



# The Supply Chain of E-Retail Business

April 14, 2016

Ho Chi Minh City, Vietnam



“As **e-Commerce** growth **outpaces** overall **retail** worldwide, retailers must create **a user-friendly unique online shopping experience** to capture their share of the marketplace.

Consumers are growing more demanding than ever and retailers need to drive brand preference, customer loyalty, and referrals.”

“Pulse of the Online Shopper”, UPS 2015



# Agenda

**Part 1** : UPS Pulse of the Online Shopper

**Part 2** : Best Practices in Enhancing Customer Satisfaction

**Part 3** : Leveraging the Logistics to Drive Back-End  
Efficiency and Online Sale

**About UPS** : Our Profile & Portfolio





# Part 1 : “UPS Pulse of the Online Shopper™”



Conducted by



# About the Study

- 360° journey that comScore uncovered in a study of more than 5,000 APAC – online shoppers in China, Hong Kong, Japan, Singapore and South Korea
- Extensive survey designed by comScore in conjunction with UPS
- Blind survey fielded between August 24 – October 26, 2014
- All shoppers surveyed had to meet the criteria of making at least two online purchases in a typical 3-month period

For a more in-depth look of the results of the UPS Pulse of the Online Shoppers, visit [ups.com/onlinetail](http://ups.com/onlinetail).



# Key Findings from “Pulse of the Online Shopper”



# Driving the Flex Shopper's Path to Purchase



## PRE-PURCHASE

**2/3** of consumers who participate in loyalty programs value product discounts



**1 in 4** consumers begin their search for an item by going to a search engine

**2 in 3** mobile shoppers use retailers' mobile apps



**ALMOST HALF**

of shoppers prefer to purchase online via their desktop computer



**1/3**

prefer to purchase in store

**55%** of smartphone users and

**52%** of tablet users

have made purchases on these devices



**3 in 10** smartphone users scan QR codes / barcodes to check availability, get product information or order items



**40%** say using apps reduces comparison shopping



# Driving the Flex Shopper's Path to Purchase

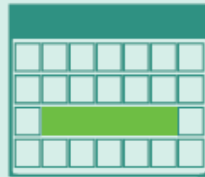
## PURCHASE

**92%** of online shoppers take action to qualify for free shipping

**47%** have added additional items to cart to qualify

**25%** have purchased a more expensive product

**86%** of online shoppers will wait 5 or more days for an international delivery



**2 in 3** online shoppers would wait an additional 3-10 days for free shipping from an international retailer



**ONLY 34%**

of consumers are satisfied with the ability to find a **customer service phone number** or other contact option during the **search/browse phase** of their shopping experience



**56%**

of consumers would prefer to see the **expected date of arrival**

**51%** of online shoppers rank an estimated or guaranteed delivery date as **one of the top 5 most important options** during the checkout process

**19%** cite the lack of a delivery date as a **reason for abandoning their cart**



**6 in 10** consumers have abandoned a cart due to the **lengthy delivery time** or when **no delivery date** provided



# Driving the Flex Shopper's Path to Purchase



## POST-PURCHASE

**1 in 3**

prefer to have an item shipped to a local retail carrier or another location when they can't sign for it



More than **HALF** of consumers who "Ship to Store" purchase additional items in store when picking up their online purchase

### KEYS TO A POSITIVE RETURN EXPERIENCE:



**52%**  
free shipping on returns



**32%**  
quick turnaround on exchanges



**29%**  
are likely to post on social media when satisfied with an online retailer

**25%**  
when dissatisfied

**40%**

say receiving email or text delivery alerts are the most preferred convenience options for delivery

**6 in 10**

consumers have returned an online purchase and more than half do so by shipping back to the retailer



# Shopping cart abandonment = Lost Revenue

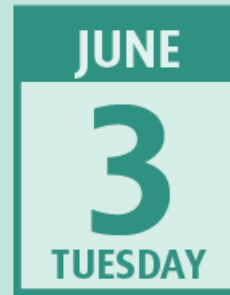
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## Part 2 : Best Practices in Enhancing Customer Satisfaction



# Where logistics can be useful...

The goal is to generate revenue.

1. Keep delivery time under 7 days

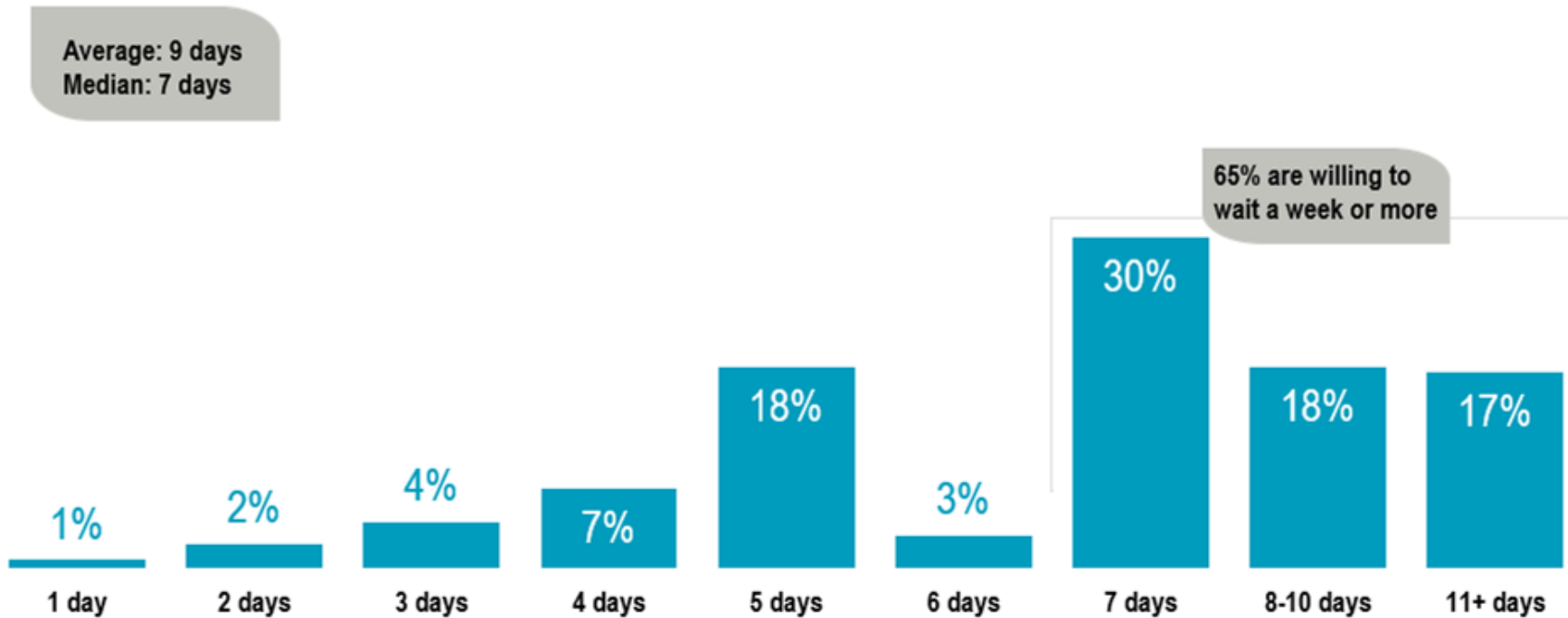
2. Allow for shipping choices in speed and cost

3. Provide robust and clear return policies



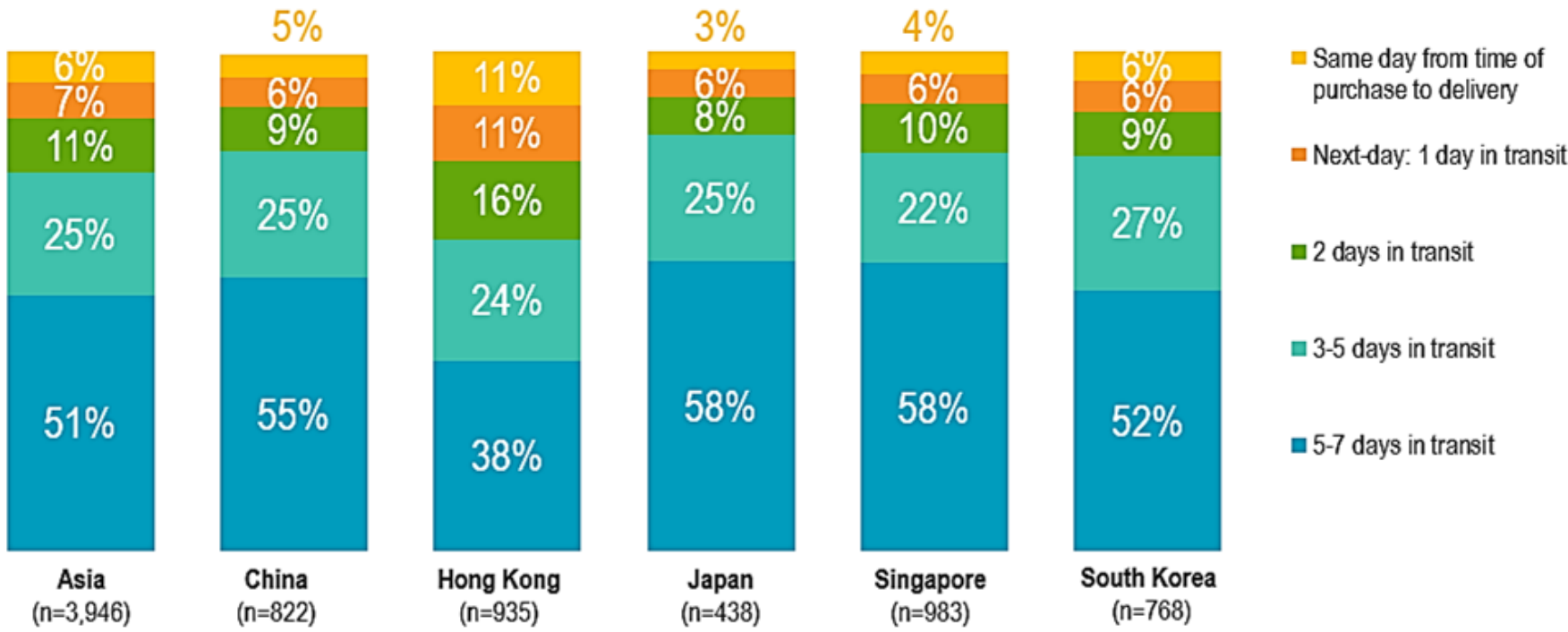
# On average, Asian consumers would wait nine days for shipping from international retailers

Days willing to wait for purchases from International retailers (Asia n=3,953)



# Shipping within 5-7 days is the most selected option for internationally shipped orders

**Most often selected shipping options – International**  
 Among respondents who ship internationally  
 Avg. chip allocation out of 100



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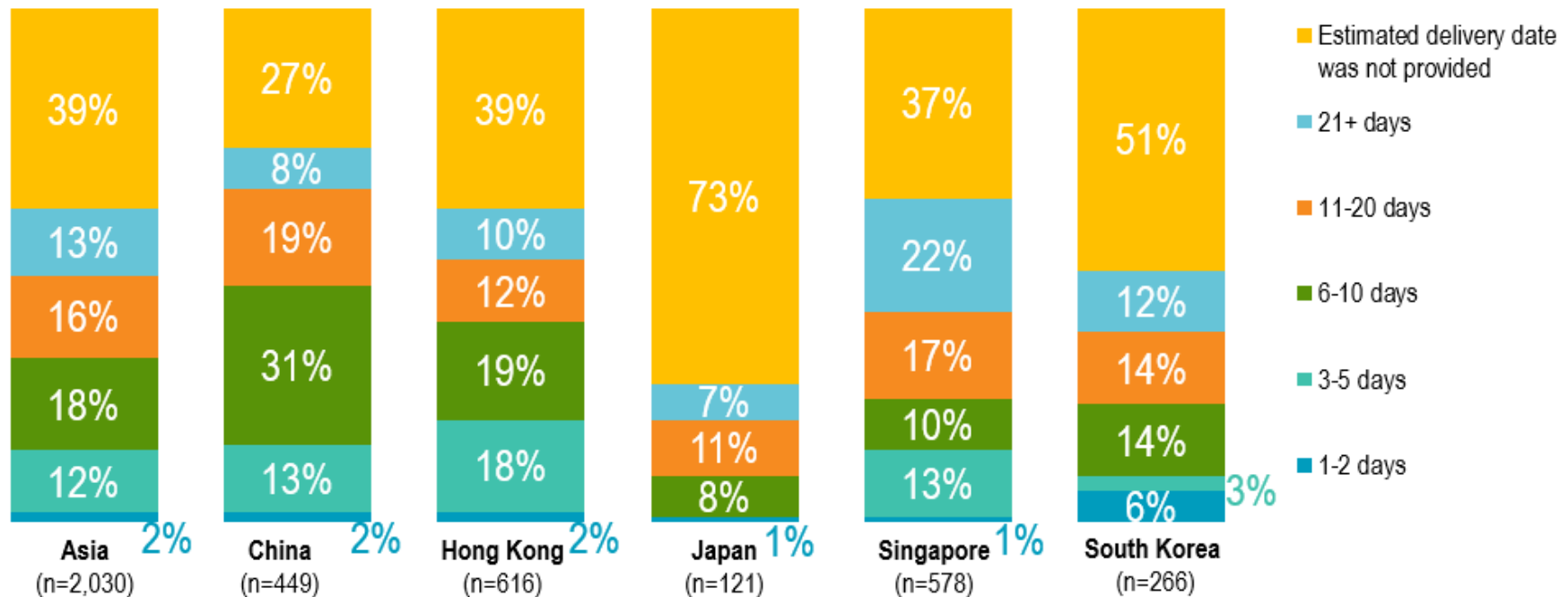
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# International purchase abandonment is also most frequent when an estimated delivery date is not provided, especially in Japan

**Estimated delivery time that resulted in purchase abandonment – International**  
 Among respondents who did not purchase due to delivery time too long/not provided





# UPS® guaranteed international package service options\*

Multiple export and import options to meet your many demands

<b>1-3 Days</b>	
UPS Worldwide Express Plus®	Guaranteed one to three days by 8:30 or 9:00 a.m., depending upon origin/destination
UPS Worldwide Express®	Guaranteed one to three days by 10:30 or 12:00 p.m., depending on origin/destination
UPS Worldwide Express Freight®	Guaranteed delivery in one to three days by end of day, depending on origin/destination
UPS Worldwide Saver®	Guaranteed delivery in one to three days by end of day, depending on origin/destination
<b>3-5 Days</b>	
UPS Worldwide Expedited®	Guaranteed delivery in two to five days, depending on origin/destination



# Take advantage of service from a **world leading** customs broker

- A comprehensive worldwide brokerage service network
  - Offices in more than 60 countries, providing local knowledge of customs processes throughout the world
  - More than 80 years of UPS® customs experience, helping reduce delays and red tape
- A world leading broker by number of entries processed annually and by number of dedicated brokerage employees
  - More than 8 million customs entries processed annually across North America
  - More than 300 licensed brokers across North America

***UPS's customs brokerage begins clearing shipments before the plane even arrives. Insiders call that "wheels up" clearance, but we think of it as diligent customer service.***



# Access international shipping support and resources from UPS®

- **Added security** — UPS was the first major carrier to become a certified participant in C-TPAT (U.S. Customs and Border Protection Trade Partnership Against Terrorism)
- **Added information** — Access information to facilitate global trade, often free of charge for many services, with UPS Global Advisor and UPS TradeAbility®
- **Added guidance** — Our close partnership with U.S. Commercial Service, part of the U.S. Department of Commerce, provides a proven resource for information and personalized support worldwide

*Learn more at  
[ups.com/  
international](https://www.ups.com/international)*



# Where logistics can be useful...

The goal is to generate revenue.

1. Keep delivery time under 7 days

2. Allow for shipping choices in speed and cost

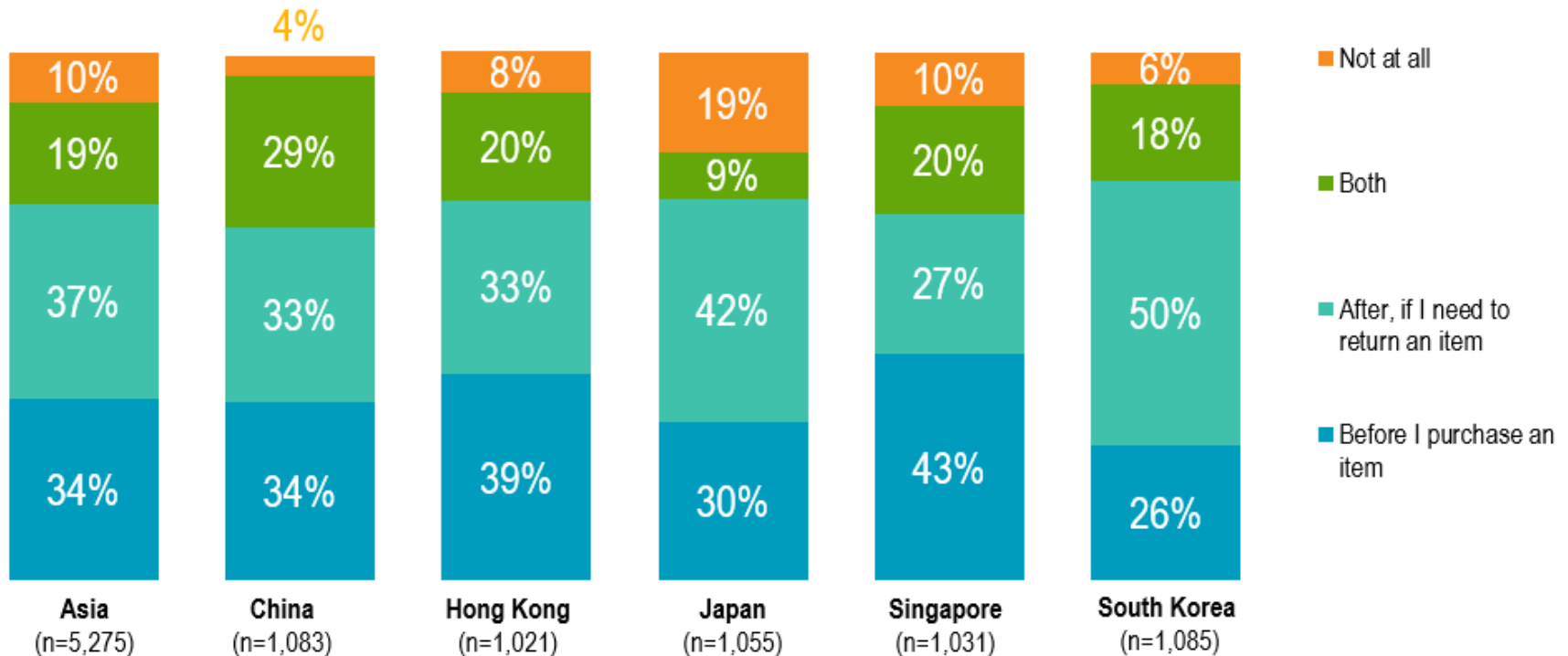
3. Provide robust and clear return policies



# Effect of a return policy...

Nine in ten consumers review a retailer's return policy at some point

Review of retailers' return policy



# Effect of a return policy...

Free returns are important to Asian consumers

## Return policy's impact on purchase intent - Asia

Among consumers who review retailers' return policy before purchasing (n=2,827)

You can return the product to the store for free OR you can ship it back to the retailer for free using a pre-paid label provided by the retailer



You cannot return the product to the store, but you can ship it back to the retailer for free using a pre-paid label provided by the retailer



You can return the product to the store for free OR you can ship it back to the retailer, but you have to pay for the return delivery



You can return the product to the store for free OR ship it back to the retailer for free using a pre-paid delivery label provided by the retailer, but you have to pay a restocking fee



You cannot return the product to the store, but you can ship it back to the retailer if you pay for return delivery



■ Unlikely to complete sale (Bottom 2 Box - 5pt Scale)

■ Neutral

■ Likely to complete sale (Top 2 Box - 5pt Scale)



# Are returns a cost?

Free shipping on returns is key to a positive return experience

## Elements of the best returns experience

Among consumers who have returned products bought online

	Asia (n=3,131)	China (n=814)	Hong Kong (n=540)	Japan (n=498)	Singapore (n=478)	South Korea (n=801)
Free shipping on returns	52%	56%	43%	55%	45%	54%
Quick turnaround on product exchanges	32%	27%	31%	37%	23%	39%
A hassle-free “no questions asked” return policy	31%	34%	28%	15%	43%	31%
An easy-to-follow return procedure with no forms or phone calls	25%	32%	21%	17%	28%	23%
Automatic refund to my debit or credit card once my items are received back by the retailer	23%	30%	23%	10%	36%	18%
Automatic refund to my debit or credit card as soon as I ship my item(s) back to the retailer	22%	29%	23%	7%	32%	19%
It was easy to get the package to the delivery company	19%	23%	16%	22%	20%	15%
A pre-paid return label right in the box of my original purchase in case I needed it	18%	17%	18%	19%	27%	14%



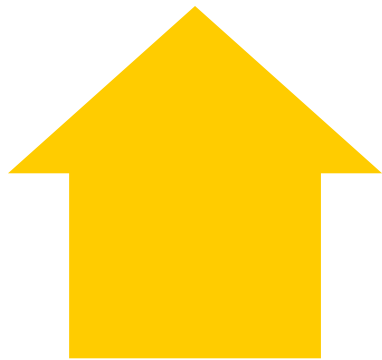


# Part 3 : Leveraging the Logistics to Drive Back-End Efficiency and Online Sale

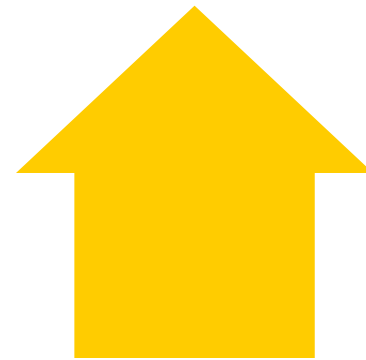




# Moving your business in the right direction



- Reduce excess inventory
- Use the right forwarding option
- Minimize fines and penalties



- Use one global provider to increase accountability
- Avoid shipment delays
- Help improve compliance

Revenue

Costs

Customer  
Loyalty

Risk

- Speed goods to market
- Avoid stock-outs
- Increase productivity
- Enter new markets



- Ensure shipments arrive on time
- Improve customer satisfaction
- Leverage technology



# Technology

Integration options are available, to increase productivity...

Logistics providers have **Application Programming Interfaces (APIs)** that allow you to integrate technology into existing business systems.

**Shipping** - Allow for shipping functionality on your website, or enterprise system and automate label generation

**Time in Transit** - Give your customers insight into shipping and delivery times – at check out

**Tracking** - Provide your customers with live update visibility of their packages, through to delivery

**Rating** - Support customer flexibility of shipping preferences based on budget and urgency



# Consolidated Clearance

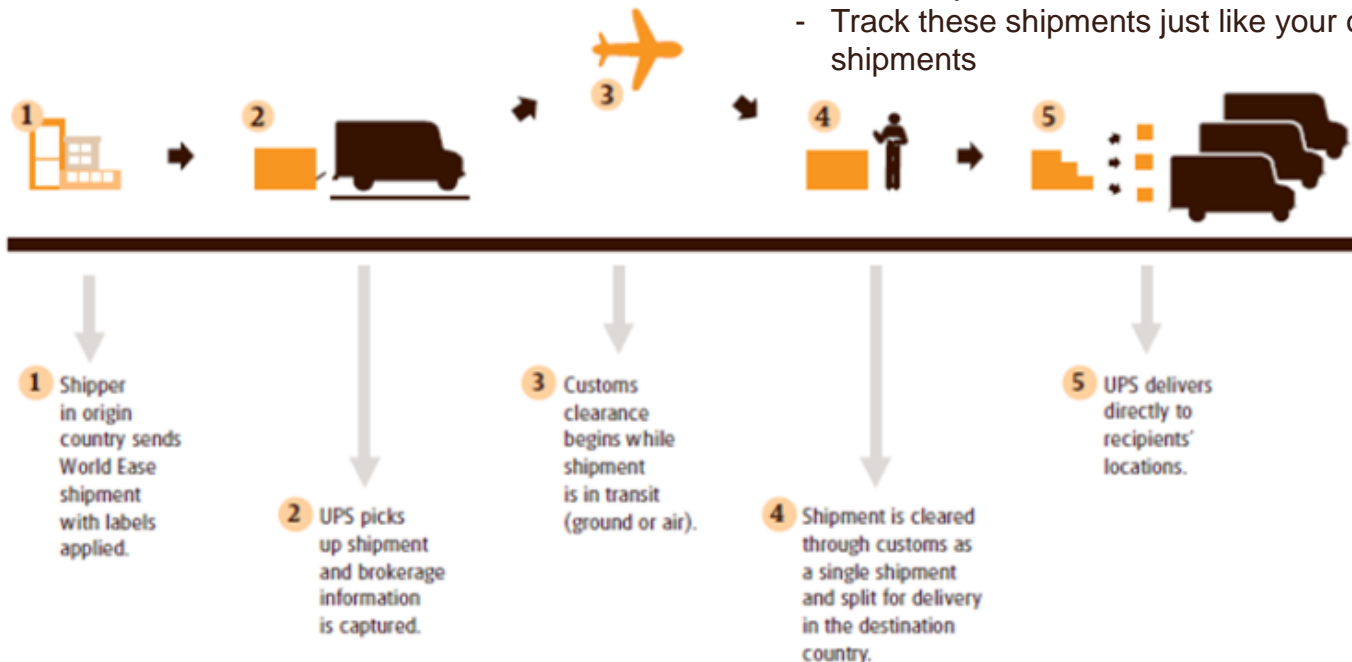
## Minimize customs cost, and simplify your paperwork

### UPS World Ease®

UPS World Ease® helps you to ship packages to multiple recipients within a country as one shipment that clears customs as a single transaction.

### Benefits

- ☑ Saves you time and money by reducing handling
- ☑ Consolidates and simplifies customs clearance
- ☑ Make it easy to do business internationally
  - Extend your global reach without start-up costs for an international distribution network and warehousing
  - Simplify paperwork using WorldShip® or other host-to-host systems
  - Track these shipments just like your other UPS® shipments

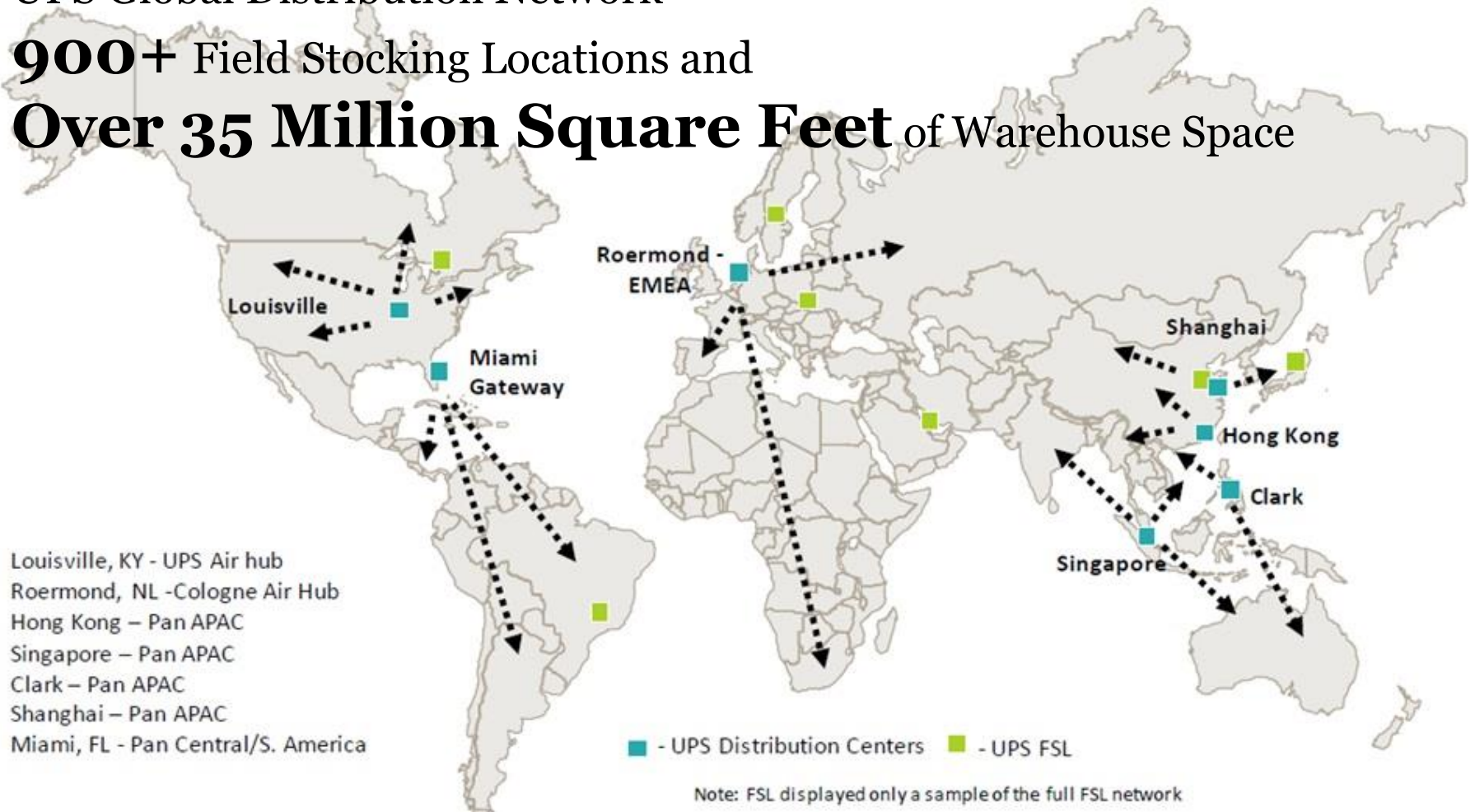


# Order Fulfillment & Distribution

UPS Global Distribution Network -

**900+** Field Stocking Locations and

**Over 35 Million Square Feet** of Warehouse Space



Louisville, KY - UPS Air hub  
Roermond, NL -Cologne Air Hub  
Hong Kong – Pan APAC  
Singapore – Pan APAC  
Clark – Pan APAC  
Shanghai – Pan APAC  
Miami, FL - Pan Central/S. America

# Summary

- ☑ Research of online consumer patterns show that **shoppers demand more of online retailers**, and this demand can be leveraged to generate additional revenue, or reduce costs – if not both.
- ☑ These opportunities most commonly involve (the online retailer) offering or improving the **returns policy**, communication of **estimated time in transit** and the **selection of shipping service levels** (premium & economy).
- ☑ If successfully executed, data indicates additional revenue can be captured through the increase in **brand loyalty** (repeat business), increase in business from referrals, and/or the **reduction of shopping cart abandonment**.
- ☑ **A logistics provider can offer strategic and tactical options for optimization** (cost reduction or revenue generation) – usually through technology integration (varying degrees), consolidated shipments/returns, DC bypassing, insurance, creative branding (marketable label) and/or brokerage solutions.






# About UPS - Our Profile & Portfolio



# UPS Global Presence

UPS is a global leader in logistics and serves more than 220 countries and territories worldwide.



<b>Founded in Seattle, Washington</b>	<b>August 28, 1907</b>
<b>Headquarters</b>	<b>Atlanta, Ga.</b>
<b>Worldwide web address</b>	<b><a href="http://www.ups.com">www.ups.com</a></b>
<b>Chairman and CEO</b>	<b>David Abney</b>
<b>2015 revenue</b>	<b>\$58.36 billion</b>
<b>Employees</b>	<b>435,000 worldwide</b>
<b>Service area</b>	<b>More than 220 countries and territories</b>
<b>UPS jet aircraft</b>	<b>237 in service</b>
<b>Daily flight segments</b>	<b>Domestic – 940; International – 1,015</b>
<b>Operating facilities</b>	<b>1,990 for package 535 for supply chain (32.8 million sq. ft.) 213 service centers for freight</b>
<b>Customers</b>	<b>9.8 million daily</b>
<b>Key services</b>	<b>Logistics and transportation of parcel and freight through air, ocean, ground and rail</b>

# UPS Asia Pacific

Established in 1986, UPS Asia Pacific has rapidly expanded to serve more than 40 countries and territories.

## **Asia Headquarters**

**President**

**Employees**

**Service area**

**Points of Access**

**Operating Facilities**

**Asia Pacific Delivery Fleet**

**Asia Pacific Aircraft Fleet**

**Weekly UPS Aircraft Flights**

**Asia Pacific Hubs**

**Singapore**

**Ross McCullough**

**14,946 in Asia Pacific**

**More than 40 countries and territories**

**More than 3,500 include UPS Express, MBEs (Mail Box Etc.), customer centers, authorized shipping outlets and alliances**

**535 (admin offices, package centers, hubs, gateway offices, distribution centers and warehouses, healthcare facilities, active and inactive CL sites)**

**1,940 (package vans, trucks, trailers and vans and motorcycles)**

**Approximately 30 (operating within Asia Pacific)**

**202 for Intra-Asia Pacific and 142 International**

**Shanghai, Shenzhen and Hong Kong**





# UPS Vietnam Services Portfolio

## Full Array of Services at Your Disposal

### Small Package

Guaranteed time-definite and day-definite delivery worldwide

- UPS Worldwide Express Plus®
- UPS Worldwide Express®
- UPS Worldwide Express Saver®
- UPS Worldwide Expedited®
- UPS WorldEase®

### Air Freight

Offer options to meet urgent and routine needs

- UPS Air Freight Direct®
- UPS Air Freight Consolidated®
- UPS Trade Direct® Air

### Ocean Freight

Full range of ocean freight and transportation services

- Full Container Load (FCL)
- Less-Than-Container Load (LCL)
- UPS Preferred® LCL
- Sea/Air Service
- Supplier Management
- UPS Trade Direct® Ocean

### Road Transportation

Pickup and distribution services

### Customs Brokerage

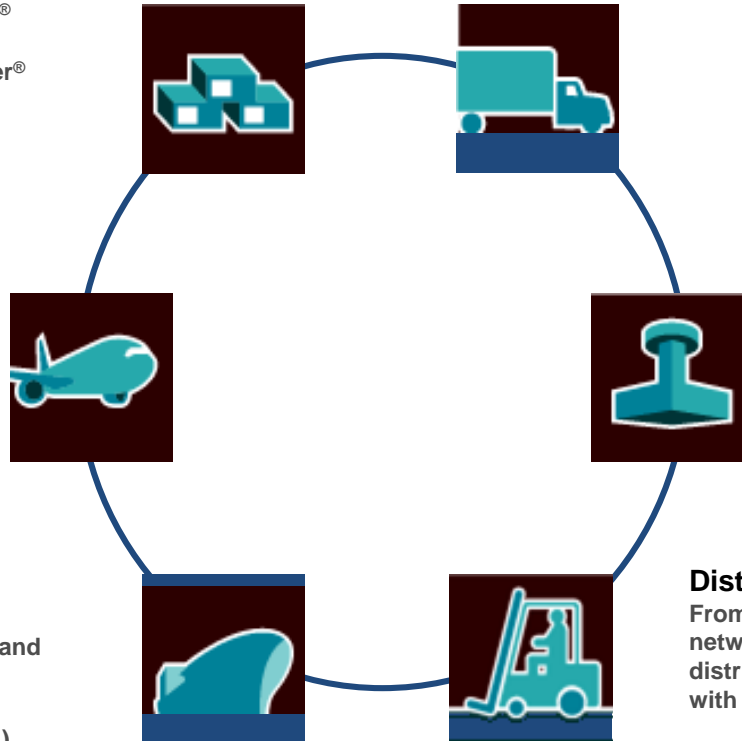
Combine our brokerage and transportation services to ensure accurate customs compliance and timely delivery of your goods

- Customs Clearance

### Distribution & Logistics Service

From design & planning of the supply chain network facilities and IT systems to distribution of goods regionally or globally, with end-to-end services

- Warehousing & Inventory Management
- Service Parts Logistics
- Critical Order Fulfillment
- Reverse Logistics
- Screening and testing services





Thank you

