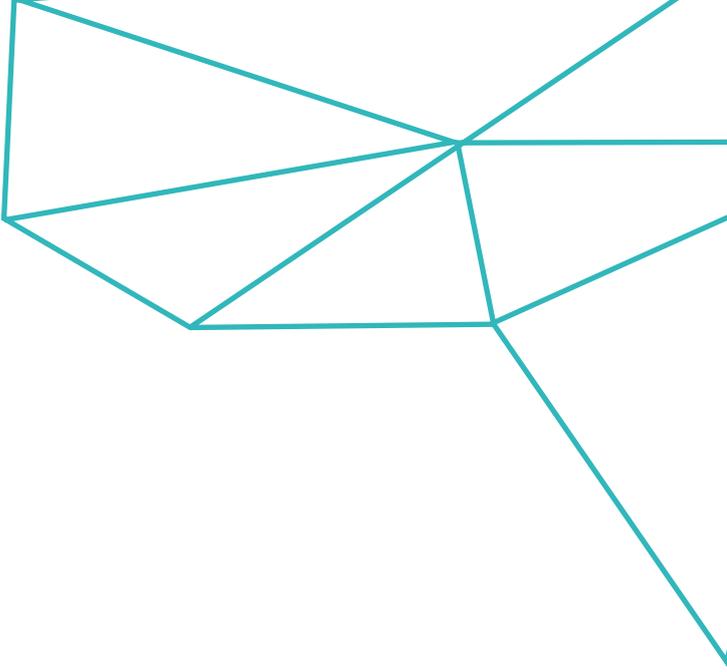


# Fixing Failed Deliveries

Stamping Out Faulty Fulfilment





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We've surveyed over 3,000 global consumers and 300 retail executives to bring you our latest insight report: Fixing Failed Deliveries.

Find out the true business cost of faulty fulfilment and discover our simple steps to help you boost operational efficiency, enhance customer marketing, and stamp out failed deliveries for good.

# 1. Failed delivery: counting the cost

It's an exciting time for eCommerce as the dramatic shift to online shopping gathers pace. In 2022, online retail is expected to account for a fifth of all global retail sales.<sup>1</sup>

The Covid-19 pandemic has prompted many more consumers to buy products and services online, accelerating a trend that was already well underway. People are relying more on eCommerce and expect fast and seamless purchase journeys - from checkout to delivery.

Businesses are reaping the benefit of these greater online sales volumes. Nearly 7 in 10 of them (69%) say their average online order value has increased since the outbreak of coronavirus.

Meanwhile, business is also brisk across borders. Some 54% of firms report an increase in

international orders during the past 12 months, while 45% of consumers say they have bought from an overseas firm in the past year. However, 55% of eCommerce customers say international orders are more likely to experience delivery delays.

## And therein lies the major issue threatening to derail this online shopping boom.

Faulty fulfilment can mean dire consequences for eCommerce companies - not least financially. In total, 68% of businesses state that failed or late delivery is a "significant cost" to their operation. This has increased from when we asked the same question in a poll we conducted in 2017, suggesting the problem is getting worse.

<sup>1</sup><https://www.smartinsights.com/digital-marketing-strategy/online-retail-sales-growth/>



Nearly 7 in 10 businesses (69%) say their average online order value has increased since the outbreak of coronavirus.

In late 2020 we surveyed more than 300 retail executives and over 3,000 global consumers to assess their opinions of the current online shopping experience. We discovered that fulfilment problems can have a big impact on businesses and their customers. If businesses are to fully capitalise on the eCommerce bonanza, they must fix failed deliveries.

After a failed delivery, most consumers expect compensation. And many firms feel this is only fair: 53% try to redeliver with 36% paying any additional courier charge; 41% offer a refund; and 34% apply a discount.

It's clear that the problem of failed deliveries is widespread, with 99% of eCommerce organisations admitting some deliveries go wrong and 24% saying more than 1 in 10 orders aren't delivered at the first attempt. What's more, 76% of the consumers we surveyed reported at least one late delivery in the past year.

Whether it's refunding the delivery charges to the customer, paying

for redelivery or offering customer discounts as an apology, the costs of failed deliveries can quickly add up.



## After a failed delivery, most consumers expect compensation.

In the US, 8% of first-time deliveries fail, at an average cost of \$17.20. In Germany, 7% of deliveries go wrong in the first instance, costing on average €14.69 apiece. In the UK, it's a 6% failure rate at an average cost of £11.60 each.

Chargebacks are also proving costly. In the US, each failed delivery brings a chargeback cost of between \$1 and \$20 according to 45% of businesses. In the UK, the proportion citing a similar cost per failed delivery chargeback climbs to 55%, and in Germany, it's 54%.

It's clear that failed delivery impacts revenue – but there is also potential damage to brand reputation and customer satisfaction and retention.

To understand how to deliver optimal order fulfilment, it's vital to know what is going wrong. Complexity for customers often begins at the address entry stage, with 41% of businesses admitting that poor physical address data causes problems. This is made worse by the various ways eCommerce companies verify addresses: a third (33%) don't check the data or leave it to the courier.

**When addresses are inaccurate or incomplete, 41% of deliveries are delayed, and 39% simply fail. The latter statistic alone is eye-watering: fulfilment failure is costly.**

The solution lies in collecting more accurate data in an easy, frictionless fashion. Best practice involves implementation of address verification solutions that allow customers to provide data that is as accurate as possible. The software strips away checkout frustration and adds customer enjoyment.



## Research methodology

The Fixing Failed Deliveries 2021 research was commissioned by Loqate and conducted in December 2020 by Censuswide, an independent research consultancy headquartered in London.

We surveyed 304 retail executives – working across a number of categories and based in the US, UK and Germany – about how they believe data quality affects user experience. They are employed by companies with more than 50 employees selling products, services or subscriptions to consumers online, and have responsibility for eCommerce, online transactions, CRM, marketing or eCommerce platforms.

To support the research, 3,040 consumers who shop online regularly were interviewed in the same three markets to learn more about their online shopping and order delivery experiences.



## 2. The business impact of fulfilment failure

Closer examination of failed deliveries reveals it is an international problem. eCommerce is on an incline, and shoppers around the world have become increasingly comfortable purchasing from global brands.

But cross-border commerce comes with its fair share of challenges. Language barriers and nuances in address formatting can make fulfilment a nightmare for any global business.

The following table – displaying order volumes, failed deliveries and costs – shows the severe financial effects of faulty fulfilment in each region.

Faulty fulfillment by region			
Online orders per year	140,792	97,822	140,381
% failed deliveries	8%	6%	7%
Cost per failed order	\$17.20	£11.60	€14.69
Total failed delivery cost per year	\$193,730	£68,084	€144,354

Based on similar research we published in 2017 – when the percentage of failed deliveries stood at 5% in the US and Germany, and 6% in the UK – the latest results suggest a significant increase in delivery problems.

Businesses are aware how vital data quality is for first-time delivery completion. Just under half (47%) rate accuracy of physical address data “critical”. Tellingly, 74% of businesses state that bad address data is the cause of up to a quarter of their deliveries failing.

Moreover, 71% agree that inaccurate delivery addresses are a primary cause of failed delivery. This becomes even more important when you consider that many people enter their details incorrectly, whether that’s due to fat fingers on mobile devices or differences in address formatting when buying from overseas. The same proportion of businesses tend to agree that customers often don’t realise a mistyped address can cause a failed delivery. In those instances, address verification can provide a vital failsafe.



71% of businesses agree that inaccurate delivery addresses are a primary cause of failed delivery.

If we consider the chart below, we can see the various ways inaccurate shipping data affects businesses. There is obviously a great impact on delivery timelines, but it's also clear that retailers see lost sales and reputational damage directly resulting from poor address data.

### Business impact of inaccurate shipping addresses, according to retailers



There is widespread recognition that poor-quality address data and lack of verification technology are primary causes of failed delivery with all the consequences they bring. However, 34% of businesses across markets do not currently verify shipping address information provided by the customer – which is concerning when the cost of failed delivery is taken into account. Verification is poorest in the UK and Germany, where only 57% and 58% respectively check a physical address during a customer's online order completion. This happens much more in the US (83%).

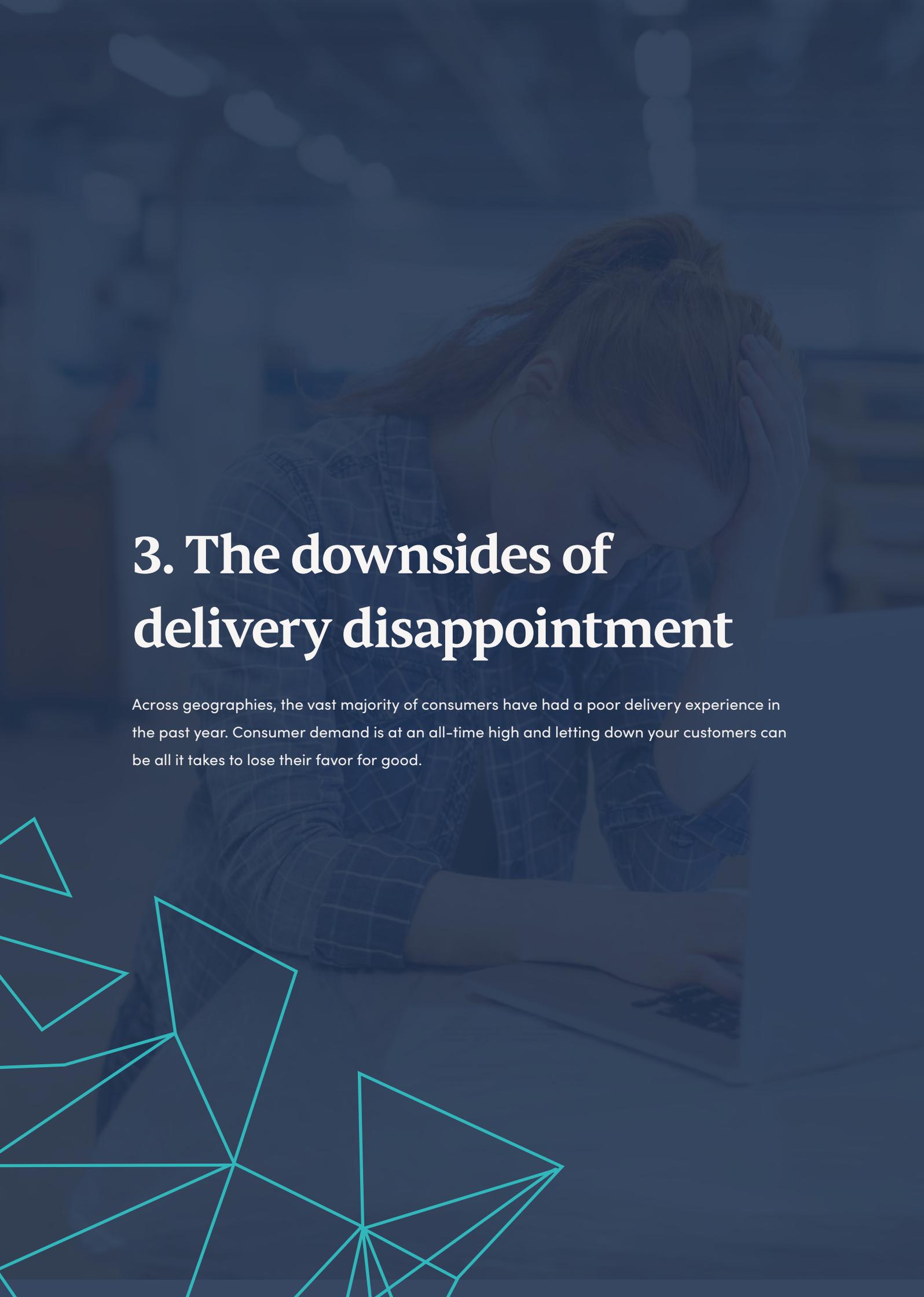
## Techniques used by retailers to check addresses

Technique	% of retailers
Internal address verification systems using third-party data e.g. Royal Mail/USPS/Deutsche Post	49%
Third-party address verification software	31%
Retailer checks address after order received	37%

While internal address verification systems may be a cheaper option, they don't provide the accuracy and reliability of third-party address verification software. Address verification software, on the other hand, can capture, parse, standardise, verify, cleanse and format global address data via a single easy-to-integrate API, significantly reducing late or failed deliveries.

Third-party address verification data is also built by aggregating multiple reference data sources into a consistent and reliable single-best-record, resulting in the most complete and accurate addresses.

To calculate how much your business could save using address verification, visit Loqate's online delivery [ROI calculator](#).



## 3. The downsides of delivery disappointment

Across geographies, the vast majority of consumers have had a poor delivery experience in the past year. Consumer demand is at an all-time high and letting down your customers can be all it takes to lose their favor for good.



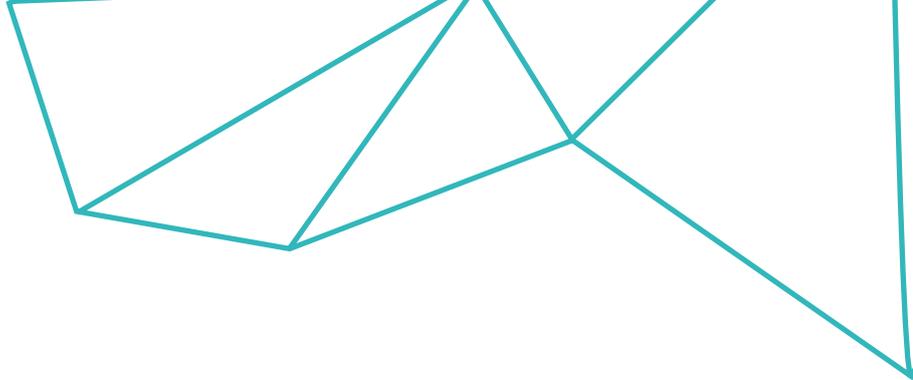
US online shoppers are the worst hit, with just 13% receiving all of their orders on time and 12% suffering fulfilment fails more than five times in 12 months.

The situation is a little better elsewhere, although only 22% of British and German consumers say everything arrived as expected.

Consumers told us which retail categories are most likely to let them down. When asked to name a type of product delivered late in the past year, their top five culprits were:

#### Top five culprits of late deliveries

Retail category	% of shoppers
Fashion, clothing and accessories	45%
Health & beauty	24%
Technology	23%
Books/CDs/other physical media	22%
Groceries (food and drink)	20%



To make matters worse, some of these items can be expensive or – in the case of groceries, for example – perishable if they don't arrive on time. Customer satisfaction hinges on successful fulfilment and there is clearly huge room for improvement.

To add to the retail categories where delivery failure is most prevalent, customers also told us which devices seem to cause completion problems when they try to place an order.

Below is a snapshot of devices people have used to shop online during a recent three-month period:

#### Devices used by customers for online shopping by age group

Device	Age 18-24	25-34	35-44	45-54	55+
Smartphone	72%	81%	77%	65%	38%
Laptop	45%	43%	47%	48%	44%
Tablet	30%	28%	29%	22%	24%
Desktop PC	25%	27%	26%	29%	35%

Use of smartphones to place orders has increased more than any other device in the past year, with 46% of consumers shopping via their phone more than they did 12 months ago. However, 38% of smartphone users complain that ordering this way is harder than shopping via a computer.

Those who have used a smartphone or iPhone to shop online in the past three months encounter a range of problems – and often abandon their purchase as a result.

## Smartphone shopping issues experienced by shoppers

Common issues	% of shoppers
Problems entering my payment details	23%
Problems entering my order accurately	20%
Checkout process took too long	17%
Screen too small to see what I'm buying	15%
Difficulty entering or finding my home or delivery address	13%

These issues suggest that better checkout technology is required. As well as [address verification software](#), tools such as [bank verification](#), [email validation](#) and [geolocation](#) can help streamline the customer journey.

A total of 27% of consumers who use a smartphone to order online and have abandoned a purchase during the past three months did so either because they struggled to enter their delivery address or simply got fed up with the checkout process.

## Failed or late delivery is immensely frustrating for customers and has serious consequences for business.

It certainly impacts how people feel about retailers. Worse still, many are finding new ways to complain – and the indirect routes are potentially most damaging to eCommerce firms.

When we asked consumers about why they think their orders arrived late in the past year, 41% place blame on the retailer and 32% think the courier is at fault.

### Compensation expected by shoppers

Type of compensation expected	% of shoppers
Being contacted by the retailer to sort out the issue	39%
Having the delivery rescheduled for free	35%
Being contacted by the courier to sort out the issue	32%
Receiving a discount from the retailer as an apology	29%
Receiving a refund for the order from the retailer	25%

Nearly all of these remedies carry a financial penalty for the retailer. But complaints can be costlier. More than 1 in 10 customers (12%) are prepared to leave a bad online review of the retailer and a further 9% would publicly complain via social media.

The effect of negative reviews and comments on brand reputation cannot be overstated. Nearly all consumers (93%) read reviews before making a purchase<sup>2</sup>, while just three negative reviews can drive away nearly 6 in 10 potential customers (59%)<sup>3</sup>. It's important to remember that even customers who remain silent, without leaving a negative review, may not return.

That said, 71% of businesses recognise failed or late deliveries cause customer dissatisfaction, and two thirds (66%) believe customers are more likely to complain about delivery than the product they bought. In addition, 63% are aware of the growing number of public complaints about fulfilment issues.

Getting to the root of customer frustration is a key step in the right direction of fixing failed delivery. In fact, businesses that offer better delivery can use it as a differentiator against eCommerce outfits that struggle to fulfil their promises. Address verification can be a critical component in delivering the highest level of customer satisfaction achievable: customer delight.

<sup>2</sup><https://www.qualtrics.com/blog/online-review-stats/>

<sup>3</sup><https://cmglocalsolutions.com/blog/yes-negative-reviews-can-impact-your-business-but-you-can-overcome>



**More than 1 in 10  
customers (12%)  
are prepared  
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## 4. Reduce friction to reap rewards

Half of consumers voice frustration at the process of filling in their address for an online order, no matter the device they use. This increases to 56% of US consumers who find it a chore. The figure is 52% in the UK but 40% in Germany.



It's a big issue: 41% state they would abandon an order if they couldn't easily enter their address.

#### Issues faced by customers when inputting addresses

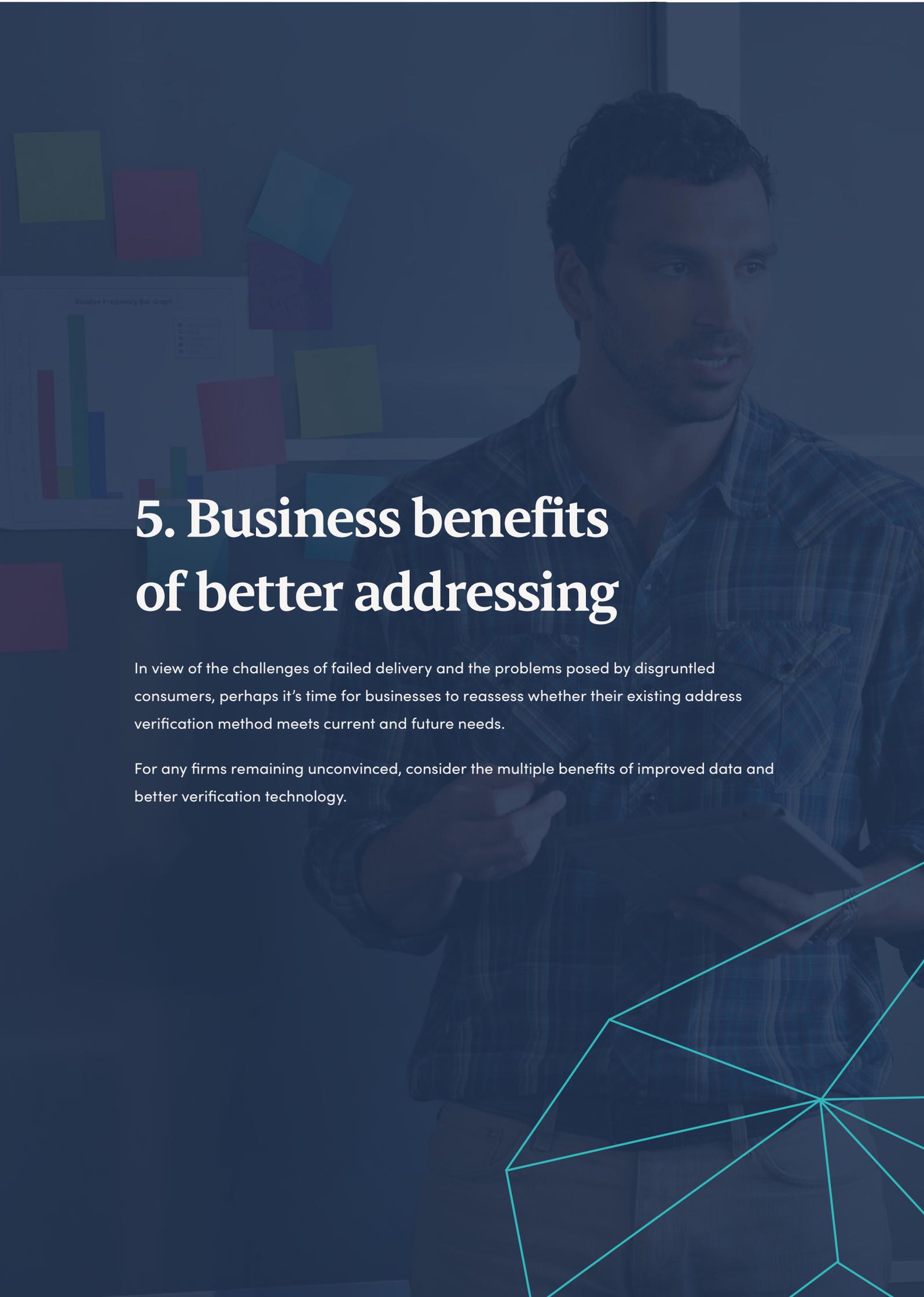
Common issues	% of shoppers
Address not in dropdown list	21%
Address format changed post confirmation	19%
Address format unrecognised	18%
No international address option	13%
Address won't fit field	12%

Almost 4 in 10 respondents (39%) claim they would abandon their online cart and seek the same item from a rival retailer if they face address entry issues.

But it's not all bad news. Retailers that get it right earn respect and loyalty. A total of 70% of consumers say they're more likely to shop online with vendors that offer a simple order completion form.

Furthermore, 61% overall state they have more confidence in retailers who have their delivery address details already stored, making ordering easier. In fact, this element builds trust; 42% of consumers believe retailers that offer an address autocomplete solution are more trustworthy than vendors not offering this feature.

As 72% of consumers prefer to make repeat purchases with the same retailer, having address data stored and ready to display during checkout is a powerful option.

A man in a plaid shirt is looking at a tablet. In the background, there is a bulletin board with several colorful sticky notes and a bar chart titled "Relative Frequency Bar Graph". The chart has five bars of different colors: red, green, blue, purple, and yellow. The man is holding a pen in his right hand and the tablet in his left hand. The overall scene is dimly lit with a blue tint.

## 5. Business benefits of better addressing

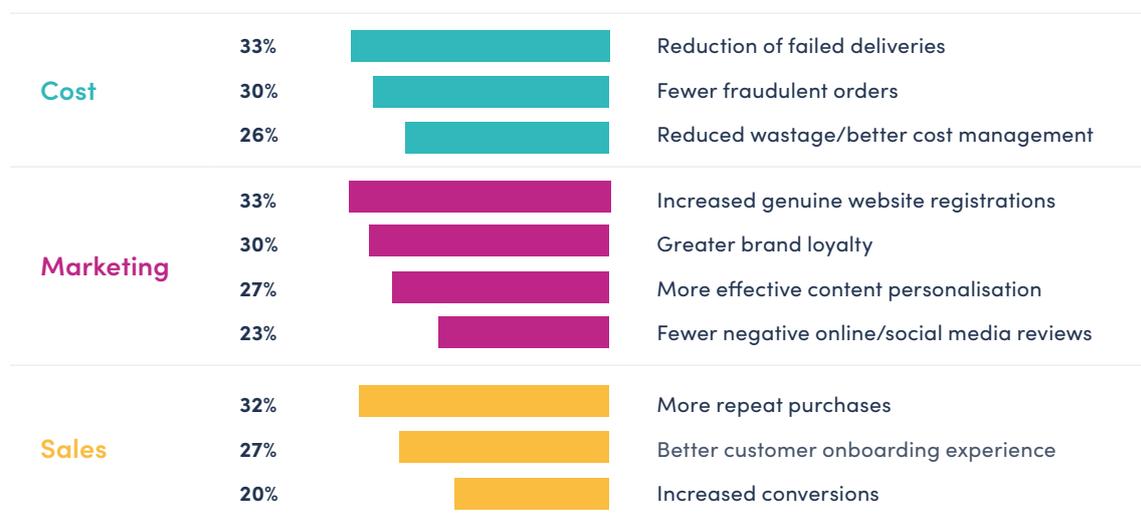
In view of the challenges of failed delivery and the problems posed by disgruntled consumers, perhaps it's time for businesses to reassess whether their existing address verification method meets current and future needs.

For any firms remaining unconvinced, consider the multiple benefits of improved data and better verification technology.

The illustration below shows that address checking helps retailers mitigate the cost of failed deliveries.

Beyond that, however, there are crucial improvements to the customer experience, leading to increased loyalty, reduced cart abandonment and fewer bad reviews:

### Benefits of address verification, according to retailers



Broadly speaking, retailers attribute four main business benefits to their ability to ensure accurate on-time delivery, arising from better address verification:

1. Customer loyalty (84%)
2. Staying competitive against rivals (81%)
3. Serving domestic customers (81%)
4. Serving international customers (68%)

At a time when online orders are reaching higher volumes than ever, with international purchases and deliveries accounting for a substantial proportion of customer sales, access to accurate data and proven address verification technology is crucial to business success.

## 6. Fixing failed deliveries

The cost of failed and late deliveries of customer orders placed online is undeniably high, stretching from lost sales to damaged reputation.



We've seen that many businesses are built on shaky fulfilment foundations, with a third (33%) using no address verification software or processes, and more than 4 in 10 (41%) bemoaning poor delivery address data occasionally or more often.

Online businesses want to deliver to their customers first time, every time. And address verification is a proven solution to this problem, offering:

- Data quality
- Reduced costs
- Great user experience
- Global capabilities

## Data quality

Get accurate address data at the point of entry, reducing the need to clean the data once it's in your database. More than half of firms (55%) admit they face challenges around the consistency of address format in their databases.

### Other customer data deemed critical to retailers

Customer data	% of retailers
Email address	40%
Phone number	35%
Payment details	55%

Currently however, consumers have some frustration filling in these details: 39% say entering their email address is annoying; 40% for phone number; and 38% for payment details.

## Reduced costs

Increase business efficiency by speeding up data entry, avoiding typos and the cost of failed deliveries. With 60% of companies stating customers tend to blame them rather than the courier for delivery issues, costs can soon mount up. This can be mitigated by having the right tools in place.

## Great user experience

A simple, intuitive and quick way for customers to enter address details at checkout to improve usability across web and mobile, will reduce cart abandonment rates. Nearly two-thirds of businesses (62%) believe address accuracy will become a bigger challenge as more people shop using their mobile phone.

## Global capabilities

The ability to understand international address formats and capture that data correctly, in order to meet the needs of customers everywhere, is crucial. 55% of consumers say they aren't particularly worried about entering their details, indicating a belief that any mistakes will be corrected by the retailer. The onus is on eCommerce companies to get it right.

More than half of consumers (56%) say they would increase their level of online shopping if they felt more confident about deliveries - but 57% would be reluctant to use a retailer again if fulfilment fails. These are powerful truths that highlight the need for address verification to ride to the rescue of eCommerce firms' delivery issues.



More than half of consumers (56%) say they would increase their level of online shopping if they felt more confident about deliveries.

# 7. Finding your perfect match

Between human error, the nuances of global address formatting, and a high rate of data decay, getting a correct address can be an arduous task. These problems are compounded when dealing with international, hard-to-address cities or rural areas with little to no systematic address system.

Address verification software is the only way to overcome these factors and obtain verified address data across the digital landscape, from online forms and checkouts to CRM and third-party logistics databases.

So, how do you go about finding the perfect address verification provider to match your business requirements?

To help narrow your search, we've compiled 10 questions you should be asking when talking to a potential provider.

**1. How often do you update your data?**

If they're not updating their data daily, you could be missing out on thousands of addresses.

**2. Will your data and website be protected if something goes wrong?**

Ensure your provider has a published privacy and security policy.

**3. What is your uptime?**

If one your supplier's servers goes down, make sure your service won't be interrupted.

**4. Does your technology have fuzzy matching?**

Fuzzy matching recognises common typos and auto-suggests the correct address.

**5. Where do you get your data from?**

Look for a supplier with legitimate relationships with reputable data sources.

**6. Do you operate globally?**

Find a supplier who can offer data coverage for the areas you cater for.

**7. How long will the software take to integrate?**

Can they offer a sample code to test its functionality with your existing system?

**8. Do you offer back-end address verification?**

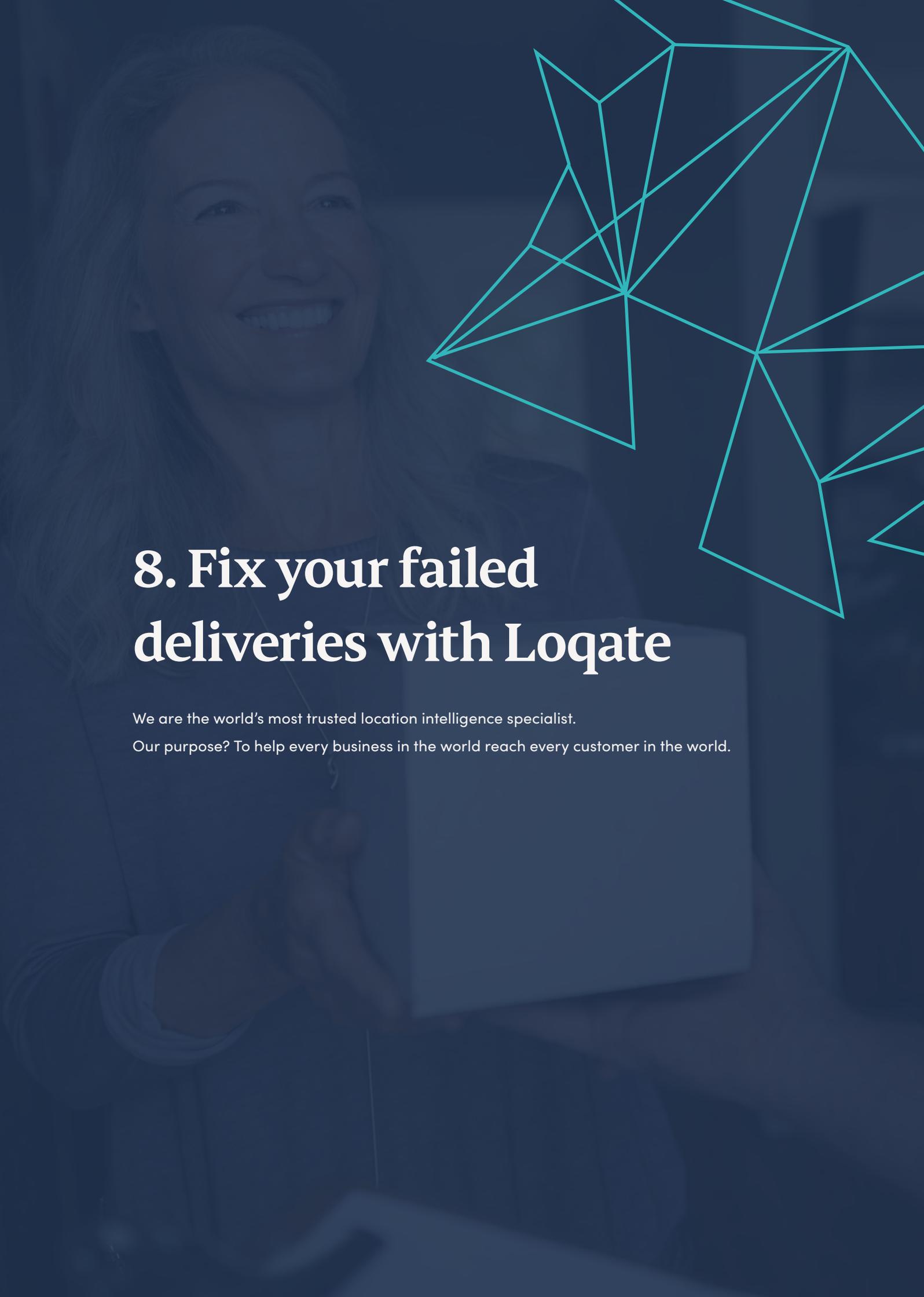
A good supplier should offer this cleansing and enhancing solution.

**9. What other services do you offer?**

Can they offer geolocation, or email, phone and bank verification?

**10. How robust is your platform?**

Find out how global, resilient, and secure the provider's platform is.

A smiling woman with long blonde hair is holding a tablet. The background is a dark blue gradient with a teal geometric pattern of overlapping triangles and lines in the upper right corner.

## 8. Fix your failed deliveries with Loqate

We are the world's most trusted location intelligence specialist.

Our purpose? To help every business in the world reach every customer in the world.

Combining leading technology with the richest global data, we give organisations across the globe the precision and reliability they need to give their customers the best possible experiences.

With an easy-to-integrate product portfolio – including address verification, email and phone validation, and data cleanse – we’ve helped over 19,000 businesses boost sales, maximise operational efficiency and grow their customer base.

Our global API is available in 130 different address formats, 3,000+ languages, and 245 countries and territories. To provide global coverage, our address data is sourced from suppliers including United States Postal Service, Canada Post, Australia Post, the UK’s Royal Mail and a host of other best-in-class and official providers.

Interested in finding out how address verification could transform your business?

[Contact us today](#) to chat to one of our friendly advisers or sign up for a no-obligation free trial.



“Since using Loqate, we have definitely seen a decrease in failed postal deliveries due to inaccurate address data. Its deployment also has an impact on improving customer user experience by cutting down key strokes and speeding up the order process.”



“As the wholesale eCommerce side of the business grew, failed deliveries caused us a big headache. Using Loqate has helped us to reduce these failed deliveries and improve the customer journey significantly, which is exactly what we set out to achieve.”



“We know that address verification from Loqate has helped to improve the customer journey and data quality which has had a positive impact on conversion and delivery rates.”



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