



# How Entrepreneurs Can Win Over Online Shoppers



Large retailers might have the budgets to commission focus groups and hire consultants to give them insight into what their customers want, but smaller businesses don't always have these luxuries. Yet, to remain competitive, your small business needs to understand changing customer expectations. What motivates today's tech-savvy shoppers?

**How Entrepreneurs Can Win Over Online Shoppers** was created to give small business owners and managers a comprehensive snapshot of the preferences of today's shoppers, so you can be more competitive in today's multi-channel – or “omnichannel” – marketplace. This guide primarily draws on data collected by UPS in 2016 for its fifth annual **Pulse of the Online Shopper** study, which surveyed more than 5,000 consumers, identifying how they shop and what they expect from retailers. It also offers suggestions about what you can do to keep your customers engaged and satisfied.

# Small Business Owners, Meet Your Omnichannel Customers

Omnichannel is more than a buzzword. Omnichannel shoppers are buyers who are equally comfortable shopping in stores, via handheld devices, and from their PCs at home. Regardless of the channel, they expect high-level service. Even if you own a brick-and-mortar operation, you will benefit by capturing the omnichannel shopper's attention.

Omnichannel customers are looking for easy price comparisons, access to consumer reviews, quality products, seamless transactions, fast (and often free) deliveries and stress-free returns. This may sound like a long list, but it's really a set of expectations that are the byproduct of several recent trends: digital innovations introduced by big retailers, the emergence of technologically proficient consumers, the growth of social media and the continued growth of mobile technology.

### What You Can Do

- **Check your website's mobile responsiveness:** Take a hard, objective look at the shopping experiences you offer your online customers. Make sure your website functions smoothly whether you access it from a PC, a tablet or a smartphone. Test it yourself. How quickly does the page load? Does it configure in a readable format on a smartphone – or do you need to squint to read the fonts? Test it across multiple devices, including iPhone, Android and tablets. Take screen shots so your web developer can see what you see.
- **Check your website's UX (user experience):** Make sure your site delivers an intuitive experience and that it offers the same options that can be found in your store. Ask friends, family and new customers to walk through your website and provide critical feedback. Send them on scavenger hunts to find specific content and ask them to record how long it takes them to find the content and how many “clicks” it takes them to get there.



# Understand the Impact of Smartphones

More than 75 percent of Americans own a smartphone today, according to the [Pew Research Center](#). And 73 percent have wireless internet access in addition to cell service, meaning they can shop on the go. Not only is it common for consumers to browse online and shop from the sofa, it is equally common for them to do so in parking lots, on golf courses, at an airport or over a meal.

In part, this is because of the sophistication of today's smartphones. It is possible for users to click on an app, find an item, see the price, read a consumer review, click "buy" and finish the transaction in a minute or two. UPS found this behavior is true even for shoppers standing in a store, pondering a purchase.

While compiling **Pulse of the Online Shopper**, UPS determined 2016 marked the first year that online purchases made up more than half of all purchases (51 percent). That's up from 47 percent in 2014 and 48 percent in 2015.

- **What You Can Do:** As your customers visit your store, consider conducting an unofficial focus group. Ask them if they shop online, use their smartphones, and if they have visited your website or app. Ask them what they are looking for when they shop online. Compare their answers to the characteristics of your site. And if you are not entirely familiar with mobile shopping, become familiar. Do more of it. It's an effective way to learn what is working and gather ideas to improve your own site.







## Meet the Power Shoppers and the Millennials

In addition to omnichannel shoppers, UPS also introduced “power shoppers” in its [2016 study](#). These consumers make nine or more online purchases in a 90-day period. Power shoppers are comfortable with all aspects of technology, from apps to browsers to websites. When seeking information, they visit FAQ pages and use live chat functions. They are more likely to consult social media when looking for ideas, perhaps most importantly, they value online customer service and the ability to return items if needed.

The good news for small business owners is that power shoppers are comfortable purchasing almost any type of merchandise online without hesitation.

Millennials make up a large segment of the power shopper group, recently passing baby boomers in numbers, making them the largest segment of shoppers with the most buying power.

As a demographic, millennials dominate all aspects of the mobile lifestyle. They love technology and welcome innovation. They make more digital purchases, are more likely to value consumer reviews and get shopping ideas from social media. They also expect flexible delivery options, often choosing to have their packages sent to locations other than their homes.

- **What You Can Do:** Identify who your audience is, and make sure you’re reaching them through their preferred channels. Your website and social media analytics will inform you about your online customers, while your sales and customer service teams can help you identify common characteristics about your offline customers. Your power shopper and millennial customers want to have the same experience, no matter where they interact with you – online, over the phone, or in your store. They want information at their fingertips. Does your website deliver pricing? Reviews? Reflect current inventory? Offer free shipping and hassle-free returns?



# Smartphones and Other Digital Shopping Devices

Does any single form of digital shopping result in the highest customer satisfaction? UPS's research found desktop shoppers are the happiest with their online experiences; 85 percent reported being satisfied in 2016. But other shoppers are close behind: 78 percent of tablet shoppers and 73 percent of smartphone shoppers said they were satisfied as well.

When accessing retail sites from their smartphones, how do shoppers spend their time each month? UPS found tracking orders took the No. 1 slot, accounting for 72 percent of the monthly activity. This was followed by ...

- Comparison shopping: 69%
- Coupon searching: 67%
- Using a retailer's app: 64%
- Researching products prior to a store visit: 64%
- Researching products while in a store: 60%
- Checking in on social media: 53%

If you are wondering why smartphones play such a crucial role in shopping, there's a simple reason: Increasingly, people have their phones with them constantly. Google recently determined [82 percent of smartphone users](#) turn to their devices when deciding on a purchase.

What does this mean for a small business? It means getting a customer in the door may just be the beginning. Businesses must also offer competitive prices, attractive options and excellent customer service. If a product is not available in-store, digitally savvy consumers expect retailers to be able to check inventory elsewhere and offer flexible ship-to-store or ship-to-another-address options. Also, be aware that if your customer regularly uses an online marketplace, he or she is probably accustomed to free shipping. (More about online marketplaces in a minute.)





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Additionally, online consumers expect in-store staffers to be familiar with your establishment's online options and policies, from website to mobile, especially if you offer online deals or coupons.

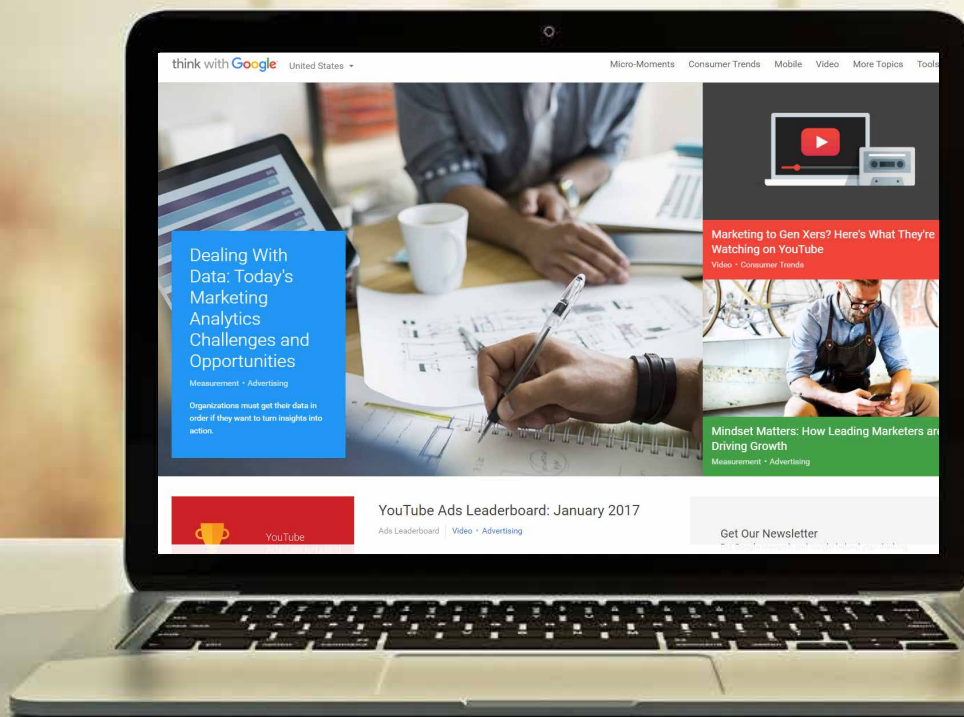
- **What You Can Do:** Test your site with "Think With Google." Enter the URL (for example, www.ups.com), and Google will scan your desktop and mobile speed and friendliness. In the example below, the URL scored perfect marks for being mobile friendly; however, it is slow to load, which can contribute to less traffic from mobile users.

- You can sign up with Google to receive a free report that offers more details about how your web developer or webmaster can improve speed and the mobile friendliness.



It looks like your site could use improvement. We'll send you a detailed report on what to fix – you may want to share with your webmaster.

 [GET MY FREE REPORT](#)



# Understanding the Attraction of Online Marketplaces

The continued growth and popularity of online marketplaces have transformed online shopping. Marketplaces like Amazon, eBay or Etsy, allow businesses to sell goods and services on their platforms. **Pulse of the Online Shopper** revealed the following about online marketplaces:

- 85 percent of online shoppers said they have purchased something at a marketplace site
- 35 percent begin their product searches there
- 65 percent of surveyed shoppers said marketplaces offer better prices
- 51 percent cited free or discounted shipping as their reason for choosing online marketplaces

Free and discounted shipping have become market forces all their own. [Amazon's Prime program](#) – in which, for an annual fee, customers receive free shipping on everything they buy – became a game-changer after its debut in 2005. Many traditional companies, as well as independent sellers on other marketplace sites, have followed this example.

Admittedly, some of these trends and statistics might seem discouraging to a small retailer. You may wonder if small business owners can even hope to compete with massive marketplace sites?

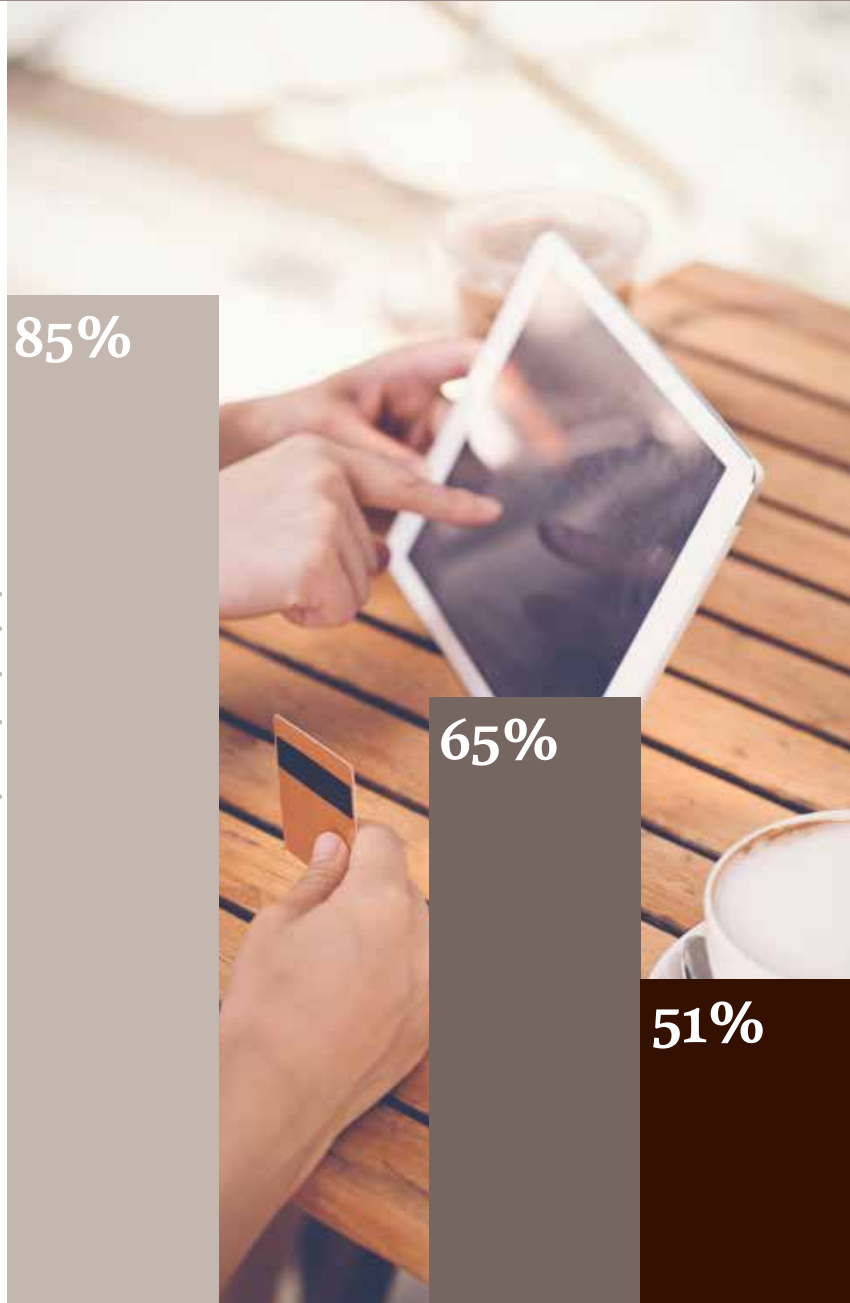
- **What You Can Do:** If you're selling in a marketplace, you might already be familiar with UPS's marketplace shipping tools, which allow you to personalize shipping options for your customers, and your customers can track packages and make returns easily. If you're new to marketplaces, be sure to look at shipping options so your customers can have one continuous experience from store to website to marketplace.

85%

65%

51%

35%



## What Kind of In-Store Shopping Experience Do You Offer?

Is a customer's shopping experience in your store interesting and fulfilling? It needs to be, because even though online shopping continues to trend upward, a positive brick-and-mortar experience is still important to today's shoppers.

Almost half of regular online shoppers surveyed (45 percent) say they still like shopping in stores. When asked why, the most popular responses were the thrill of finding great deals, the relaxation of an in-store experience, and the ability to gather ideas about [future purchases](#).

Traditional stores offer a hands-on experience, and the quality of that experience can determine if a store will survive – and thrive – in the digital age. When asked what they look for when visiting a storefront, respondents listed the following reasons (in order of importance):

- Overall customer service
- Efficiency in finding products
- Sales associate insight
- The ability to check inventory
- The use of such technology as scanners, mobile checkouts and kiosks
- Innovative shopping concepts
- The excitement generated during a store visit
- The personalization of a shopping experience
- Quick checkout using mobile technology

As you can see, for today's shoppers, nearly every component of the in-store experience is taken into consideration when determining overall satisfaction.

- **What You Can Do:** If you run a web-only business and you want to grow, this may be the time to consider opening an actual storefront or offering an occasional in-person shopping opportunity (marketed through social media if you want to attract the millennial audience, for example). [Pop-up shops](#) – temporary storefronts that may only be open for a day or a week – often in empty retail buildings – are becoming increasingly common. They tend to generate excitement, help business owners connect with customers and cost less than opening a permanent store.





## Conclusion:

# Meet Your Online Customers Where They Shop

Twenty years ago, tips to ensure customer satisfaction would have focused solely on the in-store experience: Are displays attractive? Is the staff knowledgeable and friendly? Is inventory plentiful? Are prices competitive? Is it easy to find your way around the store? Do the product lines align with the needs and preferences of your customers?

A generation later, those questions are still relevant; not only to in-store consumers but to digital shoppers as well. Consumers have quickly grown accustomed to using their mobile devices to compare products, check inventory and find out if fast, free shipping is available. To get quick answers, they are likely to consult an FAQ page rather than a salesperson. Instead of listening to an in-store sales pitch, today's shopper will likely read objective product reviews from their phones. And – most importantly – when one retailer doesn't fit their needs, today's shopper will quickly find another that does.

### Key takeaways include:

- **Higher customer expectations:** Because consumers understand online shopping, the expectations they have for retailers have risen.
- **Omnichannel businesses have the edge:** Tech-savvy customers now expect a retailer's mobile, desktop and storefront businesses to work in sync, offering the same seamless experience.

- **The rise of the power shopper:** These shoppers have mastered digital and mobile technology and use it regularly to shop.
- **Millennials are changing the big picture:** This segment has no hesitation about online shopping on any device and expects intuitive interfaces, fast service, delivery options and easy online returns.
- **Online purchases are No. 1:** In 2016, online purchases made up more than half – 51 percent – of all purchases. For millennials, the number was even higher: 54 percent.
- **The smartphone is always at hand:** This gives mobile shoppers an edge. In addition to making purchases, smartphone users track orders, compare prices, search for coupons, read consumer reviews, research products and check social media – even while in a store.
- **Marketplaces have an advantage:** In 2016, 35 percent of online product searches started at a marketplace. Customers know that they can find nearly any product from nearly any retailer at an online marketplace, often getting it for less and having it shipped for free. Small businesses must enhance their mobile capabilities and improve their online and in-store shopping experiences to compete.
- **In-store shopping is still important:** 45 percent of online shoppers still like shopping in stores. The key is to make brick-and-mortar shopping as fun, flexible and as pleasant as possible.

These are just some of the most recent findings. Each year UPS compiles a **Pulse of the Online Shopper** study and uses the research to provide business owners and retail professionals with insight into the evolving needs of mobile and online consumers.



UPS also continues to be a partner to small business owners around the world, providing them with solutions to ensure they will continue to thrive in today's digital marketplace.

These solutions can include introducing you to the latest shipping and delivery methods or helping you design shipping stations or enhance your current packaging practices. The result? Business owners can save time and money and offer a more flexible, responsive customer experience.



**Want to know more?** Visit [UPS.com](https://www.ups.com) to find out how UPS works with small business owners like you to achieve success by downloading our free “2016 UPS Pulse of the Online Shopper” guide.

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