



Fixing Failed
Deliveries


**Improving Data
Quality in Retail**



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Addressy

Fixing Failed Deliveries

Improving Data Quality in Retail

The cost of failed deliveries

Failed deliveries cost retailers in more ways than one. In fact, when we spoke to over 300 retailers in the U.S., U.K. and Germany, 65% of them said that failed or late deliveries are a significant cost to their business.

After a failed delivery, 54% will refund the delivery charges to the customer, 54% will pay additional costs for redelivery, and 38% will offer the customer a discount as an apology. If you consider that 5% of all online orders don't make it to the intended recipient first time, these costs can quickly build up.

Over the last year, the average cost of a failed delivery to a retailer was \$17.78. UK businesses in particular suffer from this, with 5.6% of orders not arriving at their destination, and an average cost of failed delivery to the retailer of \$19.23.

Even then, these hard costs may turn out to be somewhat underplayed, as they do not take into account the damage to the retailer's brand reputation that poor delivery will cause. The loss of existing customers and failure to acquire new ones could hit retailers even harder further down the line.

So why does this happen? And what can retailers do to prevent it?




To find out, we surveyed retailers and customers about their attitudes towards delivery and data quality. We found out that retailers not collecting accurate address data is the primary reason why orders do not arrive on time, but customers do not appear to realise this.



1 in every 20
online orders is
not delivered on
the first attempt

To mitigate against the issues incorrect address data causes, retailers need to provide verification solutions that allow customers to provide as accurate data as possible. And they need to facilitate a user experience that ensures customers can checkout easily, and with as few frustrations as possible. Removing this friction from the checkout process will fix failed deliveries, to the joy of both retailers and customers.

Cost of failed deliveries by region

Average	Total			
Number of orders/year	227,834	278,109	228,524	176,345
% of failed deliveries	5.0%	4.7%	5.6%	4.6%
Cost per failed order	\$17.55	\$16.58	£14.33	€14.87
Total failed delivery costs/year	\$199,127	\$216,171	£183,132	€121,804

1 GBP = 1.34 USD; 1 EUR = 1.18 USD. Exchange rates correct as of 07/12/2017



Research methodology

The Improving Data Quality in Retail research was commissioned by Addressy and conducted in November 2017 by Loudhouse, an independent research consultancy headquartered in London. We asked 304 ecommerce managers, CRM managers, marketing managers and professionals responsible for websites within retail about how they believe data quality affects user experience. Respondents were from the U.S., the U.K. and Germany, across a number of retail sectors.

To support this research, 2,020 consumers in the U.S., the U.K. and Germany that shop online regularly were interviewed to learn more about their online shopping and delivery experiences.



How consumers feel about failed delivery

The majority of consumers have had an experience in which their order has been delayed or not arrived at all, though the frequency of late or failed deliveries varies by region.

With 73% affected, shoppers in the U.K. suffer disproportionately from this issue, compared to 66% of shoppers in the U.S. Although while German customers are comparatively better off, with 48% of customers suffering a negative delivery experience, that still amounts to nearly half of all shoppers.

Either way, this has an impact on how consumers view retailers. In Fig.1 we can see how customers feel about a range of delivery issues. A bad experience can turn them off a brand, with well over half of respondents (57%) saying they would be reluctant to use a retailer again if their delivery did not arrive on time. Conversely, a good experience can breed loyalty; three quarters (75%) of consumers prefer to shop online with retailers they have ordered from before.



62% of online shoppers have experienced a late or failed delivery in the last year

Fig.1 - Business impact of inaccurate shipping address



When we asked consumers about why they thought their orders arrived late, 43% place blame on the courier and 34% think the retailer was at fault. Yet, as far as consumers are concerned, the buck stops with the retailer when something goes wrong.

Retailers are not necessarily aware of this, as 59% believe that customers are more likely to blame failed delivery on the courier. Yet only 36% of shoppers agree with this attitude. In fact, 57% of customers would not shop again with a retailer if they use a bad courier. Even if the courier is responsible for customers not getting their orders, it's the retailer that suffers in the long term, a financial consequence they may be underestimating.

While only 9% of customers see providing incorrect address details as a cause of failed deliveries, more than double this number of retailers see it as a reason. It is clearly something that shoppers do not even recognise as being an issue. In fact, four in every five retailers (80%) say that customers often don't realise that failed deliveries are due to the fact that they mistyped their address. The importance of data quality in this area cannot be overstated by retailers – two thirds (66%) say the accuracy of address details is critical to their business.



19% of failed deliveries are due to inaccurate delivery address details, according to retailers

If we consider Fig.2, we can see the various ways inaccurate shipping data affects businesses. Obviously, the greatest impact is on delivery timelines, but it's also clear that retailers see lost sales (cancelled orders, customers not buying again) and reputational damage (customer dissatisfaction and negative brand image) as directly resulting from poor address data.

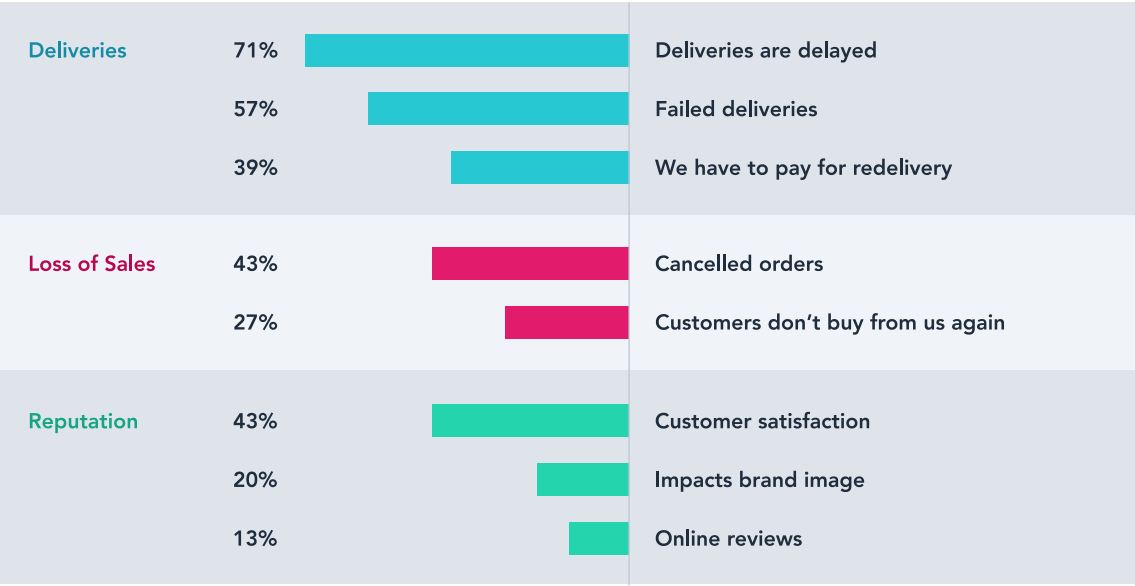


78% of consumers expect the retailer to resolve a delivery issue, whether it's the retailer or the courier that's at fault

The impact of online reviews will only become greater over time, especially considering that 60% of retailers say customers are increasingly complaining online (e.g. on social media) about failed deliveries.

To solve these challenges, retailers must look to address verification and see where they can solve customer grievances.

Fig.2 - Business impact of inaccurate shipping address





Address entry – the bane of the retail experience

For many customers, entering their address is one of the biggest chores of the online retail experience. A quarter of shoppers (27%) experience problems and, in all honesty, it's still a chore for most customers even if they don't.

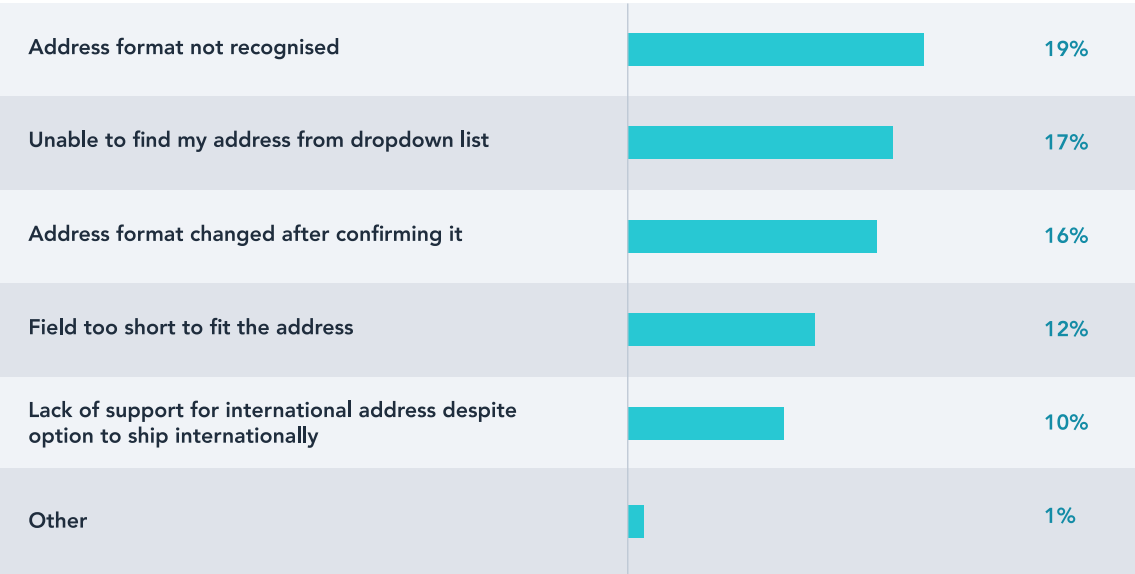
Customers have such a low patience threshold for this that 61% would abandon their purchase if they encountered issues entering their address details.

This doesn't just result in lost sales for the business (42% of consumers say they would give up on completing their order), it also drives consumers to other retailers. When confronted with problems entering their address, a third (34%) of shoppers would look for the item from a different retailer.

Fig.3 illustrates the variety of problems customers face when inputting their address online. Chief among them are unrecognised address formats, the inability to find addresses from a dropdown list and address formats changing after being confirmed. It's no surprise that 51% of customers feel more confident placing an order with retailers who use technology to suggest the right address.


27% of consumers have had problems entering address details when shopping online

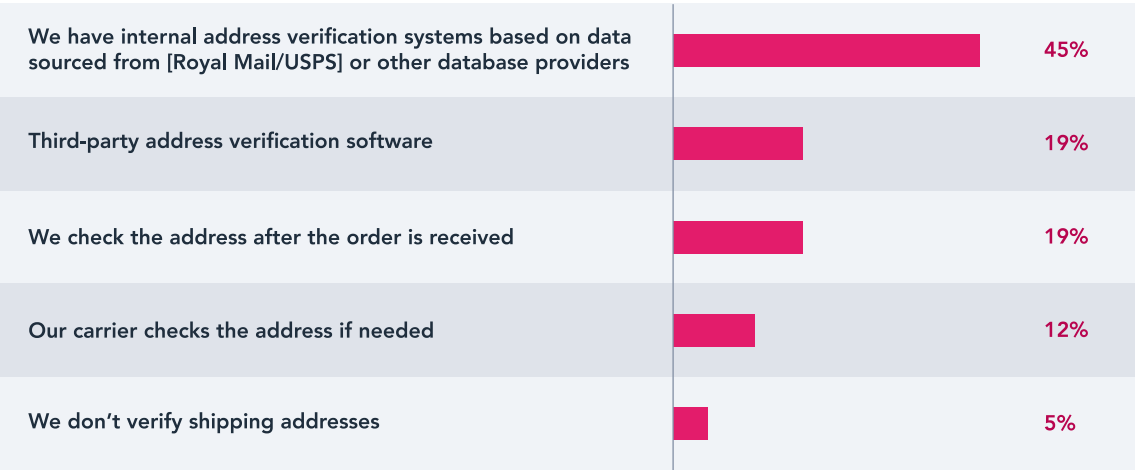
Fig.3 - Address-related issues experienced by customers



One possible issue is that, while 80% of retailers verify address details provided by buyers, they use a variety of methods to do so. Fig.4 illustrates how many businesses – at 45%,

almost half – have internal address verification systems utilising national postal service data. What is surprising is that just one in five retailers use third-party address verification software. Many of these solutions provide the data quality and improved user experience that would reduce failed deliveries through address accuracy.

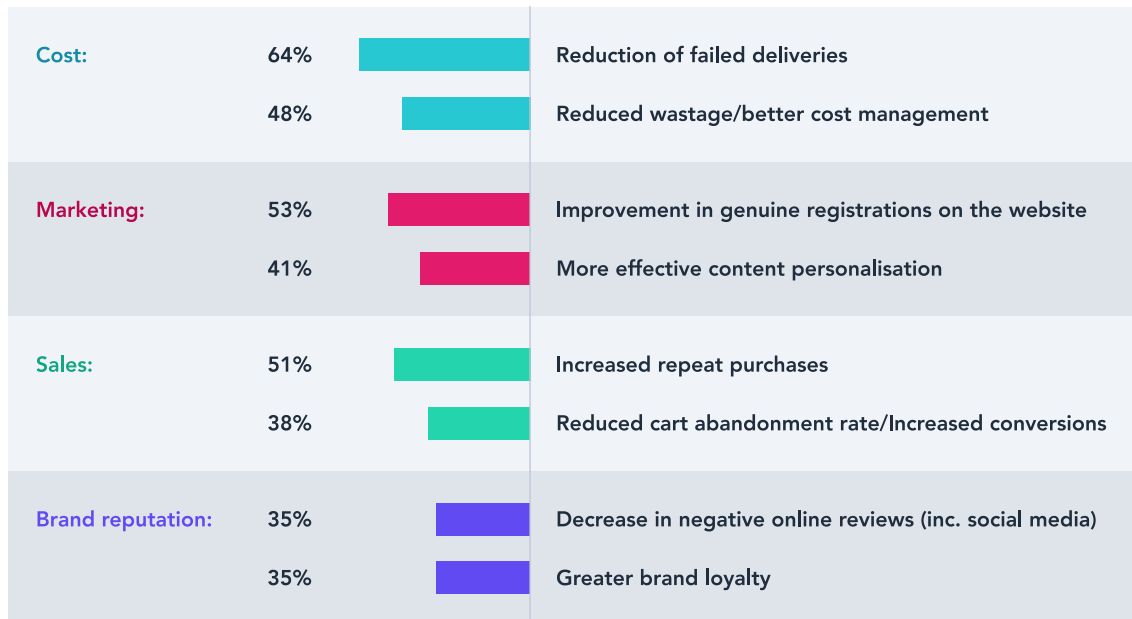
Fig.4 - Address verification methods used by retailers



Perhaps it's time for businesses to reassess whether their current address verification method meets the current and future needs of their business. If Fig.5 is anything to go by, retailers that already use verification technology see several clear benefits. With an accurate system that's intuitive for customers to use, not only will retailers mitigate the cost of failed deliveries, they will more effectively personalise the customer experience, increase repeat purchases, reduce abandoned carts, and allow the business to participate in international commerce.

Many of the systems that solve these problems are already out there in the market. Retailers just need to invest in the right solution to enjoy the benefits.

Fig.5 - Benefits of address verification



Building for the mobile experience

Mobile shopping (or mcommerce) is growing in popularity, with 60% of our consumer respondents saying that they have used a smartphone to browse and shop online in the last three months. And nearly half (48%) are using their phones to shop online more than they did a year ago. The mobile revolution is here to stay.

As a result, retailers should consider how they improve their mobile user experience in relation to address verification. Fig.6 tells us that many customers already find it more difficult to place online orders on smartphones than on desktops. Maintaining address accuracy will also be a challenge, something over two thirds (69%) of retailers already realise.

Address verification solutions should be built for mobile too, with user experience that allows customers to easily enter and locate their address. Otherwise, issues inputting where they live will be another thing that drives customers to abandon carts.

Fig.6 - mcommerce issues that resulted in cart abandonment



Powering internationalisation

Strong address verification is becoming crucial to an increasingly globalised retail market. Over three quarters (77%) of retailers that use address verification technology have seen the proportion of international orders increase over the past year. Understanding international address formats, and capturing that data correctly, is especially important given the fact that failed deliveries abroad could cost the business much more than domestic ones.

It is a challenge that retailers have not quite solved yet. Almost half (47%) of consumers have made online purchases from abroad in the last year and 54% of these shoppers have concluded that international deliveries carry more risk. In fact, on average, one in every ten consumers globally has experienced a lack of support for international addresses, even though the store has offered overseas shipping. This is a particular problem for British customers, 18% of whom have suffered this issue, compared to 8% in the U.S. and 7% in Germany. In fact, given that 54% of shoppers worldwide believe that international orders are likely to be affected by delivery issues, the onus is on retailers to invest in methods that accurately collect data from customers no matter where in the world they are.



Fixing failed deliveries

From our research, retailers shouldn't underestimate the importance of having an intuitive, accurate address verification system. A difficult to use solution could drive customers to abandon their cart and turn to competitors.

But the damage doesn't stop there. Customers providing inaccurate address data inevitably experience failed or late deliveries. Yet customers do not realise that providing incorrect details is a part of the problem.

Meaning they channel their frustration with missing orders towards the retailer, damaging their reputation and causing lost sales further down the line. It's clear that many retailers need to rethink their address verification provision, focusing on the following key features:



Data quality

Get accurate address data at the point of entry, reducing the need to clean the data once it's in your database.



Reduced costs

Increase business efficiency by speeding up data entry, avoiding typos and the cost of failed deliveries.



Great user experience

A simple, intuitive and quick way for customers to enter address details at checkout to improve usability across web and mobile, reducing cart abandonment rates.



Global capabilities

The ability to understand international address formats and capture that data correctly, in order to meet the needs of customers everywhere.

Fix your failed deliveries

Get in touch today to find out how we can help you reduce late or failed deliveries and improve your customer experience with next-generation address verification solutions.

[Contact Us](#)



Addressy

Who are we?

Addressy helps over 11,000 businesses simplify the process of capturing and verifying customer address data. This method of address verification works just like a search engine, and ensures every address is complete and accurate at the point of entry.

Predictive type-ahead address verification auto-suggests addresses as a user types, returning accurate, deliverable locations that have been verified against a global portfolio of postal, and mapping databases including the USPS, Royal Mail, and Canada Post.



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