



2023 Holiday Readiness Guide

Pitney Bowes and DesktopShipper have joined forces for their annual guide to provide ecommerce retailers with practical holiday information and help make logistics easier.



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Welcome Ecommerce Retailers

Pitney Bowes, along with our partner DesktopShipper, welcomes you to what we call “peak,” the holiday shipping season. What is peak? It’s the busiest time of the year in retail and ecommerce. Consumers are shopping for friends and family (and themselves,) and retailers are trying to attract these consumers to their social channels, websites and brick-and-mortar stores. Par for the course, peak season is fraught with challenges. While the pandemic is largely over, shopper data has been disorganized over the last few years. Retail stores were closed or restricted in 2020, moving shoppers online. 2023 saw a return to more normal shopping activities, but online sales continue to grow. Over the last two years, the US has seen higher levels of inflation. Dollars aren’t going as far as they used to, meaning you’re spending more of your paycheck this year than last year on the same items.

Like in previous years, this guide aims to assist you in meeting customer delivery and return expectations. It offers data and projections to help B2C and D2C ecommerce retailers be successful. We provide not only the data but also insights on how retailers can make use of it.

This year, we focus on two key areas: **Returns and Carrier mix.** We hope you use this guide to plan for the season ahead and find nuggets to help you engage with existing and new customers.

Wishing you a prosperous and relaxing holiday season.



Ecommerce and Retail Economic Highlights

Despite some economic uncertainty, total retail growth is going back to normal. Ecommerce growth, specifically mobile commerce, is leading the growth versus retail. According to eMarketer, total holiday retail sales for 2023 will grow by about 4.5%, with ecommerce sales growing by about 12%. They expect total holiday retail ecommerce sales (November through December) to hit \$253.71 billion.

<https://www.insiderintelligence.com/content/us-holiday-2022-review-holiday-2023-preview>



The National Retail Federation (NRF) projects retail **sales will reach between \$5.13 trillion and \$5.23 trillion this year.**



According to the same report by NRF, **non-store and online sales are expected to grow between 10% and 12% in 2023.**

<https://nrf.com/media-center/press-releases/nrf-forecasts-2023-retail-sales-grow-between-4-and-6>

Prime Day (Part 2), Black Friday and Cyber Monday

The holiday shopping season has continued to expand in recent years. In 2022, Amazon added a second Prime Day that helped to jump-start the holiday shopping season in early October. This continued the trend of retailers stretching out Black Friday and Cyber Monday, which are historically two of the busiest days for ecommerce orders. In 2023, retailers face pressure to compete with Amazon, and we expect them to roll out sales in the days around Prime Day.

In 2022, Black Friday sales were just under \$10 billion, up 3.6% from Black Friday in 2021. Not surprisingly, Black Friday underperformed Thanksgiving and Cyber Monday in online growth.



<https://www.insiderintelligence.com/content/us-holiday-2022-review-holiday-2023-preview>



The Returns Conundrum



A returns recap

Online returns are getting out of control. Retailers know about bracketing, where consumers buy multiple sizes of items, returning the item(s) that don't fit. They know about trunk time, where consumers leave returns in their car's trunk for an extended time, maybe even after requesting a return label. And they know that returns are costing them an arm and a leg. But they also know that free returns continue to be an important purchase consideration for 87% of US shoppers, per Happy Returns.

<https://static1.squarespace.com/static/5e1c37cf9b245f360f07ee55/t/63be0105e072de45b35b3db9/1673396487426/Returns+Happen+2022+-+Happy+Returns+-+Evergreen+version.pdf>

While ecommerce grew during the pandemic, the rate of online returns grew even faster, surpassing the overall growth rate of online shopping by almost 3% in 2021. 2022 was the year retailers started looking for ways to dial up returns friction to claw back margins. In fact, online return rates decreased from 20.8% in 2021 to 16.5% in 2022.

https://cdn.nrf.com/sites/default/files/2022-12/AR3021-Customer%20Returns%20in%20the%20Retail%20Industry_2022_Final.pdf

However, the news is still bad when you look at the return rates by merchant. During the past two years, 40% of retailers saw return rates go up by 10%, with another 10% seeing increases as high as 20% year over year. It's enough to make your head spin.

<https://risnews.com/holiday-retail-forecasts-and-predictions-2022>

Here's some interesting shopper stats from Salesforce:

93% of shoppers research a brand or retailer's return policy before making a purchase.

81% of shoppers have stopped buying from a brand or retailer after one bad return experience.

78% of shoppers have abandoned a shopping cart if free returns weren't available.

30% said getting a refund instead of store credit influenced where and when they purchased.

<https://www.salesforce.com/blog/holiday-shopping-predictions/>

So, what does this mean for you?



1. Create a clear returns policy and make it easy to find on your website.

If 93% of consumers are researching a return policy before ordering, the policy should be easy to find.

2. Create a great returns experience (obviously).

But what is a great returns experience?

- Either include the return label in the outbound shipment (more on this later) or make it easy for the consumer to print a return label online.
- Provide a good tracking experience for the return shipment.
- Credit the consumer in a timely fashion.

3. Providing free returns is a major consideration in buying satisfaction.

A satisfied consumer is one that is more likely to return, meaning that the small cost of the return shipping label might pay dividends on future purchases.

The Returns Conundrum



The latest in returns routines

Consumers' first preference is to have the return label included in the shipment. Their second preference is to go online to print a return label. Many GenZers, and to a lesser degree, Millennials, remain unfamiliar/uncomfortable with printing return labels online. However, most consumers—especially Gen X and Baby Boomers—don't mind going online to print labels. Our advice to retailers (especially with older target demos): Don't believe the hype about seniors being unable and unwilling to wrangle with online returns processes. The complaints about return merchandise authorizations (RMAs) are from a vocal minority.

<https://www.pitneybowes.com/us/blog/digital-returns.html>

Shoppers returned 1.39 billion orders globally during the 2022 holiday season. This is a 63% increase in year-over-year returns. UPS expects to handle 5 million more returns this year than last year, according to Supply Chain Dive. These challenges, put retailers in an unenviable position. It's recommended that they implement a convenient returns policy to increase loyalty and make it easy for customers to return their orders. Unfortunately, a convenient returns policy can open the door for customers to take advantage.

<https://www.prnewswire.com/news-releases/global-online-sales-top-1-14t-during-2022-holiday-season-salesforce-data-reveals-301716988.html>

Returns can also be an expensive business proposition. In the inaugural Retailer Survey from Pitney Bowes, we found that returns cost an average of 21% of order value.

<https://www.pitneybowes.com/us/blog/returnment-round-1.html>

Retailers continue to get squeezed by a tough labor market, inflation, continued supply chain challenges and higher customer acquisition costs. However, they need to figure out ways to lower the transportation cost of returns and lower the processing cost of returns. Creating and implementing a solid returns strategy can help lower customer churn while not significantly hurting your bottom line.

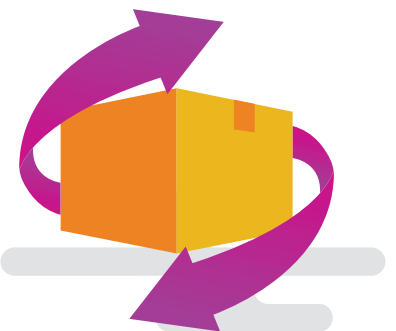


The 4 Levers of Returns

Crafting a Return Policy that SUITS BOTH YOU AND YOUR CUSTOMERS:

- 1. Home pickup:** Home pickup — a relatively rare option for online retailers to offer — is a convenient option for many, with more than half of parents, Millennials and frequent online shoppers telling us they're likely to use it given that choice.
- 2. Drop-off:** While carrier drop-off reigns supreme among return options offered by online retailers, the most preferred drop-off location is the post office. For the last two years, it's been rated the #1 option in our opinion surveys. We attribute this to the 34,000+ post office locations nationwide. Keep this preference in mind when you're looking for ways to reduce friction for your customers.
<https://www.pitneybowes.com/us/blog/returns-feature-adoption.html>
- 3. Online exchanges:** Online exchanges are currently rare. Most retailers don't offer them because of technology hurdles. Most merchants would need to a top-to-bottom update in their website infrastructure, such as reconfiguring their product catalog, to enable exchange transactions. Enterprise retailers prefer to drive returns and exchanges to their brick-and-mortar stores, while many mid-market brands have not prioritized online exchanges due to the logistical complexity.
- 4. Fraud:** It's a dirty open secret, so we'll say it out loud. Some customers game the returns policies, and merchants pay the price (literally). As online retailers make the returns experience more convenient, they also risk tempting customers to take advantage of it. For example, a shocking 44% of consumers say that picking the "reason for return" that ensures free shipping is socially acceptable.
<https://www.pitneybowes.com/us/blog/returns-fraud.html>

Luckily, there are steps merchants can take to lessen the risk while retaining customer loyalty. This is an area where "test and learn" can benefit your business. Try different variables on your return policy until you find an acceptable balance between creating friction and maintaining customer goodwill.



Handling Holiday Returns

6 Tips for Getting Ahead DURING THE RETURNS INFLUX:

- 1. Create a clear returns policy:** This includes not burying your returns policy on your website. Let customers know the full returns process from beginning to end.
- 2. Allow for multiple label options:** Not everyone has a home printer. Give customers label options, like providing them with a QR Code they can bring to a carrier location. Upon scan, a label is generated and printed.
- 3. Give your customers multiple drop-off locations:** For example, let them know if it's a choice of the following or exclusive to one: Post Office, UPS Store, parcel locker, etc.
- 4. Provide customers with a retailer portal** or carrier website to schedule a home pickup.
- 5. Make exchanges convenient:** Even though online exchanges are relatively rare, make it convenient for your customer.
- 6. Make refunds fast:** In a recent Pitney Bowes BOXpoll™ survey, we found that consumers would prefer store credit on carrier acceptance than wait 7–10 business days for a refund back to their credit cards.



BONUS TIP: **Transform an expense (returns) into an asset.**

When handled well, a return can strengthen a relationship with your customer. In other words, you're not just issuing a refund. A return is an opportunity to engage with your customers, to make things right by acknowledging their unhappiness with their original order and demonstrate that their business and satisfaction is important to you.



The Evolution of Consumer Expectations

Amazon set the bar for consumer expectations years ago by offering fast and free deliveries for almost everything purchased online. Retailers, and many consumers, know that shipping is never fast and free. As a retailer, you're in a tough position as you need to manage delivery costs, but you also need to meet your customer's delivery expectations. Should you bake the cost of free delivery into the cost of the item, or do you take a loss on shipping costs?

Here are some things to think about based on BOXpoll data:

Simply providing
FAST AND CHEAP SHIPPING
is not the be-all and end-all of providing
a positive customer experience.

Companies that
GUARANTEE DELIVERIES will
**BUILD CONFIDENCE,
INCREASE CONVERSIONS
& BEAT "FAST" SHIPPING**
with most consumers.

A GOOD, ACCURATE,
BRANDED TRACKING EXPERIENCE
allows retailers to engage with shoppers
throughout the entire post-purchase journey.

Based on your products and even where your consumers fall on the age spectrum, you may want to revisit your **SHIPPING SERVICE OFFERINGS**. There may be cost savings, price adjustments or service enhancements available to better **balance low freight costs** and **customer definitions of a "fast" delivery**.

5 Shipping Strategies to Maximize Results for the Current Consumer Mindset

Sleigh your shipping game this holiday season. Optimize shipping approaches to align with consumer expectations for enhanced results in the present market mindset. Here's how:

- 1. Fast and cheap shipping is still important to consumers,** but fast may be both too fast and not fast enough. And charging for shipping is OK (sometimes).
- 2. Age and other demographics can influence consumers' definitions of what makes for "fast" delivery.** This is something to take advantage of, as there are potential cost savings with more flexible delivery options.
- 3. Consumers want a seamless tracking experience.** Savvy retailers are using estimated delivery dates (EDDs) as a strategy to increase conversions and repeat purchases.
- 4. Self-serve is a good thing in consumers' minds.** The ability to track and process returns online creates a positive customer experience and reduces the support resources that retailers need to maintain.
- 5. Although it happens only once a year, peak season needs to be on the mind of retailers year-round.** The large carriers have become aggressive with peak surcharges and limiting capacity. Retailers need to build their mix of carriers beyond the big two.



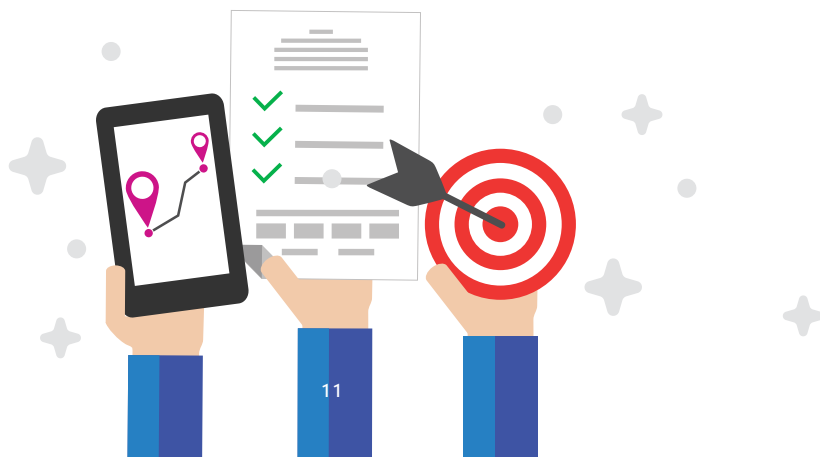
Personalizing the Shipping Experience

In the world of ecommerce, personalized shopping experiences are essential to building trust, brand loyalty and increasing revenue. However, personalization does not stop with the shopping experience. It also extends to shipping, and businesses that fail to provide personalized shipping experiences risk losing out on potential customers and revenue. In fact, according to Epsilon, 80% of consumers are more likely to buy from a company that provides a tailored experience

3 Ways to PERSONALIZE YOUR SHIPPING EXPERIENCE:

- 1. Tracking and Shipment Confirmations:** Automating tracking alerts help to improve customer satisfaction and save businesses time in the long run. With automated tracking, customers have control over their purchases, which leads to fewer customer service interactions and more time for businesses to focus on other tasks.
- 2. Custom Packing Slips:** Businesses can easily design and create custom packing slips that include their company logo, branding elements and additional information, such as a thank you message or promotional offer. By doing so, businesses can reinforce their company's identity and create a more professional and memorable unboxing experience for their customers.
- 3. Targeted Marketing Messaging:** Sending generic emails to customers isn't going to move the needle as much as a personalized thank you note. Included unique discount codes or small extras in your outbound shipment to increase retention.

<https://www.epsilon.com/us/about-us/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences>



Enhancing Shipping Through Carrier Diversification

Diversifying carriers allows ecommerce sellers and 3PLs to mitigate disruptions or service limitations from any single provider, leading to more consistent order fulfillment and improved customer satisfaction.



3 Key Benefits of CARRIER DIVERSIFICATION:

- 1. Risk Mitigation:** By relying on multiple carriers, a company can avoid disruptions in case one carrier experiences issues such as delays, strikes or service outages.
- 2. Cost-Optimization:** With varied rates and service options, sellers can cherry-pick the most economical choices.
- 3. Service Versatility:** Carriers often excel in regions or delivery areas, offering businesses an opportunity to capitalize on these strengths.

Building a strong carrier portfolio demands a mix of national and local trusted carriers that offer discounted rates based on different services. Explore cost variations per shipping label, which are influenced by factors such as weight, dimensions and shipping zones. When using USPS® services, for example, examine Priority Mail® shipping and the recently introduced Ground Advantage™. These USPS choices significantly impact the costs associated with each label for diverse shipments.

However, even with meticulous planning, unforeseen challenges can arise. Thus, having backup carriers ready is crucial to a successful holiday shipping strategy.

As the holiday season intensifies, businesses often look for ways to simplify their multi-carrier management. Shipping softwares like DesktopShipper present a centralized solution to organize operations, expedite label generation and oversee multiple carriers efficiently.

What sets DesktopShipper apart is its integration with a wide array of carriers, providing instantaneous updates on rates, delivery times and service areas. Not only does it grant businesses the ability to onboard new carriers through a self-serve platform, streamlining the addition of fresh options, but its advanced rate shopping feature also ensures the most cost-effective choices are always at a shipper's fingertips.

Don't have previously negotiated rates? No problem. Through curated partnerships, like DesktopShipper and Pitney Bowes, businesses without direct carrier accounts can access new accounts with negotiated rates based on volume and commitment.

This breadth of features allows shippers to adapt swiftly during peak times, ensuring that even amidst the holiday rush, your transit times remain consistent and customer expectations are met.

Unlock Savings with Real-time Rate Shopping

Sellers and 3PL fulfillment warehouses are constantly balancing volume, efficiency and customer satisfaction. As the shipping landscape becomes increasingly complex, managing multiple service options becomes a Herculean task. One avenue to strike this balance is through effective rate shopping.

While rate shopping might be a familiar tool for many, its importance becomes magnified during peak holiday periods. Beyond merely navigating holiday shipping frenzies, it automates mundane tasks, allowing businesses to harness the potential of multiple carriers and services simultaneously. By seamlessly sifting through these myriad options, companies can expand their savings opportunities. It's not just about securing the best rates but diversifying and optimizing the shipping strategy for value without compromising delivery reliability.

3 Advantages to THIS APPROACH:



1. Cost Savings: By analyzing various rates, retailers can identify the best shipping option, tailored to factors like package weight, dimensions, destination and delivery speed. Given the ever-changing nature of shipping rates, this becomes pivotal.



2. Decision-making: Real-time quotes make it easier to choose carriers based on cost, delivery time and service quality. This speeds up order processing by removing the need for shippers, including seasonal part-time workers, to make decisions about shipping rates. Therefore, there's no requirement to double-check and confirm the chosen rate.



3. Diverse Shipping Options in Real-time: Be it based on delivery time or cost-effectiveness, diversified options significantly enhances the buyer's experience. Retailers can offer free shipping or update checkout pages, meeting customers' immediate needs and potentially cementing their loyalty for future transactions.

What rate-shopping features should retailers look for in a shipping platform?

- A gateway to access competitive rates.
- Simple and straightforward rate comparison across carriers.
- Batch shipping, allowing shippers to reduce manual label printing.

Holiday Deadlines



IMPORTANT DATES FOR 2023

USPS

First-Class Mail®

Thursday, December 21, 2023*

Priority Mail®

Friday, December 22, 2023*

Priority Mail Express®

Friday, December 22, 2023*

*These are estimated deadlines when shipping within the 48 contiguous US states. Shippers will need to add 2 days for shipping to/from Hawaii and Alaska.

FedEx

FedEx Ground®

(All 50 states)

Wednesday, December 13, 2023

Home Delivery®

(All 50 states)

Wednesday, December 13, 2023

Express Saver®

Tuesday, December 19, 2023

FedEx 2Day

Wednesday, December 20, 2023

UPS

UPS 3 Day Select®

Wednesday, December 20, 2023

UPS 2nd Day Air® services

Thursday, December 21, 2023

UPS Next Day Air® services

Friday, December 22, 2023





About Pitney Bowes

Ecommerce logistics. Only easier.

Pitney Bowes Global Ecommerce is our fastest growing business segment. Our focus on the consumer and shipper experience — driven by innovative technology and consultative insights — has uniquely positioned us as the trusted partner for ecommerce brands and shippers. Our best-in-class services include ecommerce fulfillment, delivery (domestic and cross-border) and returns that help merchants drive conversions, customer satisfaction and lasting loyalty. These solutions build better order experiences through data science-based innovation and consultative support that help make clients' jobs easier. We are the preferred ecommerce logistics partner for over 500 brands and shippers.

Pitney Bowes

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<https://www.pitneybowes.com/us/shipping-and-mailing/ecommerce.html>

About DesktopShipper

DesktopShipper is a privately held company that provides web-based and on-premise shipping software solutions to businesses globally. With highly adaptable and cutting-edge shipping technology, DesktopShipper allows companies of all sizes to rate-shop between a large selection of carriers, automate custom business rules and integrate with various e-commerce platforms. DesktopShipper has been in business for almost 20 years and continues to be an industry leader by innovating and developing our software to guide customers to success.

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