

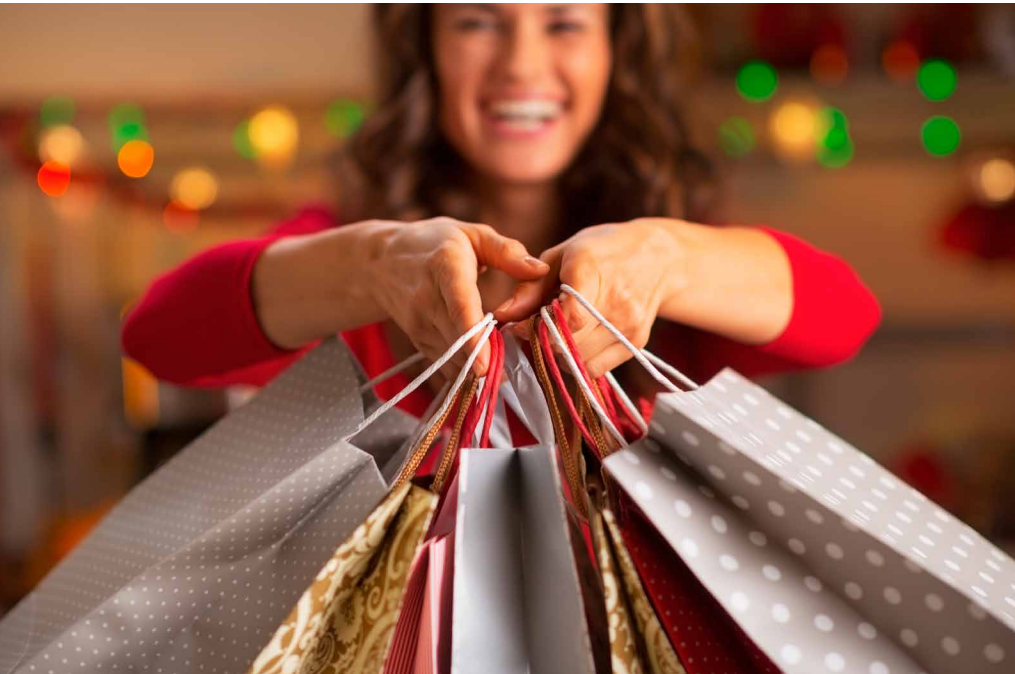


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# 2023 Peak Consumer Survey

# Intro

There are many forces shaping peak season 2023, many of which are macro such as inflation, improved supply chains, the return to in store shopping, and the normalization of omnichannel customer experience expectations. While macro forces tell us what is changing the retail industry as a whole, we wanted to know how consumer behavior and expectations are at play in these dynamics. What do consumers think and anticipate for their upcoming holiday spending?



This information is valuable as brands prepare for peak and craft customer experience moving forward. Understanding consumer preferences and expectations can help better align practices and enable retailers to deliver on customer preferences – improving omnichannel and a consistent brand experience that fosters loyalty.

Additionally, our survey sheds some light on the changing post-pandemic dynamics that reveal that consumer expectations are better aligned with retail realities than is often believed.

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**We invite you to explore our survey findings and contemplate how they can serve your customer experience strategy success.**

**In our recent survey, we asked US shoppers about the factors that will influence their expectations for the 2023 holiday shopping season, including:**



**Preferred shopping methods**



**Delivery timelines**



**Return policies**



**Sustainability practices**



**Brand loyalty**

# Executive Summary

In a recent survey, Radial asked consumers about their shopping preferences, expectations of retailers during the holiday season, and key issues that make or break their loyalty.

## Our most notable findings include:

**37%**

of consumers say 3-5 days is an acceptable and reasonable timeframe for online order delivery



**68%**

are motivated by free shipping and

**58%**

expect free returns, with retailer/brand covering return shipping cost



**64%**

by promotional sales and discounts this year

**11%**

find convenience of omnichannel options relevant to their purchase decisions

**38%**

plan to reduce the amount of gifts they buy for other people due to inflation



**60%**

plan to shop online and

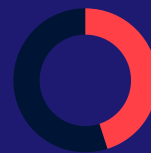
**67%**

of consumers plan to start their holiday shopping before Black Friday



**41%**

plan to shop in-store



**45%**

say cost and affordability and

**57%**

of those who value sustainability prioritize sustainable packaging and delivery practices



**29%**

cite brand reputation and perception as their top two drivers for customer loyalty

**41%**

expect extended return period during the holiday season

Retailers that focus on what matters most to consumers will better meet their expectations and preferences. Consumers seem to be meeting retailers where they are, too, in embracing slower shipping and delivery. With multiple factors shaping expectations for peak 2023, retailers can prepare for peak by understanding what is motivating consumers this season.

# Shipping & Delivery

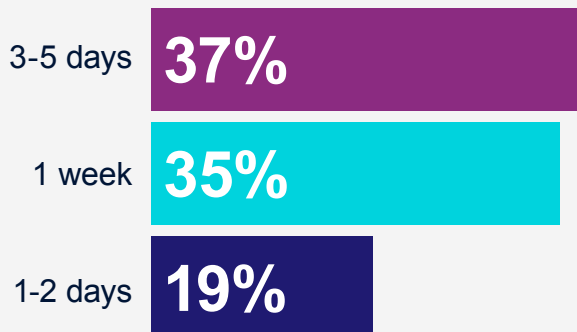
Peak season success rests on getting products to consumers on time. Shipping and delivery play a crucial role in shaping the customer experience during the holiday season, and consumers have very defined expectations. Their holiday success as gift-givers depends on orders arriving on time – or order fulfillment options that enable them to obtain their orders through other channels if they miss shipping cutoff dates.



## Slower Shipping is Okay This Year

After the pandemic, consumers resumed their insistence that 1-2 day shipping for online orders was their firm expectation. This year, our survey finds it is no longer the case.

### What is an acceptable and reasonable delivery timeframe for online orders?



**This reveals a 15% year-over-year decline in expectations for 1-2 day delivery timeframes.**

What's driving this willingness to patiently wait? While our study did not address the factors behind these expectations, we speculate that consumers have grown accustomed to slower delivery times experienced during the pandemic's supply chain disruptions, and the overall labor shortage across the country. People learned to wait and life slowed down; priorities shifted toward home, family, and connections.

We also theorize that as brands have improved their ability to communicate in real-time with customers and keep them informed of their order status, they have been able to set more realistic expectations and then follow through on them. A consistent brand experience, regardless of the time required for delivery, builds trust.

## Stretching Budgets Top Priority

However, if consumers are no longer prioritizing 1-2 day shipping, what other factors are influencing their purchase decisions?

**The short answer? Free shipping and good deals.**

### What factors most influence your decision to buy from a retailer or brand?

Free shipping

68%

Promotional sales and discounts

64%

Availability of in-stock items

54%

Free returns

49%

Past positive shopping experience with the brand

47%

Quality customer support

34%

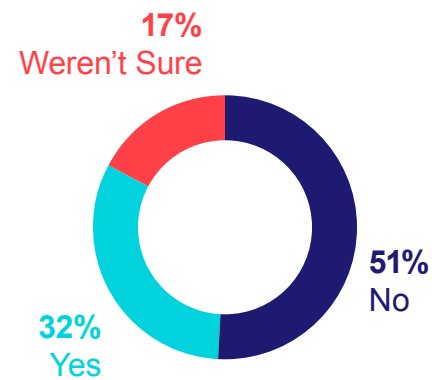
Commitment to sustainability

12%

Convenience of omnichannel fulfillment options

11%

When asked if a product being shipped by a third-party seller instead of the retailer would impact their buying decision, 51% said no, 32% said yes, and 17% weren't sure.



Consumers are looking for brands to help them extend their budgets with free shipping, discounts/sales, and free returns. Product availability, past positive experience, and quality customer support are also highly important. Sustainability and convenience remain on their radar but are not top drivers this year.

It's important to note that the low number placed on "convenience of omnichannel fulfillment options" may reflect the normalization of these options in the consumers' mind. In other words, they expect omnichannel convenience in the same way they expect multiple payment options and a consistent store experience. These are foundational expectations and no longer rank as determining factors because they consider this a fundamental part of the shopping experience.

## Sustainable Packaging Matters

The same may be said for sustainability, though in light of economic conditions, it may have slipped in rank while consumers are stretching their dollars in a high inflation market. However, when asked about which sustainability practices are important when considering a brand, the majority focused on sustainable packaging and shipping practices. Consumers are aware of their impact the environment as online shoppers and value brands that actively work to reduce it. Packaging and shipping are also the areas most visible to consumers since they have to dispose of the packaging that arrives at their doorstep.

### Which sustainability practices are most important to you when considering a brand?

Sustainable packaging and shipping practices

57%

Use of eco-friendly materials and production methods

46%

Reduction of carbon emissions and environmental footprint

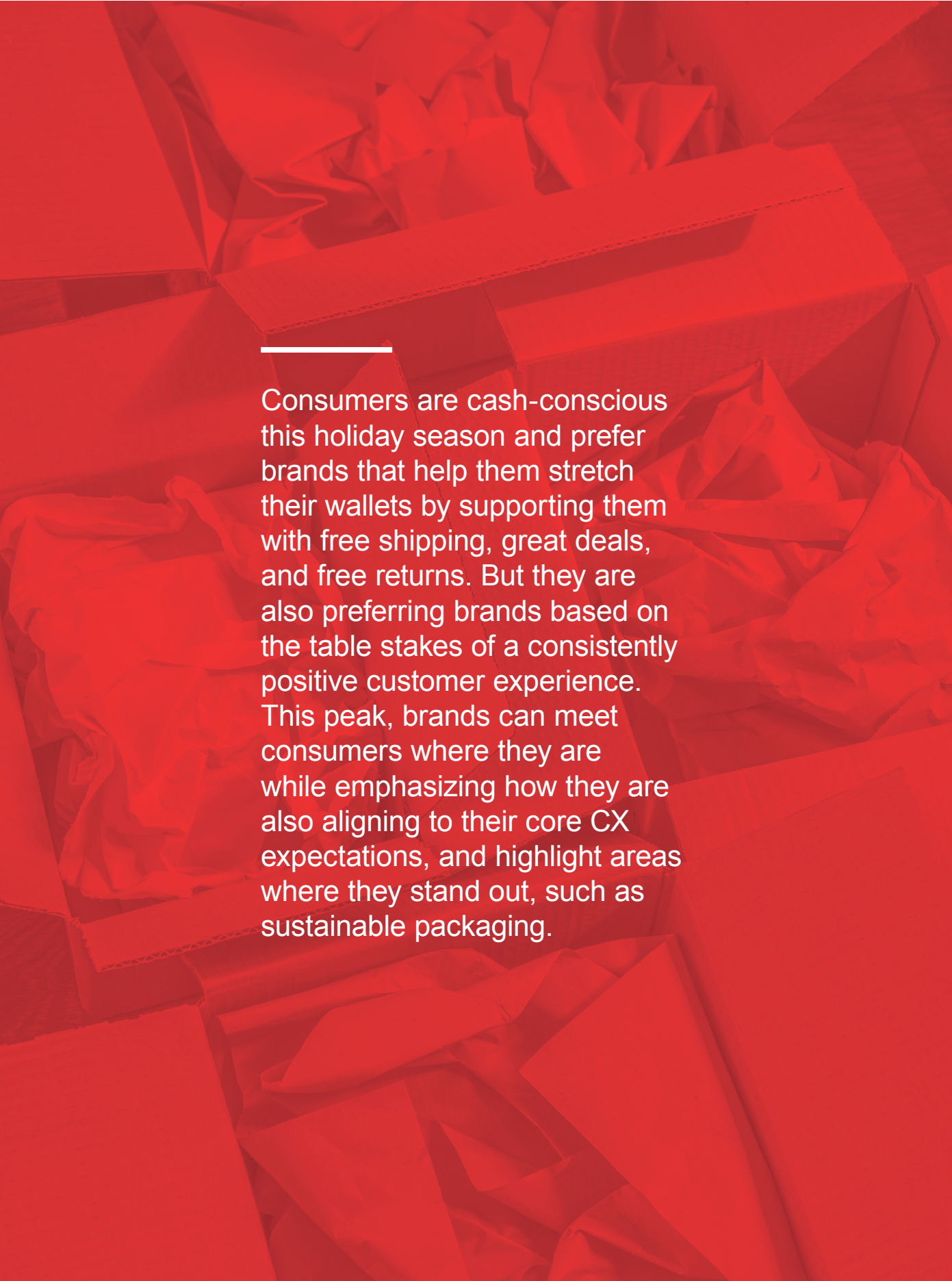
40%

Ethical sourcing of materials

38%

**Overall, as consumers value sustainable practices, brands can differentiate themselves with their commitment to sustainability.**





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Consumers are cash-conscious this holiday season and prefer brands that help them stretch their wallets by supporting them with free shipping, great deals, and free returns. But they are also preferring brands based on the table stakes of a consistently positive customer experience. This peak, brands can meet consumers where they are while emphasizing how they are also aligning to their core CX expectations, and highlight areas where they stand out, such as sustainable packaging.

# Returns

Returns or reverse logistics is a hot topic in retail this year. Many brands have found that they can no longer sustain the high costs of reverse logistics made free and easy to every consumer, let alone write off the cost of returns fraud. Brands are looking for ways to mitigate these costs and risks by charging for returns or limiting return timeframes; but do so at the risk of offending consumers who still expect free returns to help “insure” their online order decisions.

Our survey reveals a sharp disconnect between what consumers expect for returns and the return policies retailers are implementing. It’s a fine line to walk and brands will need to tread carefully.

Return policies significantly impact customer experience – and are one of the factors that drive purchase decisions. Brands originally made online purchasing more attractive and less risky by offering free returns; rescinding this may have the opposite effect.

## What do consumers say?

### What are your expectations for return policies around holiday shopping?

Free returns, with retailer/brand covering return shipping cost

**58%**

Extended return period during the holiday season

**41%**

Having the ability to buy online and return in-store

**32%**

No restrictions on returning any product categories

**26%**

Restrictions on returning certain product categories (i.e., electronics)

**18%**

Retailers/brands charge for returns

**12%**

Earlier this year, an industry survey found that 66% of retailers now charge for returns. While 58% of consumers expect returns to be free.


**66%** of retailers charge for returns

**58%** of consumers expect free returns

Consumers expect easy, free returns and extended return periods, especially during the holidays. Brands are grappling with the high costs of reverse logistics to the point that some brands are asking consumers to keep or donate the items they are refunded for, so that the brand can save the cost of shipping, restocking, or returning to the manufacturer. After the painful experience of having excess stock post-pandemic, many brands want to avoid having to afford the expense of managing extra stock. However, making it harder or less likely for consumers to return goods may or may not have the intended effect. There must be a balance between return policies that support CX and maintaining profitability.

Overall, the retail industry needs to mindfully rethink return best practices and consider how they can support a positive customer experience while still addressing rising costs.





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Brands that choose not to offer free shipping this holiday season would do well to amend return policies to extend return time periods and offer free return in store for online orders – both of which would meet consumer expectations. The harder it is for consumers to return items; the more hesitation will happen during the purchase decision process. Consider alternatives to make return policies more attractive or available – such as requiring a certain basket size to qualify for free shipping and free returns.

# Loyalty

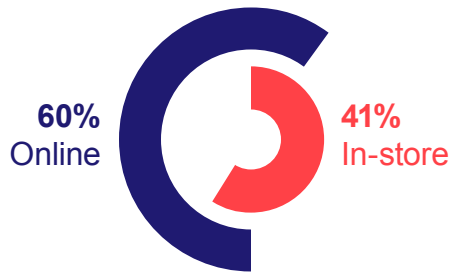
Today's cost-conscious shoppers choose and remain with brands that meet their expectations and provide a consistently good experience. Loyalty is built and sustained on earning and keeping this trusted experience intact. This means that brands need to succeed on all the touchpoints of an omnichannel shopping experience – and when they stumble or disappoint, they need to address the issue with honesty, fairness, and respect. During the holiday season, customer loyalty is influenced by a combination of factors. The biggest change during peak is the time pressure to ensure that purchases are made and received before gift-giving days.

Consumers have already said they will be driven by free shipping, great deals, free returns, backed by previously positive experiences with brands. Omnichannel convenience is no longer a determining factor, remember, so brands cannot count on competing on that.

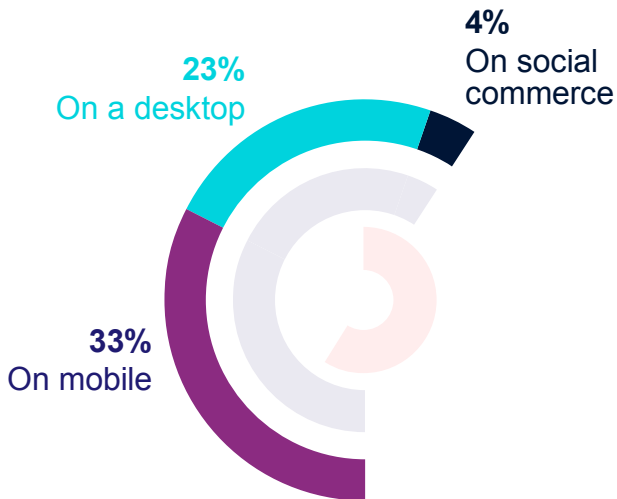
**Let's take a closer look at what's driving consumer behavior and thus impacting loyalty this upcoming holiday season.**



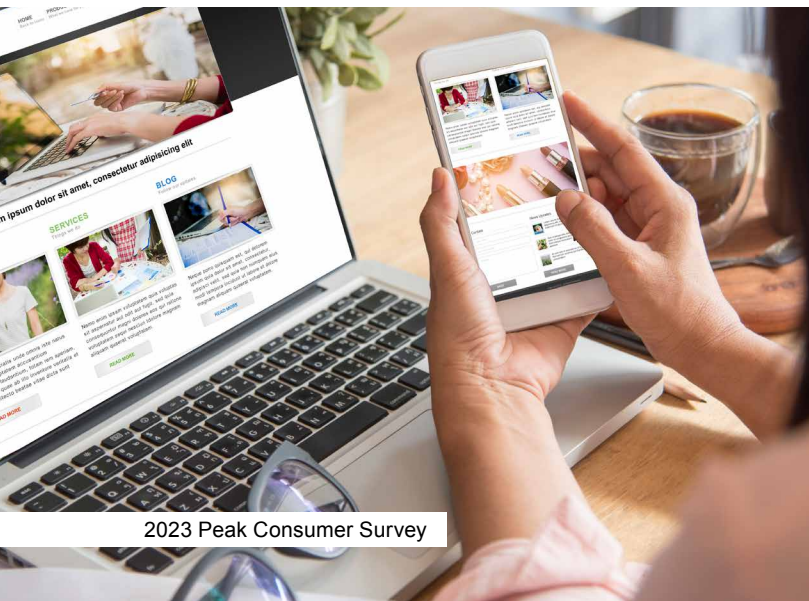
## eCommerce Dominates the Shopping Scene



We can break the online shopping down a bit further with:



Physical stores maintain their relevance and retailers need to consider implementing store fulfillment options if they haven't done so already.



2023 Peak Consumer Survey

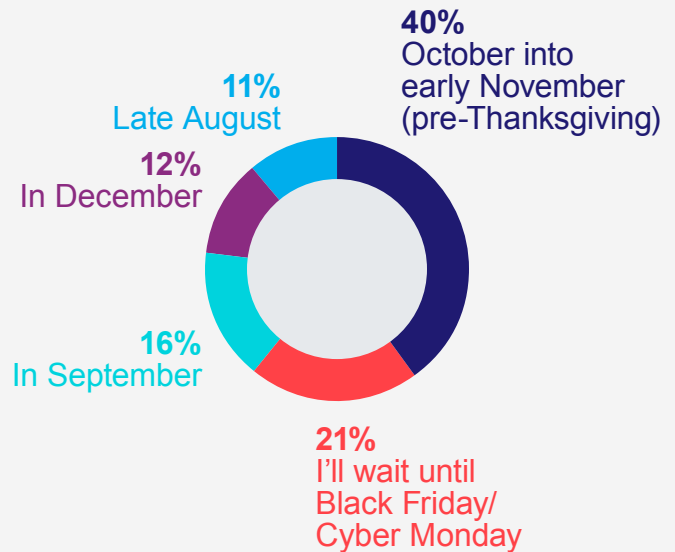


## Most People Will Start Shopping Before Black Friday

Peak season begins as early as July for many retailers. Shoppers confirm they are starting earlier.

Tallied, 67% of consumers plan to start their holiday shopping before Black Friday. However, whether they will start shopping early remains to be seen. Last year, 69% said they planned to start early and it did not prove true. That said, their intention of shopping early may reveal a desire to spread their spend across more time and that they are giving themselves time to seek out the best deals. Brands that offer buy now, pay later options may cater to well-intended shoppers who end up starting later than expected.

## When do you expect your holiday shopping will start this year?



## Inflation to Cause Shoppers to Buy Fewer Gifts

Despite inflation reaching its lowest point in two years, and consumer confidence reaching a high in July 2023, consumers report that it will change their spending over the holiday season, in a variety of ways:

### How will inflation impact your shopping behaviors this holiday season?

I will reduce the amount of gifts I buy for other people

**38%**

I will reduce my overall budget for the holiday season

**27%**

I will buy fewer items for myself compared to previous years

**26%**

I will buy the same amount of gifts, but reduce spending on extra items like food, beverages, decorations, etc.

**25%**

Inflation will not change the amount of gifts I buy

**18%**

Again, what consumers predict they will do and what they actually do remains to be seen. The first half of 2023 saw consumer spending relatively strong in retail despite economic concerns and inflation.

If consumers hold true to their intentions, retailers will need to compete more effectively as consumers hunt for the best deals across channels and brands.

All of these factors play into customer loyalty. But what do consumers say influences them?

## This Season Cost & Affordability Drive Loyalty

It shouldn't be surprising that as consumers align their priorities with their wallets this peak, retailers that deliver on cost and affordability win their hearts. We asked our survey respondents to rank the factors that most influence their brand loyalty during the holidays.

### #1 Influence on Brand Loyalty



**45%** Cost and affordability



**29%** Brand reputation and perception



**19%** Quality of products/services

### Least Influence on Brand Loyalty



**42%** Innovativeness of brand



**32%** Convenience of omnichannel fulfillment options


### Middle Ground on Brand Loyalty



**29%** Consistency of brand experience

Brand reputation and perception remains a high priority; this may reflect consumers concerns over fraud prevention and security. Many shoppers have been victims of scams and fraud, including false websites and retailers in the last year and they are keen to ensure that the brands they buy from online are legitimate and trustworthy.

It is worth noting once again that convenience of omnichannel fulfillment options remained consistently unimportant to consumers, shoring up the theory that omnichannel has normalized and is no longer seen as a brand differentiator. This is good news for brands operating strong omnichannel strategies; and a call to brands that have yet to mature in their omnichannel capacities to do so quickly, or risk becoming irrelevant. Consistency of brand experience also seems to be less relevant to holiday shoppers, perhaps a reflection of their focus on discounts and sales.

A photograph of a person's hand holding a smartphone over a laptop keyboard, with a red overlay. The text is centered on the page.

Consumers are loyal to brands that meet their expectations and their needs; however this holiday season shoppers are driven by cost-consciousness. Brands need to ensure they are doing all the right things well when it comes to omnichannel, but zero in on addressing the current values and priorities of this peak's holiday consumer. They also need to emphasize security, legitimacy, and their reputation to help quell concerns over potential fraud during the holiday season.

# Conclusion

**Based on the research, brands can enhance their holiday strategies by emphasizing online shopping convenience, competitive pricing, positive brand perception, product quality, and sustainable practices.**

As the holiday shopping season approaches, brands are confronted with a multifaceted and evolving landscape where every touchpoint of the customer journey holds significance. The dynamics of the contemporary shopping experience stretch

well beyond the point of purchase, encompassing the entire spectrum from 'click to final delivery.' Embracing this comprehensive and holistic approach is paramount to ensuring enduring brand loyalty amid the holiday rush.

Additionally, offering flexible return policies and optimizing delivery times are key to meeting customer expectations. By catering to these preferences and factors influencing brand loyalty, brands can maximize their success during the holiday shopping season and beyond.



**Methodology:** Radial conducted the survey with Dynata in June 2023, targeting 1,000 general U.S.-based consumers over 18 years of age.

# About Radial

Radial is the pre-eminent B2C eCommerce fulfillment solution provider powering some of the world's best customer experiences. Global brands have trusted us for 30+ years to help them deliver a distinctive consumer experience through tailored, personalized, and scalable solutions. We partner with clients across Europe and North America with technologies such as advanced order management and omnichannel, payment and fraud management, and customer care services. Learn about our solutions at [radial.com](https://radial.com).



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