



## The hidden cost of poor deliveries is over £5,300 per lost customer, reveals ParcelHero

### International courier reveals the true price of using budget carriers

Failed and poor quality deliveries captured the headlines over Christmas, as a number of budget delivery companies failed to deliver on time, or left items in bins and hedges. Now online parcel delivery company [ParcelHero](#) reveals that these deliveries could cost internet retailers at least £5,300 for every customer that defects to another site.

ParcelHero Head of Public Relations David Jinks MILT says: 'IMRG research revealed failed and delayed deliveries cost the UK economy £771 million and retailers £473 million directly in 2014. But that's just the tip of the iceberg. What is less appreciated is how much those failed deliveries will cost retailers in lost future earnings. It is six to seven times more expensive to acquire a new customer than it is to keep a current one, according to figures released by the White House office of consumer affairs. Yet in 2011 86% of all consumers quit doing business with a company because of a bad customer experience and 59% of online shoppers said they were unlikely to order from a retailer again if they have a bad delivery experience.'

Online customers are increasingly savvy about delivery issues. Not only are they very likely to switch to another online retailer following a bad delivery experience, but they increasingly examine not only delivery options, but which delivery companies a retailer uses. Over 1 million people view tweets about customer service every week. Roughly 80% of those tweets are negative or critical in nature. And that means consumers are becoming very aware of the reputations of some delivery companies.

Says David: 'Let's say customers do overlook the fact a retailer is using a budget carrier, which could have cost retailers the sale before the consumer even placed an item in the basket. The true cost for retailers of using very cheap delivery services is still potentially enormous. The average UK internet order is £59 per transaction. If an online store loses a customer because of an inept or late delivery, it hasn't just lost that £59, or even their next £59. In the UK we make an average of 18 online purchases a year and spend around £749 online, while American shoppers are expected to spend £1,106 online, according to new figures from RetailMeNot.'

David continues: 'If the customer has a bad delivery experience the impact on the retailer can escalate. That customer might have made an average of six purchases from a particular online store this year, if he or she is one of the 59% who wouldn't return to a site after a bad delivery experience, that's actually £354 the retailer has lost from that one shopper in a single year. How many years might they have remained a loyal online customer? If we assume they remain loyal for at least five years (and some Amazon customers have stayed loyal for 20!) then that's £1,770 lost. But the real kicker is that customers tell on average at the very least two other people about a bad delivery experience. In which case you can times that £1,770 by two more lost customers. That's £3,540 in sales a site might have lost without ever having had a chance. Add that initial lost customer and overall that one bad delivery could have cost the retailer £5,310.'

And those figures are just for average size internet retailers. Forrester Research Inc in the US says that customer experience quality could result in a swing of \$184 million for a large Internet retailer

Professor Richard Wilding OBE of Cranfield University, an expert in e-commerce logistics, told the BBC recently that: 'Your main point of contact is with the retailer, and they're handing over responsibility for the delivery to another organisation. You've got to make sure they do it well. If they do, it will build loyalty and generate more business. But if you do it badly and use poor couriers it will cost your business an awful lot and customers won't come back.' Professor Wilding has shared his views on how internet deliveries can be [an active selling point for retailers](#) with ParcelHero recently.

ParcelHero's David Jinks concludes 'Can retailers really afford to be losing this kind of custom for the sake of a few extra percent on their delivery costs? American Express research has revealed 7 out of 10 consumers are happy to spend a little extra for a good customer experience and delivery, so cheap deliveries are an entirely false economy. Retailers should think long and hard about retaining delivery companies whose names shout trouble'.

For more details visit [www.parcelhero.com](http://www.parcelhero.com)

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Leading international online courier ParcelHero® strategically partners with the world's leading, logistics companies, including DHL, UPS and DPD to provide a flexible, cost-effective range of parcel delivery services to over 220 countries worldwide. Huge bulk purchasing power allows ParcelHero® to offer highly competitive pricing with no compromise in service quality.