retailers comparing 2016 to 2017.¹⁷ It appears to be a disconcerting trend, given that 64% of shoppers will drop an online purchase due to inaccurate or incomplete content information.¹⁸

Four possibilities may be contributing to this important step back.

- Competitive intelligence concerns
- Inadequate legacy systems or in-house built systems
- Passive inventory visibility adoption
- Light rather than Advanced OMS technology deployed

Although the exact cause of the decline is not researched in this report, the main root causes will be fascinating to uncover. The latter three options involved technology solutions that can be remedied either by switching strategy, or by sourcing robust technologies like advanced order management systems.



¹⁷Dynamic Distribution Disruption 2017 State of Retail Supply Chain Report. EFT & D3 Supply 2017 | <https://www.eft.com/content/dynamic-distribution-disruption-2019-state-retail-supply-chain-report>

¹⁸Reimagining Commerce: Global Findings. Experience-Driven Commerce Outperforms Conversion-Focused Strategies. Episerver, 2018 | <https://www.episerver.com/globalassets/assets-website-structure/resources/guides-and-reports/episerver-reimagining-commerce-report-2018.pdf>

Comparison: Omni-1000 vs Omni-2000

Comparison Conclusion

Despite a sizable decline in active inventory visibility use among omnichannel retailers in the US, BOPIS remains a growing retail option. The like for like comparison largely shows stability. At the shopper level over the past year, omnichannel capabilities have generally improved. BOPIS has grown by 5.7%, as in 5.7% more retailers offer the service than last year. This is good for the industry, and a positive trend that needs to further accelerate.

Another perplexing trend has been US retail's reluctance to advertise in-store pickup on the merchant's front web-page. The researchers looked for the mere presence of a simple line stating that store pickup is an option at a given retailer. Even a simple text note next to the 'Free Shipping' line at the top of the page, would suffice. Yet on first page, 16.2% fewer retailers advertised the service on the front web-page. Retailers are urged to fix this simple shortcoming.

All told, the US has the largest and most dynamic retail market. Yet, on the omnichannel front, there is considerable room to grow. Adoption of omnichannel is taking place, but the pace needs to accelerate for the good of the retailers involved. Finally, the market as a whole should start maturing, with a greater presence of mid and upper-mid level retailers offering services like BOPIS.

Omni-2000 Research: US

Omnichannel in the US Retail Market

Across the expanded sample of 753 mid to enterprise level retail chains, the Omni- 2000 research finds that 27.5% of US merchants offer BOPIS services. Although lower than the original finding of 29.1% in the Omni-1000, a like for like comparison finds that omnichannel practices have actually grown 5.7% over this past year. Currently the US market is last on this key finding, compared to the seven countries in the global research. This merely signals the need for US retailers to accelerate the pace of adoption technologies and processes that make omnichannel a reality.

The greatest surprise in the research is the drop in active inventory visibility. Not unique to the US market, it is dramatic in this case, with a 31.2% decrease. At the time of investigation, 32.9% of US-based retailers provide active inventory visibility. This regression in the consumer offering is alarming and signals the lack of the right infrastructure for the job, or misguided market approaches.

No retailer likes returns. Yet it is an important issue for consumers. Over 62% of US merchants have customer friendly return policies which are find-able, largely jargon-free, and easily understood. 24.7% of retailers offer free return shipping.

BORIS (buy online return in store) is available with 70.4% of omnichannel merchants, and 42.1% of all retailers combined. This is just shy of the international average results 72.6% and 46.7% for omnichannel vendors and all retailers, respectively.

On returns allowance for consumers, the US market is better than global standards. The most popular returns range is 30-59 days. A total of 36.8% of US retailer offer this range, compared to 34.6% globally. Next most offered is the 60-90 day return, accounting for 20.1% of US merchants. This is double the global level at 10.1%.

An example of the nascent nature of the US omnichannel market is the imbalanced BOPIS adoption across merchant chain sizes. Greatest adoption is at the enterprise-sized retail chains at 42.9%. There is a 15% gap between large and enterprise chains, with substantial catch-up from the mid and upper-mid-sized chains.

Pickup timing improved, as the average pickup commitment from retailers is 41.6 hours from time of order. Last year this was 46.8, denoting an 11.1% improvement. Despite advances, there is further room for improvement. The BOPIS Superconsumer expects orders to be ready for collection within 24 hours. Thus far, Germany & Austria lead with 30.8-hour commitments for a pickup.

Omni-2000 Research: US

Mobile responsive sites are popular as 74.2% of retailers have it. Meanwhile, only 8.9% of retailers have m-commerce optimized sites.

Social selling will become an increasingly important channel. Today 89.5% of US retailers have an Instagram presence. However, only 20.1% have an Instagram store that lets consumers shop directly from social media.

Key Observations

The US market continues to grow its omnichannel retail capabilities, with plenty of opportunities for improvement. There has been a retrenchment in the number of pickup methods available to shoppers, as well as a significant step back on active inventory visibility. Although concerning, it remains to be seen if this back-step on inventory visibility improves with more advanced technology deployments, or continues on its negative trajectory.

Opportunities for US retailers include more focus on mobile commerce optimized capabilities, as well as strengthening social media as a sales channel.

Overall, the needle is moving in the right direction. Retail just need to accelerate the pace.

About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies, and decades—by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service, and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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