Omni-Channel Research

OMNI-2000 Research: UK

Is Retail in the UK slipping on Click & Collect?

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Executive Summary

This report details the customer buying journey based on research specific to the UK retail market. It reviews the random-walk method investigating 289 UK based retail chains, with a minimum of 10 store locations.

Key findings for the UK retail market include:

- **64.0%** of retailers offer click and collect, currently
- **42.7%** of omni-channel retailers offer basic, active inventory visibility,
- **45.0%** of all retailers provide free return deliveries
- **No merchants** reviewed charge a restocking fee for returned items
- **58.5%** of UK retailers offer Buy Online Return In-Store (BORIS)
- Most **balanced adoption** of click and collect across merchant chain sizes
- **20.0%** of omni-channel retailers accept Instagram purchases

With over 2,000 retail chains globally reviewed in depth, the Omni-2000 provides an increasingly robust view of the modern retail market. Of the countries reviewed in the Omni-2000 Global research, the UK market continues to be the most advanced in omni-channel customer offerings.

Despite the advanced state of the UK market, opportunities for improvement exist here as well. UK shoppers are rapidly gravitating toward social media shopping as yet another retailing channel. Yet only 15.2% of the entire retail market have the ability to sell on Instagram (as a social selling example).

This research also shows that active inventory visibility has declined significantly over the past year. This may be foretelling of new ecommerce platform capabilities to provide passive inventory techniques. However, this step seems to be a step in reverse.

So too, have the number of collection methods dropped. UK click and collect retailers are promoting their own stores for pickup points.

The UK omni-channel retail market is healthy, and better serviced than other markets in the global research. UK retailing is more balanced than any other observed. This is telling of the market maturity in omni-channel practices.

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Research Methodology

OrderDynamics' Omni-2000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omni-channel capabilities. Researchers took a shopper's perspective to uncover which merchants offer click and collect / Buy Online Pick Up In-Store (BOPIS) services today. The random-walk approach means this research did not expressly include or exclude retailers based on predefined market ratios. For the UK a total of 289 retail chains are reviewed. The full Omni-2000 Global research initially investigated over 5,000 merchants, narrowing in on 2,026 with 10 or more stores and a web presence. The following pages articulate further details about the UK's omni-channel market, retail sub-sectors, chain sizes, and ecommerce platforms.

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

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

Expressed above, retailers selected for the study include only those with 10 or more physical store locations. Included retailers each have a web-presence, be it merely a website, or an ecommerce platform for purchase. Not all retailers in the study had online order-taking capabilities.

Forty data observations were collected for each retailer in the research, culminating to 11,920 data-points for the UK. Some core data is provided in the various charts throughout the report. Readers are reminded to be cognizant of certain 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.

Contact OrderDynamics directly with further questions. If you are a retailer, and would like to know if your organization was part of this research, we will be pleased to share these results with your senior management team. Kindly call us directly, or complete an Omni-Score request form. We will connect with you as quickly as possible.

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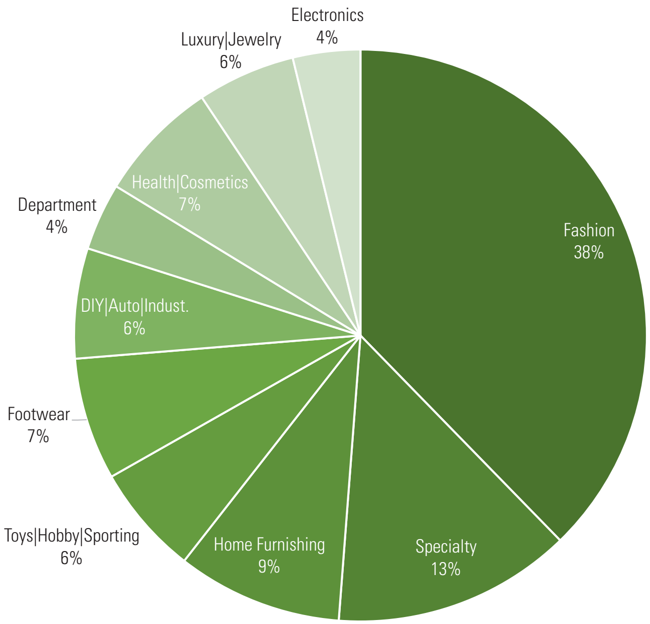
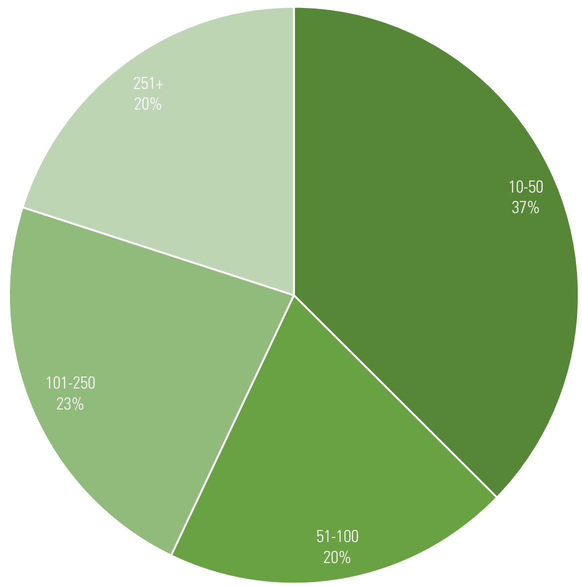
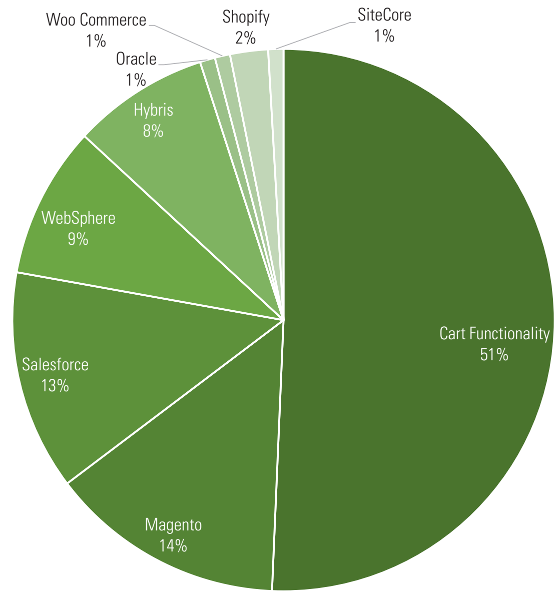
OMNI-2000 Research: UK

Research Methodology







Retail Sectors

Similar to the Omni-1000 research, a Random-walk approach provides a natural breakdown shown above. Again, Fashion weighs in at 38% of retailers in the study. Specialty goods like gifts, cards, candles, musical instruments and such, weighs in at 13% of the retailers reviewed. A larger number of home furnishing retailers are in the Omni-2000 research, at 9% of those investigated.

Store Count Sizing

Retail chain sizes remain very consistent comparing last year's research to the current edition. Despite increasing the sample size from 200 to 289 retailers, the profile of small, medium, large, and enterprise level retail chains remains stable, with small variations. Enterprise sized chains represent a smaller proportion of the sample, at 20%, rather than 24% shown in the Omni-1000. However, such deviations are small.

eCommerce Platform (eCP)

Using Builtwith to determine the eCP systems, a large swing is noted toward Cart Functionality. It represents more than half of UK ecommerce systems. This is followed by Magento at 14%, then Salesforce Commerce Cloud at 13%. Notable are Shopify | Shopify Plus, and Sitecore with 2% and 1% representation of the 289 retailers in the research.

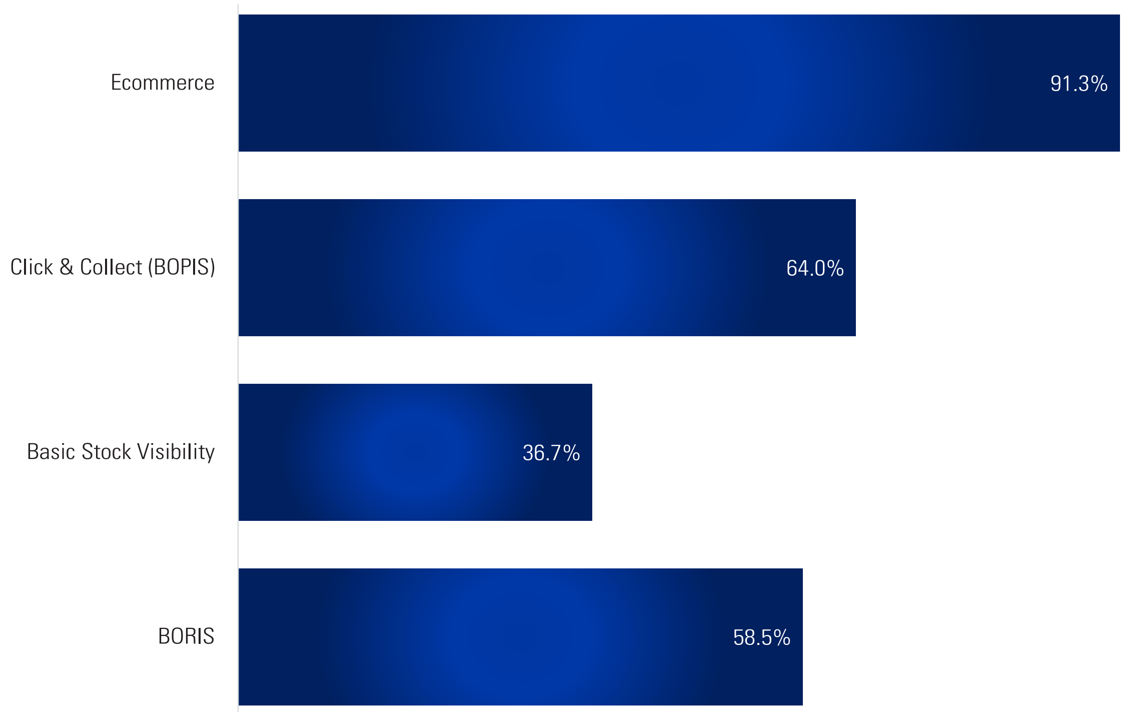
N=289
Source: OrderDynamics, Oct 2018

British Snapshot

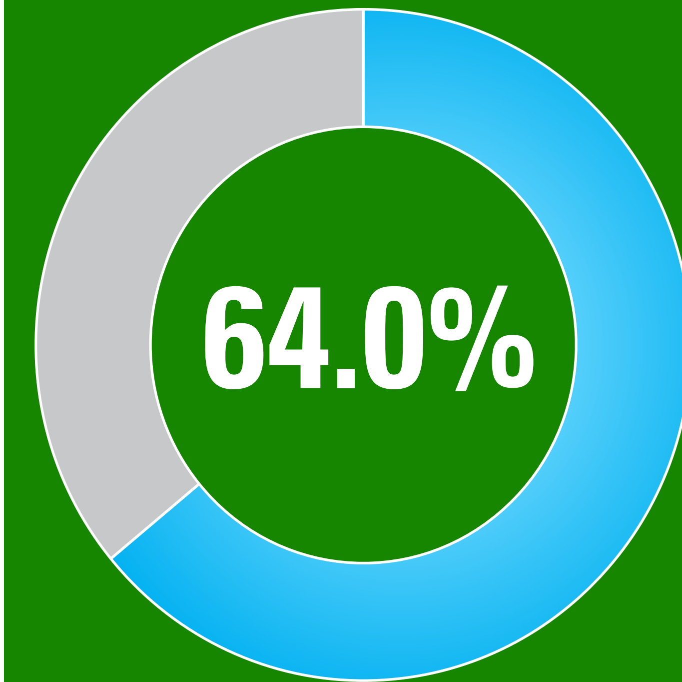
The vast majority of retailers in the UK have an active ecommerce business, at 91.3%. Frankly, this should be the level observed in every western market, but it is not. Equally strong is the adoption of click and collect at 64.0%, as the key element of omni-channel retailing. Admittedly, this figure has dropped by 3.0%. However, this may be the effect of a 44% increase in the retail sample size. As earlier noted, the enterprise level retail chains have a smaller representation in this research. Despite the apparent decline, the like-for-like comparison (later in the report) shows that click and collect services have neither grown or declined.

The research shows a significant drop in inventory visibility levels. Basic active stock visibility is only found in 36.7% of online stores. This is a sizable shift from a year earlier, with a similar phenomenon noted at the global level. BORIS (buy online return in-store) continues as a strong offering at 58.5%. There is certainly room for improvement here, as this is a good way to improve loyalty and encourage repeat purchases.

CAPABILITIES SNAPSHOT



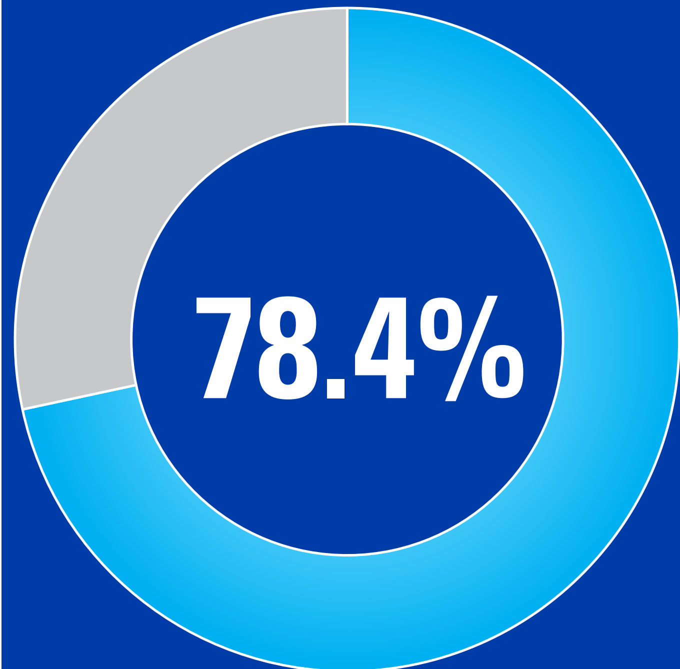
N=289
Source: OrderDynamics, Oct 2018



"UK remains the most advanced Click & Collect market globally, with 64.0% of retailers offering the service."

eCommerce and Free Shipping

order dynamics



"Of the UK retailers with an online store 78.4% offer Free Shipping"

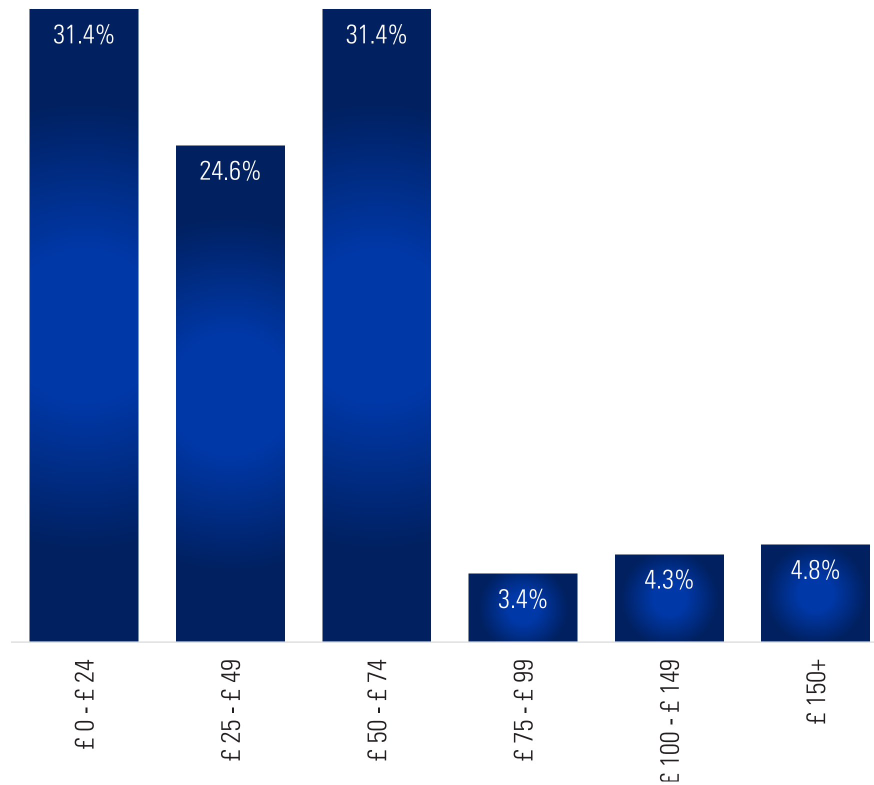
eCommerce Free Delivery

Free shipping in the UK has been remarkably consistent over the past year. The profile to the right shows a very similar pattern to that of 2017. Most retailers offer free delivery for baskets of goods less than £74. In this range, there are an equal number of retail chains offering free shipping for shopping cart sizes less than £24, and for those between £50 - £74. These two peaks are equal at 31.4% of the market.

Competitively this is an interesting market profile. It is more than a co-incidence that it maps closely to Amazon's free delivery pricing for the UK. Amazon offer free delivery for a minimum order of £10 for books, and £20 for other goods. For prime membership in the UK, yearly pricing is £79, paid up front. As such, competitive basket sizes peak at basket sizes in both of these ranges.

Free delivery is highly competitive in the UK, as even home furnishing retailers (seen on next page) have an average basket size within the same range as all other retail specializations. Given that home furnishings can often be large, bulky and heavy; the minimum threshold to get free delivery is often higher than other sub-sectors.

FREE SHIPPING WITH MINIMUM PURCHASE



As a side note, three is the most common minimum shipping days quoted online, for free deliveries. 42.2% of retailers quote 3 days for shipments, followed by 2 day delivery at 35.5%. Currently, only 10.2% offer one day delivery. One day delivery is a significant challenge for any retailer. Be that the base, it will be interesting to observe if the trend for ever faster delivery will continue.

N=207
Source: OrderDynamics, Nov 2018

Free Delivery By Retail Sector

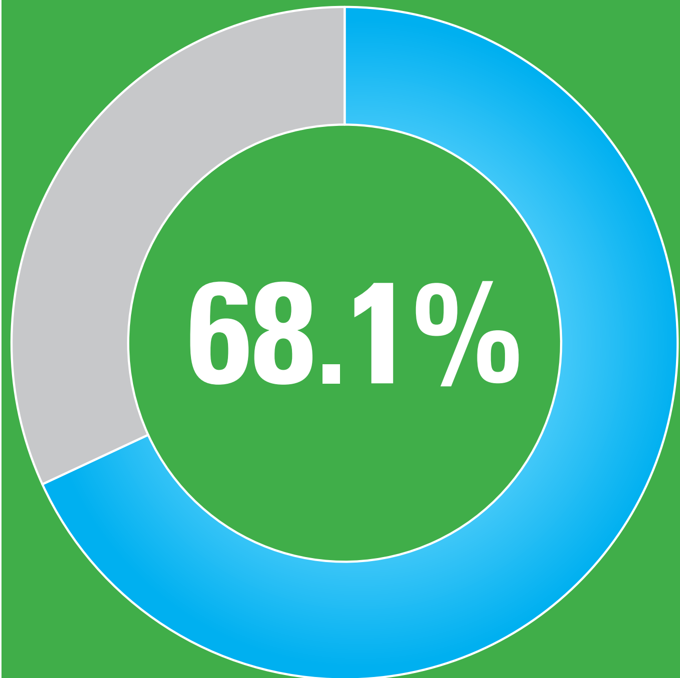
With 71.6% of UK retailers providing free delivery, the offering is expected by consumers. In fact, the surprising element worthy of more investigation are the retailers which do not offer it. Compared to last year, there is little evidence of either growth or significant decline (comparison discussed at length at end of report). Luxury | Jewelry is the sector most likely to provide free shipping, with 93.8% of merchants doing so. This closely followed by footwear at 85.0%, and Toys|Hobby|Sporting goods at 83.3%.

Average minimum order basket sizes are largest for the DIY | Auto | Industrial Goods at £75.36, and Home Furnishing markets at £61.58. Conversely, the smallest minimum basket size to qualify for free delivery are the Electronics retailers at £15.44, and Specialty goods at £24.87. In this respect Electronics retailers continue to be a surprising category. Most retailers here offer free delivery at 81.8%. Although the minimum basket size is still lowest, in a like-for-like comparison of 178 UK retailers, the minimum basket size for free shipping for Electronics, experienced an average increase of £10.71. In this regard, Department stores reduced their minimum threshold the most by £6.79, as a retail sector.

	Retailers	Offer Free Shipping		Min. Basket for Free Shipping	
Retail Sector		All	%	Avg	High Value
Fashion	109	81	74.3%	£49.68	£300.00
Specialty	39	23	59.0%	£24.87	£85.00
Home Furnishing	27	12	44.4%	£61.58	£250.00
Health|Cosmetics	20	17	85.0%	£35.76	£115.00
Footwear	20	17	85.0%	£32.35	£70.00
DIY|Auto|Indust.	18	11	61.1%	£75.36	£250.00
Toys|Hobby|Sporting	18	15	83.3%	£43.00	£150.00
Luxury|Jewelry	16	15	93.8%	£39.27	£100.00
Electronics	11	9	81.8%	£15.44	£89.00
Department	11	7	63.6%	£40.71	£50.00
Total	**289**	**207**	**71.6%**	**£43.38**	**£300.00**

N=289
Source: OrderDynamics, Nov 2018

Click and Collect



"Over 68% of Click and Collect retailers in the UK now advertise the service on the first web-page"

Click & Collect Profile

Given the maturity of omni-channel in the UK market, the market profile by retail chain size, is unique. The global market profile shows a clear and distinct correlation between the retailer chain size, and adoption of click and collect as an offering. In other words, the availability of click and collect rises as the size of the retail chain grows. Globally, 48.1% of enterprise sized (251+ stores) retailers offer click & collect services. This compared to only 31.5% of small retail chains (10-50 stores).

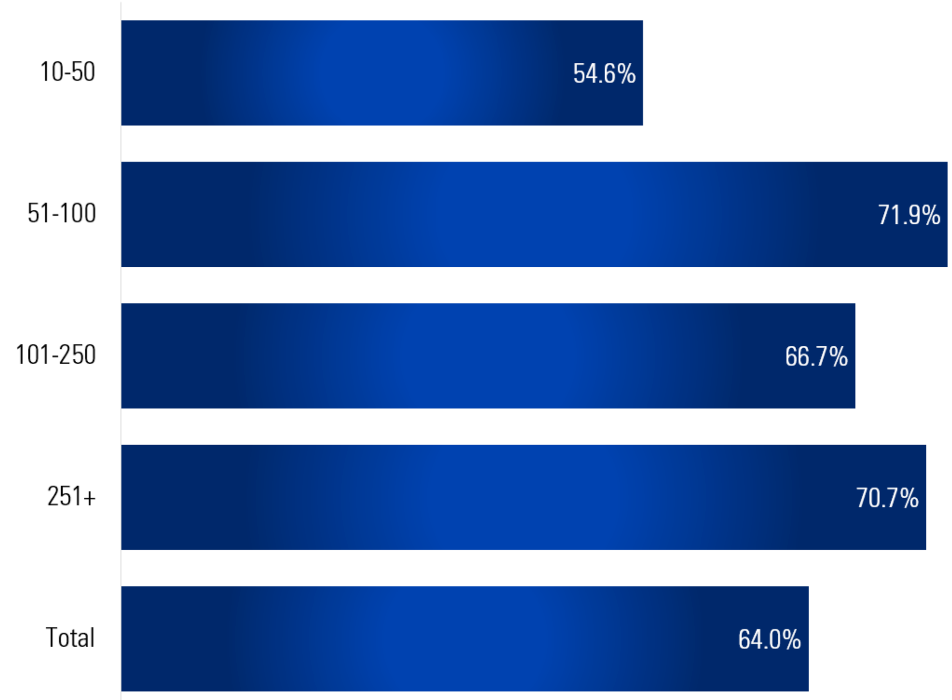
Unlike the global pattern, the UK market's highest omni-channel rate of adoption is with retail chains of 51-100 stores, at 71.9%. Not far behind are the enterprise retailers at 70.7% adoption. As the omni-channel market matures the size of retail chain becomes less of a factor in the service adoption. Past a certain size point (50 stores), all retailers have similar levels of adoption of click and collect practices.

Over the past year, many more retailers have included some form of ad highlighting that click and collect is available to customers. Observations in this report focus on ads on the first page. In this regard, 68.1% of all UK retailers inform customers about their omni-channel capabilities up front. However, it is notable that large retailers (101-250 stores) are most likely to provide this information on the first page, as 81.8% already do so. Although there has been solid improvement over the past year, there is still room to grow. All omni-channel retailers should make mention of the service on the first page.

UK retailers have further improved the 'How to' instructions of using omni-channel services. Currently 94.6% of click and collect retailers have added these instructions for the consumers' benefit.

Likewise, 94.6% of UK retailers indicate that pickup alerts will be provided when items are ready for pickup.

CLICK AND COLLECT ADOPTION BY RETAILER STORE COUNT



N=289
Source: OrderDynamics, Nov 2018

Chain Store Count	Retail Chains	Click & Collect		C&C Ad on 1st Pg		'How To' FAQ		Pickup Alert	
		Count	%	Count	%	Count	%	Count	%
10-50	108	59	54.6%	36	61.0%	55	93.2%	54	91.5%
51-100	57	41	71.9%	27	65.9%	39	95.1%	39	95.1%
101-250	66	44	66.7%	36	81.8%	40	90.9%	41	93.2%
251+	58	41	70.7%	27	65.9%	41	100.0%	41	100.0%
Total	**289**	**185**	**64.0%**	**126**	**68.1%**	**175**	**94.6%**	**175**	**94.6%**

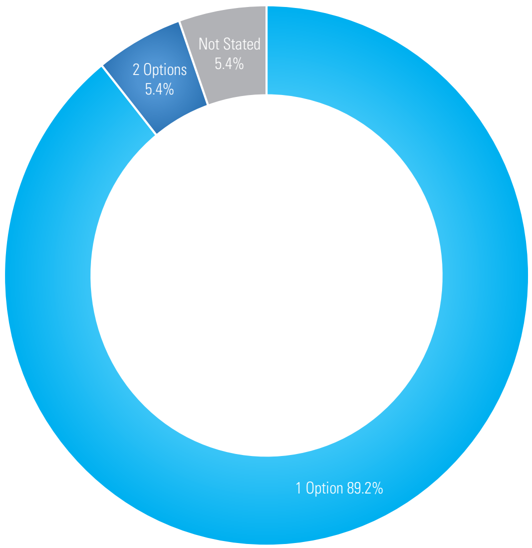
Click & Collect Options

Fewer options have been observed this year, than last. Only 5.4% of UK click and collect retailers stated online that they offer 2 pickup options. Various pickup options exist, like an in-store pickup, collection from a locker, partner location pickup, collection centres (in malls, or otherwise), postal outlet or courier pickup points, and so on. 89.2% of UK omni-channel merchants refer to only one pickup option, or default to the in-store pickup for customers.

Truly, in-store pickups are the best option for retailers. While in-store, 40% - 59% of customers will purchase additional merchandise.[3,9] So, the best option for retailers is to run collect in your own store, to maximize sales. However, at least offering partner pickup is a good option as well. As long as both partners reciprocate, then it increases store traffic, with a chance of additional conversions.

Despite this, it is always a good practice to cater to your customers' needs. If customers want more options, then giving them more choices - when your competitors do not - is an advantage. Using a pickup locker may not result in an additional sale during that collection, but it may result in future loyalty, due to the convenience your brand provides to the shopper.

PICKUP OPTIONS

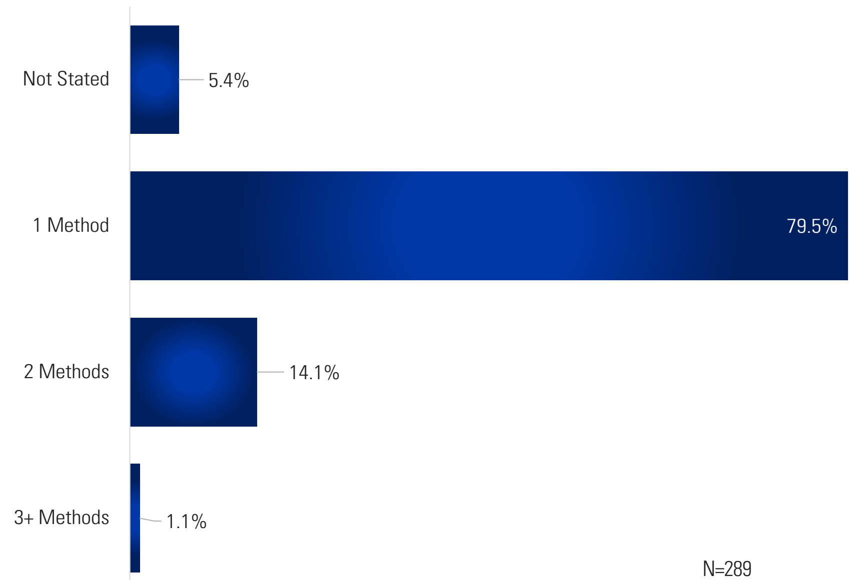


Pickup Notifications

Notification are the alerts to advise customers that their order is ready for collection. The vast majority of UK omni-channel merchants offer one notification method. Typically this is an e-mail notification. Only 14.1% offer a second method, and only 1.1% offer three or more methods.

This is perplexing. All retail chains in this investigation need robust order management technology to effectively co-ordinate and run an omni-channel business. Good order management system provide flexible communication capabilities. That means it can connect to any desired number of communication systems be it email, interactive voice response, text, social, chat, or other communication portals. As such, an easy option retailers need to consider, is to provide shoppers with more notification options. Specifically, the retailer that keeps up with the Millennial and GenZ expectations, will ultimately have an advantage.

NOTIFICATION METHODS



N=289
Source: OrderDynamics, Nov 2018

Engaging Customers

Broken out by industry sector, omni-channel adoption varies considerably. Home Furnishing adoption is only 40.7%, whereas adoption in Footwear is 80.0%. The second lowest adoption is Specialty goods at 43.6% followed in third by the Health | Cosmetics sector at 45.0%. This is not a surprise relative to the global research, in which Health | Cosmetics has the fewest click and collect retailers at 22.4%, followed by Specialty goods at 31.9%.

Although UK retailers are advertising omni-channel services more prominently this year, there are widely mixed results by sector. For example, DIY | Auto | Industrial goods have it locked up. Albeit a small sample at this level, all 11 retailers had an ad mentioning click and collect availability, on their first page. Again a small a non-statistically significant sample, but of the 11 Luxury | Jewelry retailers in the study only 4 mention omni-channel services on the main web-page.

As noted earlier, the 'How To' instructions and Pickup alerts for click and collect pickups, are well done. In both cases, 94.6% of retailers that offer the omni-channel service, provide instructions on its use, and state that at least one form of pickup alert is available for shoppers.

	Sector	Click & Collect Available		First Page C&C Ad		'How-To' Instructions		Pickup Alert	
Retail Sector	Count	Count	%	Count	%	Count	%	Count	%
Fashion	109	81	74.3%	51	63.0%	78	96.3%	78	96.3%
Specialty	39	17	43.6%	13	76.5%	15	88.2%	15	88.2%
Home Furnishing	27	11	40.7%	9	81.8%	9	81.8%	9	81.8%
Health|Cosmetics	20	9	45.0%	6	66.7%	8	88.9%	9	100.0%
Footwear	20	16	80.0%	12	75.0%	15	93.8%	15	93.8%
DIY|Auto|Indust.	18	11	61.1%	11	100.0%	11	100.0%	10	90.9%
Toys|Hobby|Sporting	18	14	77.8%	10	71.4%	14	100.0%	14	100.0%
Luxury|Jewelry	16	11	68.8%	4	36.4%	10	90.9%	10	90.9%
Electronics	11	7	63.6%	3	42.9%	7	100.0%	7	100.0%
Department	11	8	72.7%	7	87.5%	8	100.0%	8	100.0%
Total	**289**	**185**	**64.0%**	**126**	**68.1%**	**175**	**94.6%**	**175**	**94.6%**

N=289
Source: OrderDynamics, Nov 2018

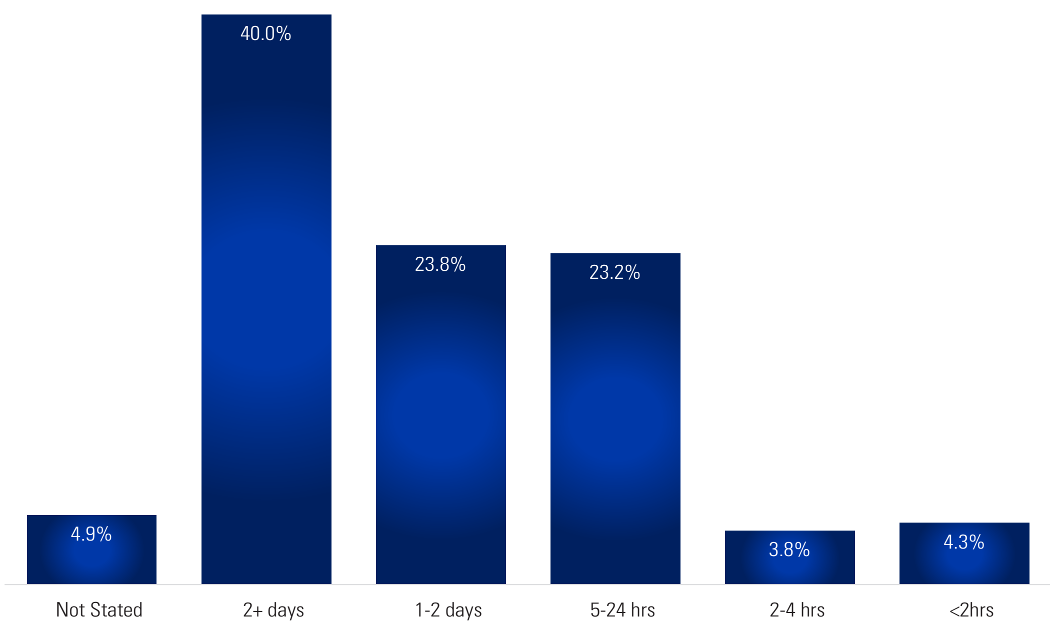
In-Store Pickup Delays

Being the most advanced omni-channel market in the research, it is surprising that UK retailers are reluctant to commit to short pickup delays. Although a North American study, the Click & Collect Superconsumer research shows that omni-channel proficient customers (the Superconsumer), expect items to be ready for pickup within 24 hours.[3] From an advanced market, even tighter results are expected UK Superconsumers. Even more intense is the occasional click and collect consumer's expectation that items be ready for pickup within 2 hours.

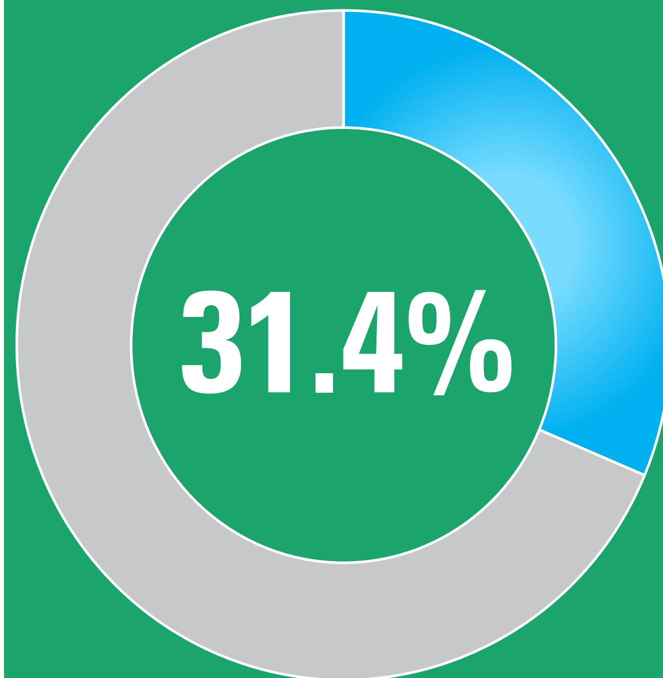
Compared with the Omni-2000 full global picture, 34.8% of 762 click and collect retailers world-wide commit to a pickup being ready for customers within 24 hours.

The most common pickup delay commitment is over 48 hours. 40.0% of click and collect retailers commit to this timing on the web-site descriptions. UK retailers must find ways to tighten this gap. An item can be shipped to a shoppers' home or workplace within 2+ days. Tightening the last mile delay will put increasing pressure on retailers to provide faster pickup availability.

PICKUP DELAY IN HOURS



N=185
Source: OrderDynamics, Nov 2018



"Despite UK Retail's advanced stage of the omni-channel market, only 31.4% of Click & Collect merchants offer collection within 24 hours."

Retailer Size and Pickup Timing

Notable progress has taken place on informing customers about delays. 95.1% of UK retailers with omni-channel capabilities now state the expected pickup delay, on their website. It is a marked improvement over last year registering 80.6%. All retail chain sizes are within the 90% range. Kudos to the industry.

Progress is also noted on the average pickup delay commitments. Last year's research found a UK retail average commitment of 54.9 hours, whereas this year it is down to 51.7 hours. Although laudable, continued improvements are needed. In this matter, retail chain size makes an impact. Smaller retail chains have higher average pickup delay time commitments. The largest chains (enterprise level of 251+ stores), pull in an average of 48.1 hours. Note worthy research by BookingBug with over 2,000 participants in the UK and US, found that 79% of US and 70% of UK consumers want in-store pickups because of the immediacy of receiving their purchase.[5] As such, faster is better.

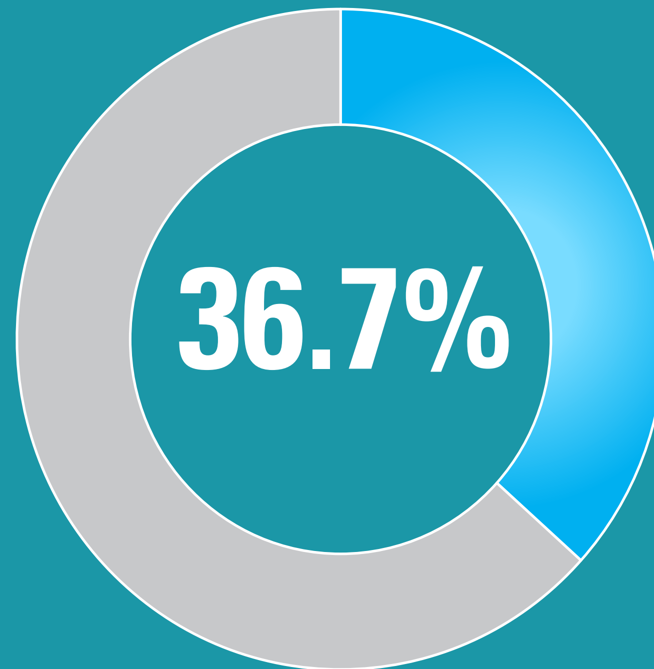
Also noted in the research are the high end of the commitment spectrum. In other words, the longest delays noted on UK retailer websites. Last year, the highs reached 240 hours, or a 10 day delay. Currently the highest delay noted is 168 hours, from a small retail chain. At least this indicates an improvement in pickup delays of 3 days, to a high of 7 days. Some may criticize this as being far too long for the average consumer to wait. It is none-the-less an improvement and a step forward for retail's click and collect.

What continues to be surprising is that retailers in the US and Australia, provide a lower overall average commitment time for in-store pickup orders. The average commitment for the US retailer is 41.6 hours, and that for Australia is 39.1 hours. Both of these regions can be characterized as omni-channel nascent markets, unlike the mature UK retailing space.

Retailer Store Count	Retail Chains	Click & Collect		Pickup Delay Stated in Hrs				
		Count	%	Count	%	Avg	Low	High
10-50	108	59	54.6%	55	93.2%	56.3	2	168
51-100	57	41	71.9%	40	97.6%	50.6	4	96
101-250	66	44	66.7%	40	90.9%	50.1	1	120
251+	58	41	70.7%	41	100.0%	48.1	1	120
Total	**289**	**185**	**64.0%**	**176**	**95.1%**	**51.7**	**1**	**168**

N=185
Source: OrderDynamics, Nov 2018

Inventory Visibility



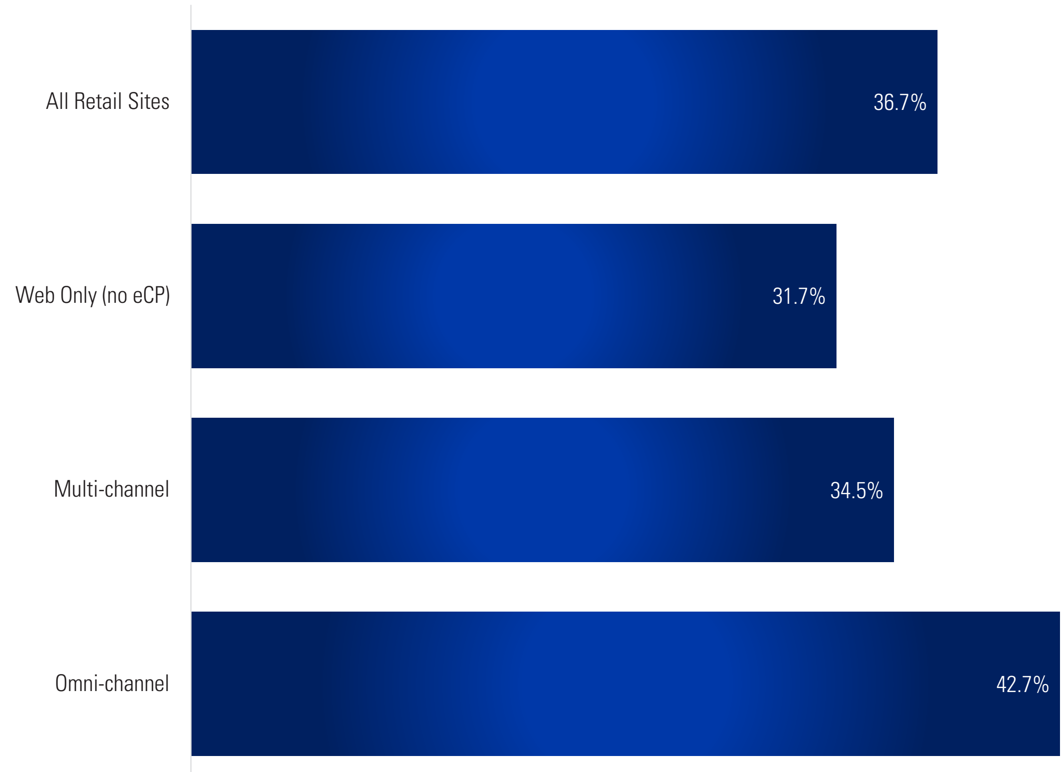
“Of all retailer in UK only 36.7% show Basic Active Inventory Visibility online”

Online Inventory Visibility Levels

Inventory visibility is important to online consumers. Given the ease online of jumping from one retailer to the next, inventory visibility should be a very important issue to retailers as well. In fact research by Episerver finds that "75% of UK shoppers say that incorrect or incomplete content dissuades them from completing purchases."[10] So, failing to provide inventory visibility may be akin to sending your customers to shop at your competitors' site instead.

It seems intuitively obvious. Yet, there has been a sizeable drop in the number of retailers providing active inventory visibility online. Active inventory visibility is an indicator on a product page, showing that an item is either in-stock or out-of-stock, at the most basic level. More advanced active indicators are the store level inventory indicator. Better still is the store level indicator that provides actual quantities available. When only one or two of an item are left, it creates a sense of urgency. Either purchase the item immediately, or it might be taken by another online or physical shopper.

BASIC INVENTORY VISIBILITY ACROSS RETAIL SITES



N=289
Source: OrderDynamics, Nov 2018

A counter to this is that no retailer wants to tip off their competitor, to their stocking positions. This fear may help explain part of the drop in active inventory visibility, observed. Currently, 34.5% of multi-channel merchants provide active inventory visibility at the basic level (in-stock, out-of-stock). Multi-channel merchants are those that offer both an online store and physical stores, but which do not allow shoppers to seamlessly purchase, pickup, or return items across channels. Even among omni-channel retailers, only 42.7% currently provide active inventory visibility.

Although not specific to the UK market, research by D3Supply noted a drop in inventory visibility spanning 2016 to 2017.[6] The Omni-2000 research confirms a significant drop spanning 2017 to 2018, both in the UK, and globally. Advances in passive inventory visibility technique at the ECP level (ecommerce platform), may also be part of the reason for this dramatic shift. Passive inventory visibility is the notification of inventory levels, ONLY in the event that the item in question is out-of-stock. Although NOT recommended as a best practice, passive inventory visibility appears to be growing in acceptance among retailers. This research observes this anecdotally (no empirical statistics captured).

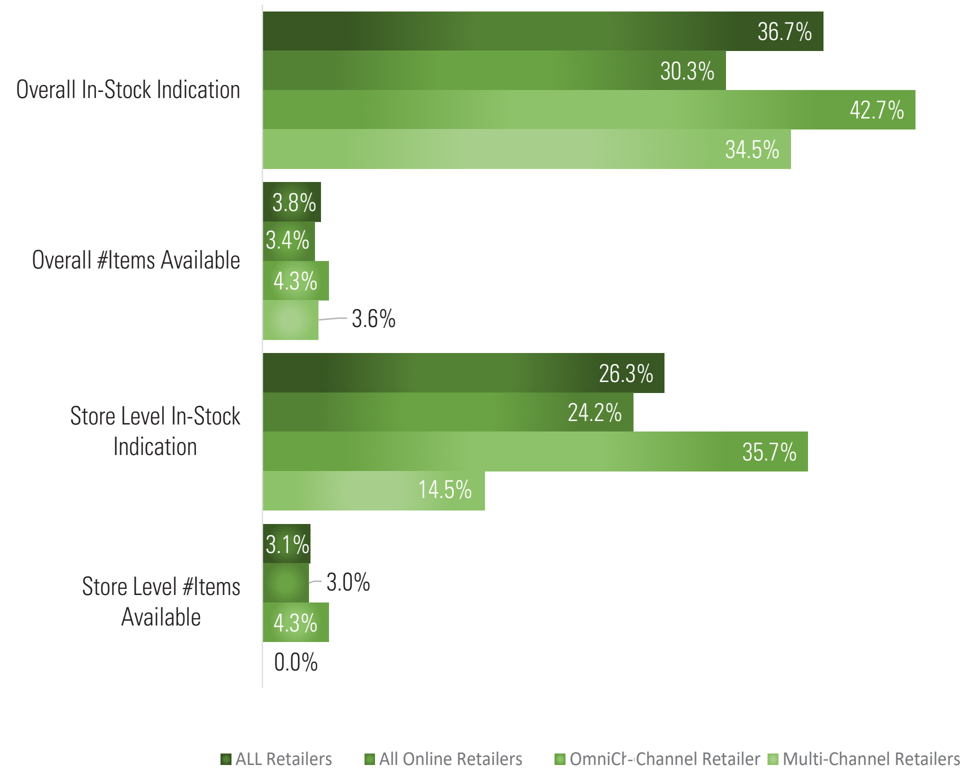
Inventory Visibility By Retailer Size

Basic, active inventory visibility skews higher with the small merchant chains (10-50 stores). As the chain size grows, the percentage of retailers with active inventory visibility drops, to 27.6% at the enterprise level. Given that the larger chain often afford the more expensive and advanced technologies, this skewing may be indicative of the newer passive inventory visibility technology adoption. This hypothesis will remain to be tested in the next iteration of the Omni-2000 research.

Retailers appear to have largely shunned the detailed level of inventory visibility. This is both at the overall retail level, as well as at the store level. As expressed earlier, this is perplexing as low inventory volumes at a particular store level, can spur consumers to purchase. Limited quantities create a sense of urgency to ensure the consumer gets the item they want, before another shopper purchases it, instead.

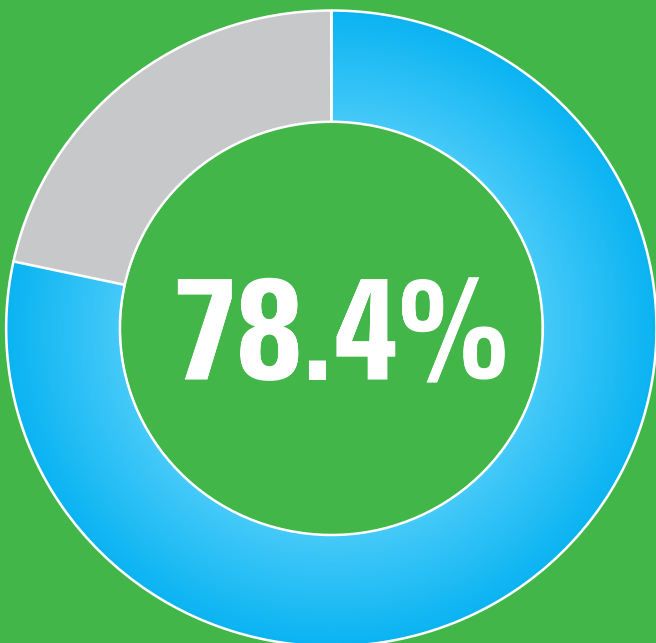
Based on retail strategy (graph to right), omni-channel retailers are most likely to provide online inventory visibility. This is true both at the overall retail level 42.7%, as well as at the detailed, store inventory level 35.7%.

INVENTORY VISIBILITY BREAKDOWN BY RETAIL STRATEGY



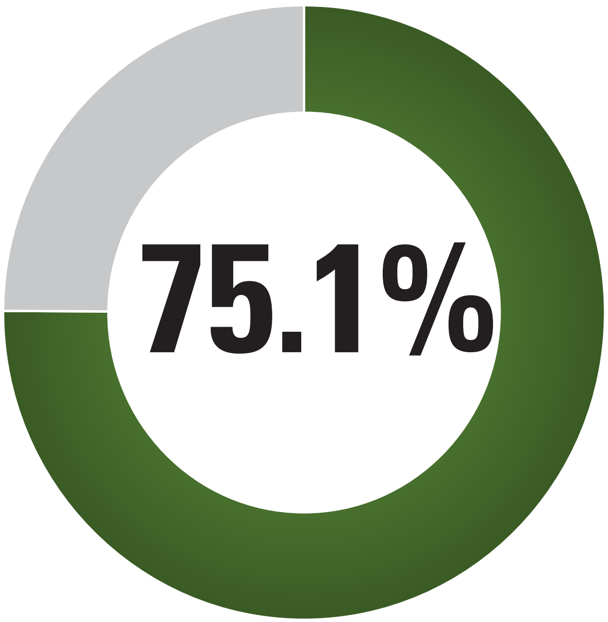
Chain Store Count	Retail Chains	Overall Inventory Visibility				Store Level Inventory Visibility			
		InStock	%	Qnty	%	InStock	%	Qnty	%
10-50	108	42	38.9%	6	5.6%	22	20.4%	1	0.9%
51-100	57	24	42.1%	2	3.5%	18	31.6%	3	5.3%
101-250	66	24	36.4%	2	3.0%	21	31.8%	4	6.1%
251+	58	16	27.6%	1	1.7%	15	25.9%	1	1.7%
Total	**289**	**106**	**36.7%**	**11**	**3.8%**	**76**	**26.3%**	**9**	**3.1%**

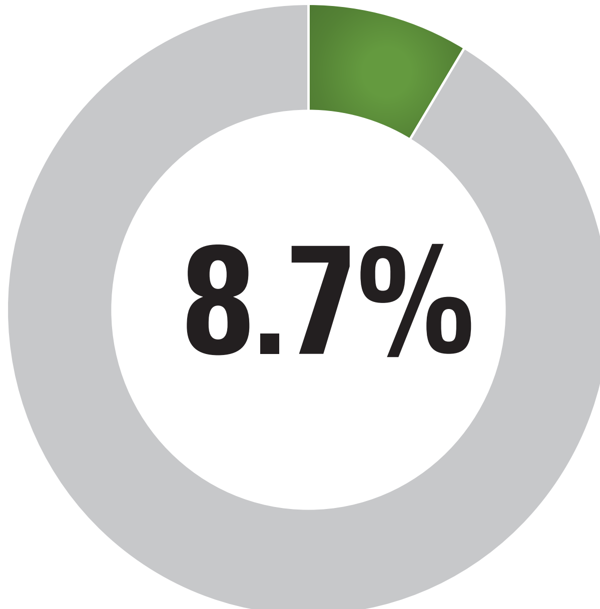
N=289
Source: OrderDynamics, Nov 2018

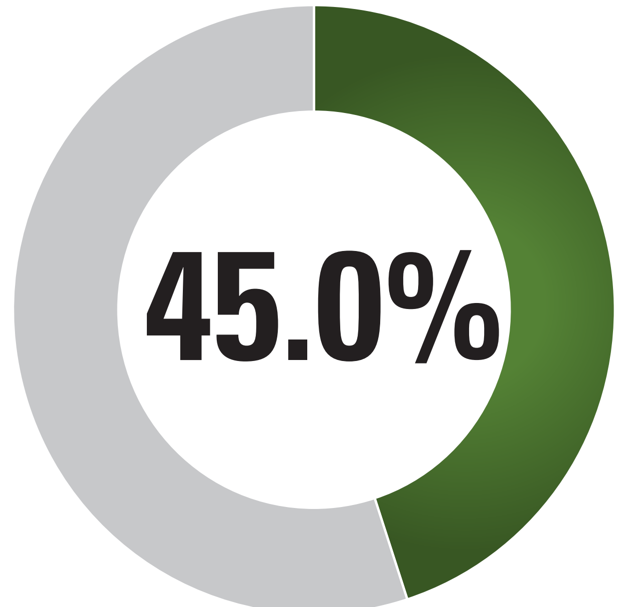


"In the UK 78.4% of Omni-channel Retailers offer BORIS (buy online return in-store)"

Returns Policies







Customer Friendly Returns Policy

Returns policies need to be clear, jargon free, and ultimately inviting to customers. They are never a shopper's thrill to read, but an important part of making a decision on whether to purchase from a particular retailer. For this reason, retailers must ensure the policies are easily understood. Done well, a good returns policy will entice more customers to purchase goods, re-assured about the ability to return an item if it does not meet their needs. Fortunately, 75.1% met a qualitative metric of 'customer friendliness'.

No Return Policy Found Online

Very few UK retailers fail to show a returns policy online. Yet, 8.7% either do not provide the policy online, or made it very difficult to find, eluding the researchers for this study.

At this stage, in an advanced retail market, all retailers should have findable returns policies online. Although this is a small number, it should approach zero.

Free Returns Shipping

Shoppers who are frequent or even occasional click and collect users, prefer to transact in-store returns.[3] Despite this, it is a good practice to offer free returns shipping. It will raise costs. However, it will also reduce the feeling of risk on the consumer's behalf. Ultimately, the consumer may end up returning the item in-store anyway, which saves on that second shipping cost. 45.0% offering free returns delivery is significantly better than the global observations. Yet, UK retailers are encouraged to trials on free return deliveries.

N=289
Source: OrderDynamics, Nov 2018

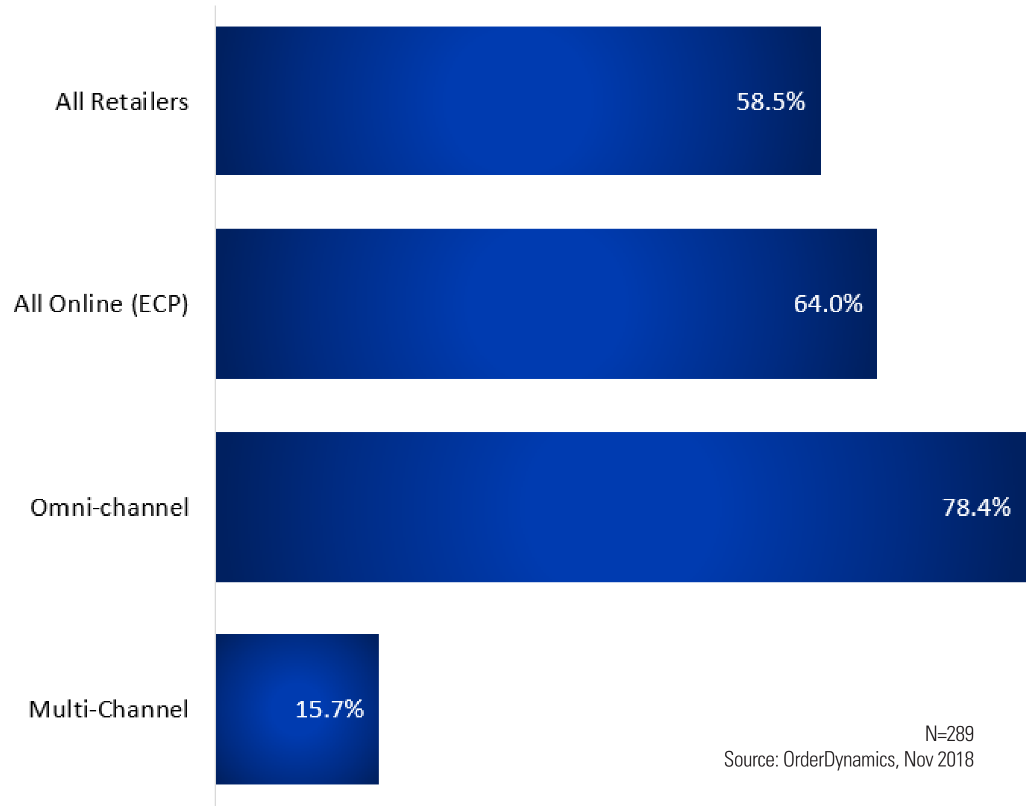
Buy-Online-Return-In-Store (BORIS)

Not surprising, omni-channel retailers in the UK are the most likely to accept in-store returns for items purchased online. 78.4% of omni-channel retailers allow BORIS. Despite a high number it remains curious that this figure is not 100%. After all, the principle is that a customer who crosses channels during the purchase, is entirely likely to also view crossing channels during a return, as part of the expected transactions sets.

Although only 78.4% stated the chain accepts BORIS, it is entirely possible that not all omni-channel retailers posted this policy on the website. Should this be the case, retailers need to post the policy, as it may entice more customers to purchase. It is worth repeating that consumers prefer returning goods to physical stores.[3] Returning goods to a store is also likely to result in either an exchange or a purchase of more goods.[3,7] This is particularly important considering that "53% of shoppers expect to return 1 out of every 4 online purchases."[8] In this regard, BORIS can be a powerful tool help reconvert many of the online returns.

Comparing the UK to global figures, a greater proportion of UK omni-chanel retailers offer BORIS (78.4% for UK, 72.6% globally). However, for multi-channel vendors, UK retailers underperform. Globally, 39.7% of multi-channel vendors accept BORIS. As shown, only 15.7% of UK multi-channel merchants offer BORIS.

BUY-ONLINE-RETURN-IN-STORE BY RETAIL STRATEGY



Now take a look to see how the UK Retail stacks up against the rest of the world. Which are the countries to watch on the omni-channel stage? The Omni-2000 Global research gives you a view of the full set of 2,000 retailers. Like the UK report, the International version is a Free download.

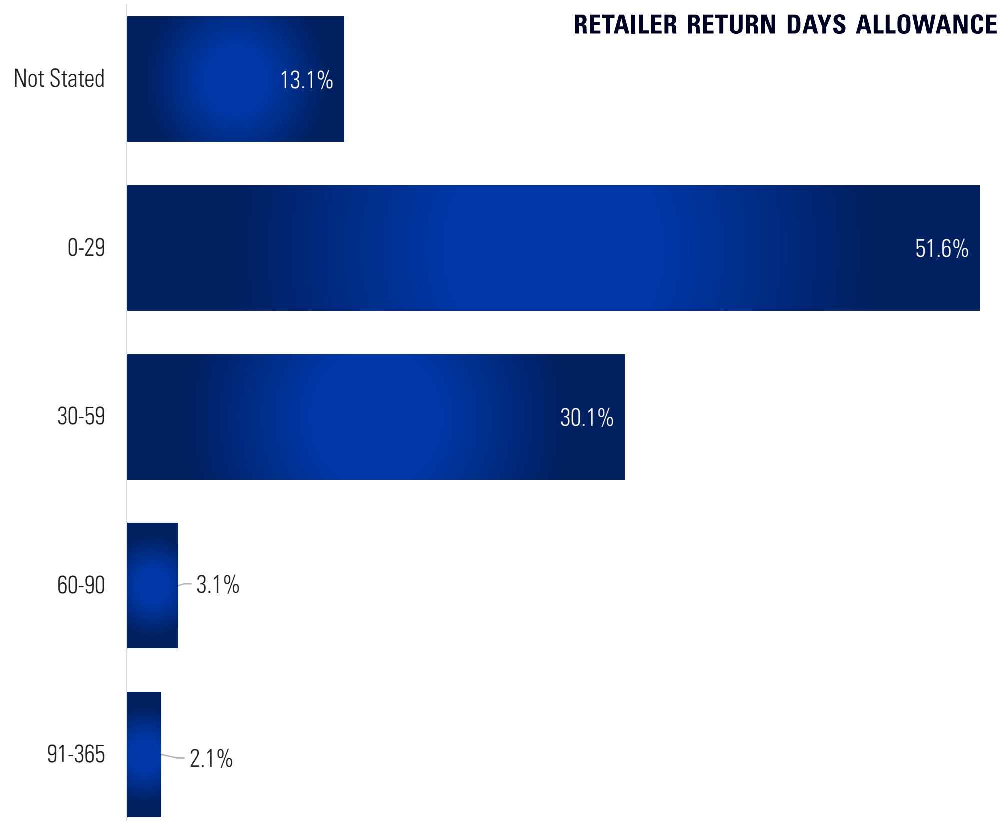
Get it now: http://bit.ly/od-omni-2000-global

Return Days Allowances

From a global perspective a small number of merchants charge a restocking fee for returned goods. From the UK sample of 289 retail chains, none suggested restocking fees on returned merchandise. This is an important factor that UK retailers are doing well. To encourage purchasing, make returns as frictionless as possible.

On the number of days to return a good, 51.6% of UK retailers offer 0-29 day allowances. Another 30.1% allow 30-59 days. Then it drops off dramatically. Only 5.2% provide 60 or more days to return items.

Retailers have excellent non-price promotional opportunities currently. Merchants may want to run trial offers, in which cases customers have 60 or 90 days to return items purchased during a promotional period.



N=289
Source: OrderDynamics, Nov 2018

“From the sample of UK Retailers researched, none discuss, have or enforce a returns re-stocking fee - based on online messaging”

Return Allowance Ranges

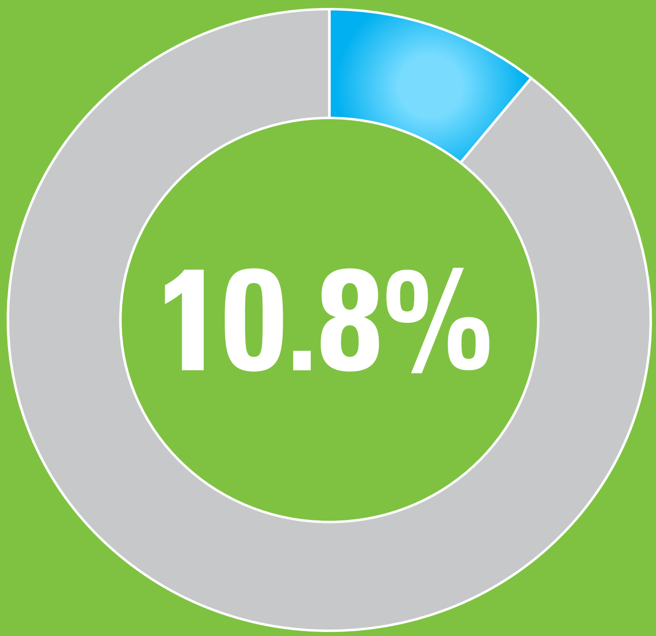
The table below provides a full view of the return allowances by retail sector. Note that some of the retail sub-sector counts are small. In other words, the change in course of one merchant chain can dramatically swing the results. Despite this, the table is indicative of the retail market tendencies. It should also be useful for retailers to be able to identify their particular competitive strategy, against their specific market segment.

On free returns delivery, 45.0% of retailers provide the option. Least likely to offer it is the DIY | Auto | Industrial goods sector, with 11.1% noting it online. Given the often bulky, or heavy items here, shipping can be a significant cost. As such this low tendency is understandable. Specialty goods is second lowest at 17.9%, and home furnishing third at 22.2%. Home furnishings includes similarly heavy, large or bulky items that make deliveries a challenge, accounting for the low offering level. Oddly, 22.2% of Toys | Hobbies | Sporting goods offer free return deliveries. This contrasts with the global research of 2,026 merchant chains, in which 49.3% of retailers offer free return delivery.

Naturally BORIS is only measured against retailers with ecommerce capabilities (multi-channel and omni-channel vendors). Footwear retailers are most likely to offer BORIS at 75.0%, whereas Home Furnishing merchant chains are least likely to accept it at 37.0%.

Retail Sector	Retail Chains	Chain w/ Ecomm.	Days to Return Merchandise					Free Return Ship		BORIS	
			N/A	0-29	30-59	60-90	91-365	Count	%	Count	%
Fashion	109	104	6%	60%	32%	2%	0.9%	73	67.0%	74	67.9%
Specialty	39	32	30.8%	35.9%	30.8%	2.6%		7	17.9%	15	38.5%
Home Furnishing	27	22	29.6%	48.1%	14.8%		7.4%	6	22.2%	10	37.0%
Health|Cosmetics	20	19	15.0%	65.0%	5.0%	15.0%		8	40.0%	9	45.0%
Footwear	20	20		35.0%	40.0%	10.0%	15.0%	12	60.0%	15	75.0%
DIY|Auto|Indust.	18	16	22.2%	50.0%	27.8%			2	11.1%	12	66.7%
Toys|Hobby|Sporting	18	17	5.6%	44.4%	44.4%	5.6%		4	22.2%	13	72.2%
Luxury|Jewelry	16	15	6.3%	50.0%	43.8%			10	62.5%	9	56.3%
Electronics	11	10	9.1%	63.6%	27.3%			3	27.3%	5	45.5%
Department	11	9	18.2%	45.5%	36.4%			5	45.5%	7	63.6%
Total	**289**	**264**	**13.1%**	**51.6%**	**30.1%**	**3.1%**	**2.1%**	**130**	**45.0%**	**169**	**58.5%**

N=289
Source: OrderDynamics, Nov 2018



"Mobile commerce is emerging fast. Yet, only 10.8% of Omni-channel retailer chain have an optimized M-commerce site."

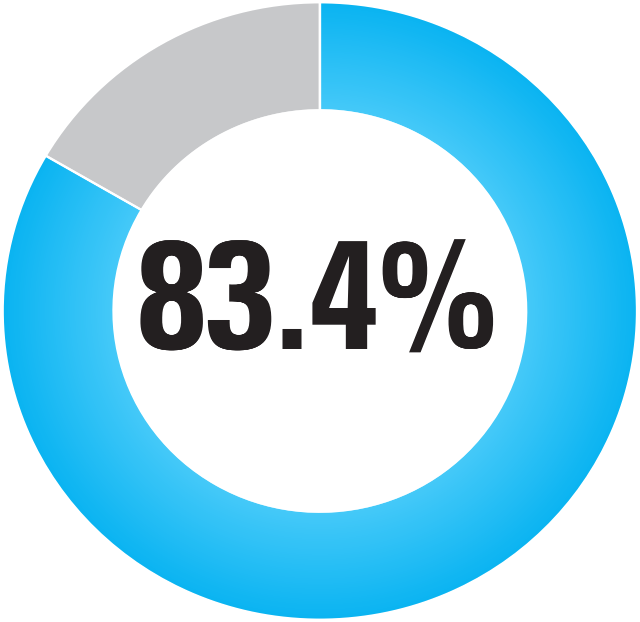
Mobile Responsive Sites

Overall, 83.4% of UK retailers offer mobile responsive websites. Consumers can either browse products and categories, and even purchase items here.

The difference between the two statistics is that a mobile responsive site is good, but not optimized for a 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. This explains why 83.4% of UK retail sites are responsive, yet only 10.0% of all retailers offer m-commerce optimized sites. This is the difference between the circle graph to the right, and that on the previous page. The previous page is specific to the m-commerce optimized site, for omni-channel retailers.

Retailers most readily adopting mobile responsive sites are Health | Cosmetics at 100%, Department stores at 93.8%, and Fashion at 92.7%, and Footwear at 90.0%. Again, remember that these percentages are based on small sample sizes for some categories.

MOBILE RESPONSIVE RETAIL SITES



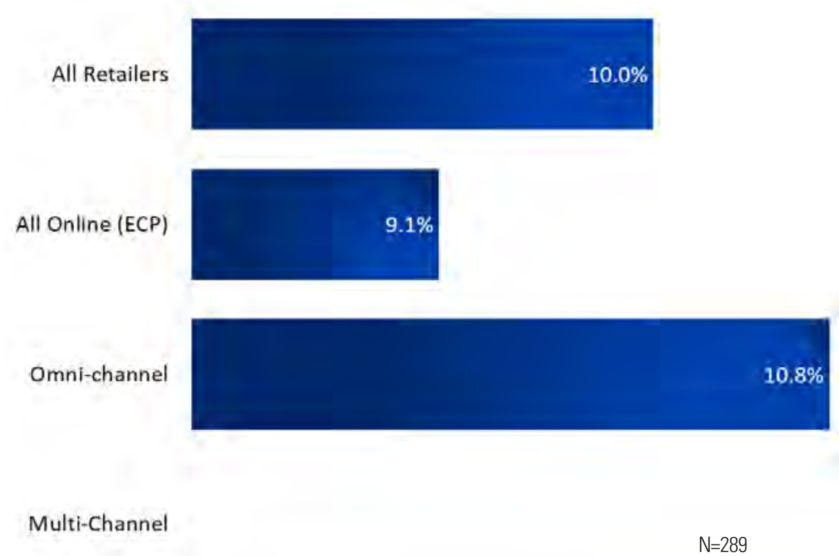
M-Commerce Optimized Retail

Optimized M-Commerce is at the forefront of online retailing. It's no secret that consumers price compare, and even purchase items on m-commerce sites while browsing for items, even in-store. As such, it is will become an increasingly important part of retail. Already Google is taking a mobile-first approach to SEO ranking, indicative of the importance that mobile will play in retail.

Equally unsurprising is that omni-channel retailers have the highest penetration of m-commerce optimized sites, at 10.8%. What is surprising is that none of the multi-channel merchants have m-commerce optimized sites. Retailers may currently feel that mobile responsive sites are good enough for their shoppers' needs.

Again an interesting comparison is against the global observations. Worldwide 7.0% of multi-channel merchants have mobile optimized sites. Globally 11.4% of omni-channel vendors have m-commerce optimized sites in operation.

M-COMMERCE RESPONSIVE SITES



N=289
Source: OrderDynamics, Nov 2018

Social Media and Commerce

Retailers in the UK have gravitated toward Instagram en masse. 88.2% of UK retailers have a presence on the platform. As seen repeatedly omni-channel specific retailers are in the lead with 93.0% with a presence on Instagram. Retail chain size shows only minor variations among merchants. From a segment perspective only 61.1% of DIY | Auto | Industrial goods have an Instagram presence, similar to Specialty goods at 66.7%. Although the industrial goods sector is understandable, Specialty goods retailers should have a stronger presence on social media platforms. Instagram is only one social media platform, but it is indicative.

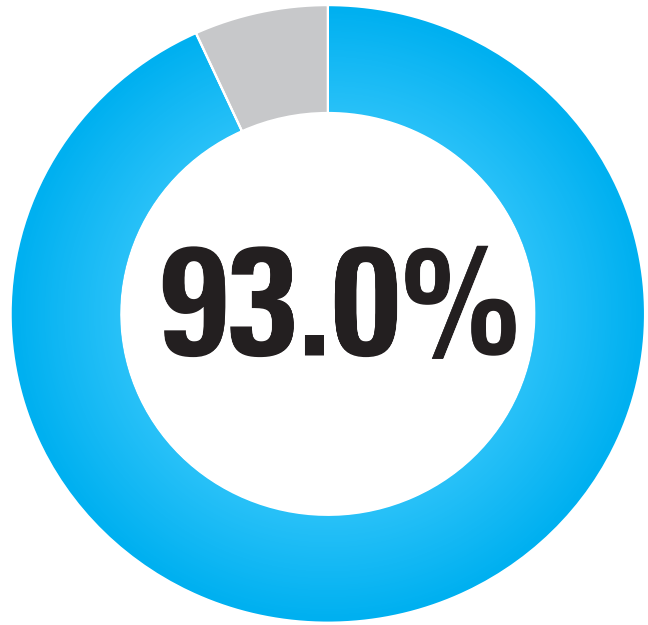
Despite the high adoption of having a presence on Instagram, only 15.2% have established Instagram as a sales channel. Of the 289 retailers reviewed, only 44 allow shoppers to place an order directly from Instagram. No doubt this will be a category that will change in the coming year.

Just before this release BigCommerce research was showing there to be a particular acceptance of purchasing on Instagram in the UK market.[8] Specifically it calls out that "2X as many UK respondents made a purchase on Instagram as global respondents."[8] This explains why UK retailers have the second most Instagram shops at 15.2%, behind the US retailer market at 20.1%.

Loyalty programs are not nearly as popular in the UK market, as in other countries. Germany|Austria, and Australia have the greatest number of retail loyalty programs found online, at 39.0% and 36.8% respectively. Across the UK market, 11.8% of retailers make mention of their loyalty programs online. No particular segment shone through strongly on loyalty programs. The research found none for Home Furnishing or Luxury | Jewelry.

On mobile commerce, there are no particularly large swings either at the retail chain size analysis, or at the segment analysis - save for DIY | Auto | Industrial goods, already discussed. Low m-commerce optimized sites are likely due to advanced ecommerce systems providing a good mobile purchasing experience for shoppers. This will be an interesting aspect to watch for changes in the near future.

INSTAGRAM PRESENCE - OMNI-CHANNEL RETAILERS



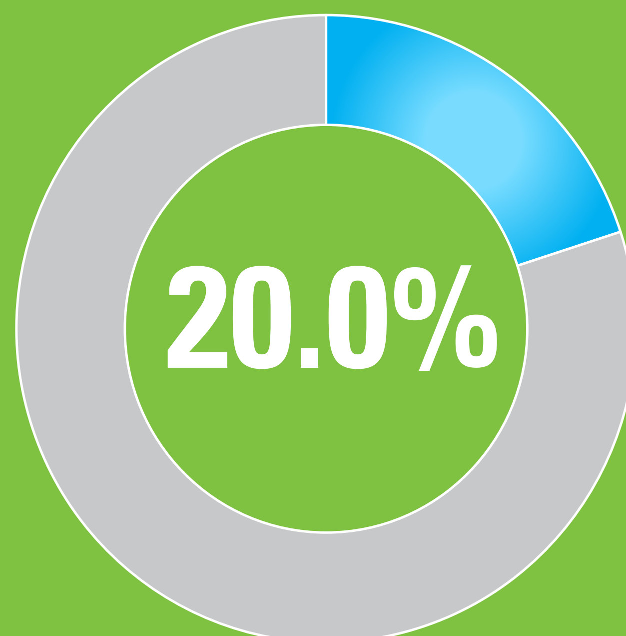
Store Count Range	Retail Chains	Loyalty		Mobile				Instagram			
		Prog.	%	Resp.	%	Opt.	%	Present	%	Shop	%
10-50	108	12	11.1%	88	81.5%	11	10.2%	95	88.0%	18	16.7%
51-100	57	8	14.0%	51	89.5%	7	12.3%	52	91.2%	8	14.0%
101-250	66	7	10.6%	58	87.9%	6	9.1%	59	89.4%	10	15.2%
251+	58	7	12.1%	44	75.9%	5	8.6%	49	84.5%	8	13.8%
Total	**289**	**34**	**11.8%**	**241**	**83.4%**	**29**	**10.0%**	**255**	**88.2%**	**44**	**15.2%**

N=289
Source: OrderDynamics, Nov 2018

OMNI-2000 Research: UK

order dynamics

"20.0% of UK Omni-channel retailers offer the ability for shoppers to purchase directly from their Instagram account (shop)"



Omni-Channel Progress

This year's Omni-2000 research increased the sample size of merchant chains reviewed in the UK. From 200 chains, the current research investigates 289, representing almost a 45% increase. As such a superficial comparison of the two reports could be misleading. To provide a clear year over year (YoY) comparison, this section investigates only the 178 retail chains reviewed in both datasets. Fortunately, the sample in both investigations is large enough to be statistically valid.

Click & Collect (BOPIS)

A simple comparison of the two reports shows that click and collect adoption with retailers in the UK to be 67.0% in 2017 (Omni-1000), and 64.0% in 2018 (Omni-2000). Superficially one might conclude that omni-channel retailing is in decline across the UK. This is not so.

Rather, a like for like comparison of the 178 retail chains in both studies, shows there has been zero (0.0%) change in click and collect adoption. There has neither been growth, nor decline, across this sample. This compared to the global comparison of 774 retail chains, in which click and collect grew 5.7%.

What the Omni-2000 observation does, is to inform that across a broader and more robust sample size, the full market adoption is 64.0% in the UK. It will be of great interest to observe the changes experienced across markets with lower and higher adoption rates, over the next year.

'How-to' FAQ

In the 'how-to' instructional category, UK retailers improved significantly. Last year 82.0% of omni-channel retailers provided a set of instructions on how to use click and collect services. Currently, 95.9% of omni-channel retailers have such instructions online. This is a 13.9% improvement, and substantial step in the right direction.

Buy Online Return In-Store (BORIS)

Almost two thirds of UK retailers provide BORIS. This has changed little in the past year, with a 0.6% decline. One retailer from the group of 178, discontinued the offering. There may have been special circumstances for that one discontinuation. As such, no conclusion or generalization will be drawn from that small sample.

Omni Report	Retail Chains	Retail Offering			
		Click & Collect	Basic IV	Returns Policy	BORIS
Omni-1000 (2017)	200	68.5%	79.8%	89.3%	65.7%
Omni-2000 (2018)	289	68.5%	42.1%	79.2%	65.2%
Difference	**+89**	**0.0%**	**-38.2%**	**-10.1%**	**-0.6%**

**Basic IV = Basic Inventory Visibility

N=178
Source: OrderDynamics, Nov 2018

Active Inventory Visibility (Basic Level)

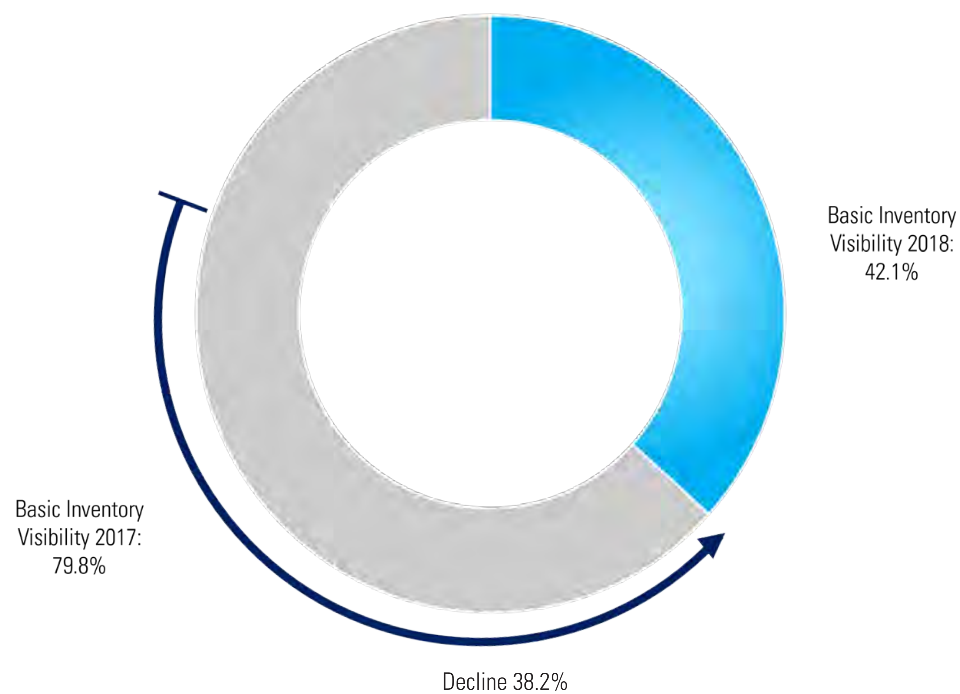
Inventory visibility is one key aspect of the omni-channel journey, experiencing a significant decline. The like for like comparison finds that where 79.8% or if retailers provided active online inventory visibility in 2017, only 42.1% show it currently. This is a massive drop of 37.6%; more sizable than the 30.5% drop observed world-wide.

It is interesting that D3 Supply's research noted a drop in inventory visibility among retailers comparing their 2016 to 2017 research.[6] This will be an interesting statistic to monitor in the next iteration of this research series. It appears to be a disconcerting trend.

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.



Comparison Conclusion

Despite a sizable decline in active inventory visibility use among omni-channel retailers in the UK, click and collect remains strong. The like for like comparison shows stability. Certainly growth is more desirable. However, as the market adoption grows, there is a point at which growth decelerates. Although it is too early to conclude, the UK market may be at that point where adoption growth slows. This does not imply taking a step back, however. It merely means that further adoption does not grow at the same pace.

Other factors show continued improvement efforts in the industry. For example, 54.9% of UK omni-channel retailer advertised the offering on the first page, last year. Among that same group of retail chains 67.2% now show click and collect on the first web-page. All retailers with the offering should inform customers about click and collect up front. But, this is a step forward none the less.

Altogether, the UK market is an interesting case study of a mature click and collect market. It will be particularly interesting to observe changes in this market over this next year, as indicative of what less mature markets will experience as they develop.

N=774
Source: OrderDynamics, Oct 2018

Omni-Channel in the UK Retail Market

Across the expanded retail chain sample of 289, the Omni-2000 research finds that 64.0% of UK retailers offer click and collect services. Although lower than the original finding of 67.0% in the Omni-1000, a like for like comparison found that omni-channel has remained consistent over the year (0.0% change). Based on the eight countries reviewed, the UK market continues to be the most advanced at omni-channel capabilities in the market, today.

The greatest surprise in the research is the drop in active inventory visibility. Not unique to the UK market, it is most dramatic in this case, with a 37.6% decrease. Currently, 42.7% of UK based retailers provide active inventory visibility. Beyond surprising, this is alarming as a regression in the consumer offering.

Among UK retailers offering click and collect, there has been a reduction in pickup options available to consumers. Last year 18.7% of UK click and collect retailers offered 2 pickup options. This year that figure is 3.2%.

As much as returns is not a favoured topic among retailers, it is an important subject to consumers. Over 75% of UK retailers now have customer friendly return policies which are findable, largely jargon free, and easily understood. 45.0% of retailers offer free return deliveries, which can be an important decision factor for many shoppers.

BORIS (buy online return in-store) is available with 78.4% of omni-channel retailers, and 58.5% of all retailers combined. This remains above the global average of 72.6% and 46.7% for omni-channel vendors and all retailers, respectively.

On returns allowance, the UK market continues to be tighter than global levels. 51.6% of return allowances are within 1-29 days, compared to 29.1% globally. The next most popular range is 30-59 days accounting for 30.1% of UK retailers, and 34.6% sited globally. This may be an opportunity for retailers to run non-price related promotionals - of extended return periods.

An example of the advanced nature of the UK omni-channel market, is the balanced offering across merchant chain sizes. Specifically, 71.9% of retailers with 51-100 stores offer click and collect. This compared with 70.7% for retailers with 251+ stores. Nascent markets experience a dramatic skewing toward enterprise level merchants. This is no longer the case in the UK retail market.

Collection timing improved over the year. Last year the average pickup commitment from retailers amounted to 54.9 hours from time of order. This has improved to 51.7 hours, representing a 5.8% reduction. Despite the advance, there is room for improvement. The click and collect Superconsumer expects orders to be ready for collection within 24 hours. Thus far, Germany & Austria lead with 30.8 hour commitments for a pickup.

Mobile responsive sites are popular as 83.4% of retailers have it. Yet only 10.0% of retailers have M-commerce optimized sites.

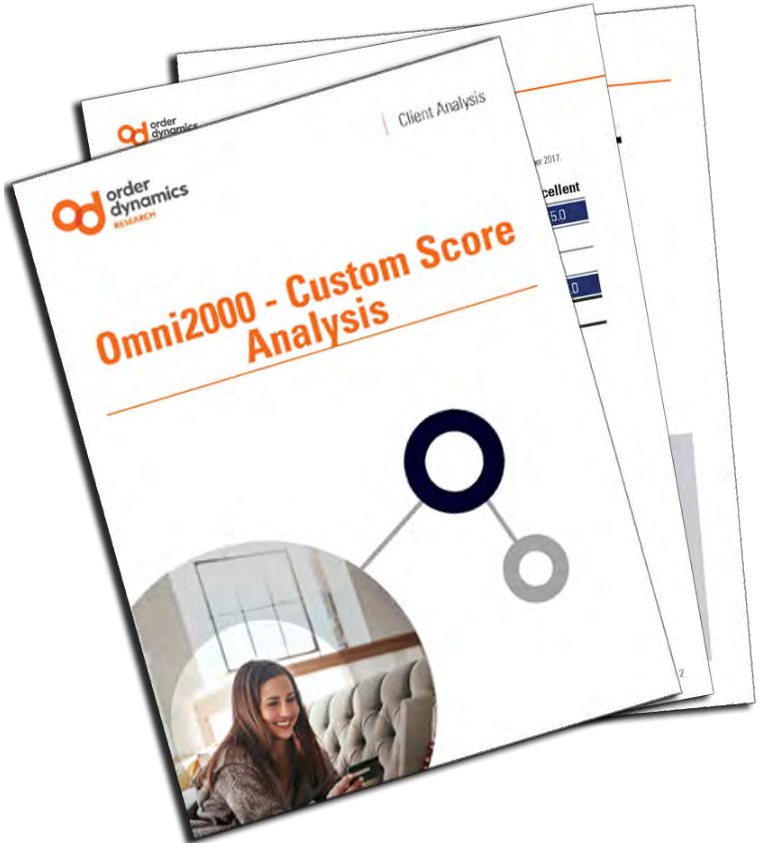
Social selling will become an increasingly important channel. Today 88.2% of UK retailers have an Instagram presence. However, only 15.2% of retailers have an Instagram store to allow consumers to shop directly from social media.

Key Observations

The UK market is the most advanced omni-channel market observed in the research. Yet, there continue to be opportunities for further improvement, as noted above. There has been a retrenchment in the number of pickup methods available to shoppers, as well as on active inventory visibility. Intuitively, these steps back do not seem to be moving the industry in the right direction. It remains to be seen if this continues through 2019, as a trend.

Opportunities for UK retailers are enticing more consumers with richer returns allowances. There is also plenty of room for improvement on both the mobile commerce optimized capabilities, as well as further strengthening social media as a sales channel.

Other Retail Resources



Real OMS Whitepaper

What Features Should Truly be in Your OMS?

Your Order Management System sits at the heart of your omni-channel strategy. But often this core retail technology is implemented as an afterthought. What features should your Order Management System really have and what questions should you as your OMS vendor before implementing your system?

Download now at bit.ly/real-oms

Click & Collect SuperConsumer

What Your Customers Are Demanding

Click and Collect SuperConsumers are the ideal omni-channel customer. They enjoy shopping, buy more goods, spend more money, are more loyal, and return fewer products. What is not to like about them? Find out more about them, and how to cater your retail to their needs.

Download full research at: bit.ly/SuperConsumer

Omni-2000 Retail Score

Find out Your Rank on the Omni-2000

Was your retail business part of the Omni-2000 research base? Now you can find out, and learn about how you scored on the 40+ criteria. If you are a Senior Executive in Retail, then click here and we will be pleased to review if you were in the core research and to share our findings about your retail chain, with you. Ask for a sneak peak at your competitors, too.

Find out your score, here: bit.ly/od-omni-2000-score

OrderDynamics is the world's leading cloud-based, Out-of-the-Box Distributed Order Management (DOM) Technology vendor. Focused on powering retail fulfillment, OrderDynamics helps clients make omni-channel retail a reality. Their DOM provides client capabilities like order orchestration, enterprise-wide inventory visibility, returns management, customer service, and store driven fulfillment.

OrderDynamics enables customer options like Buy Online Pickup In-Store (BOPIS), and ship-from-store. This creates exceptional shopping experiences. Iconic brands like Speedo, Quiksilver, Columbia Sportswear, JYSK, Princess Auto, Crabtree and Evelyn, Murdoch's Ranch and Home Supply, and Browns Shoes use OrderDynamics technology across North America, Europe, Asia and Australia.

ORDERDYNAMICS CORPORATION

Visit www.OrderDynamics.com for more information about Order Management Systems and how we can help optimize your Omni-Channel Retail Business

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For more insights, statistics and discussions about the OrderDynamics Omni-2000 Research
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