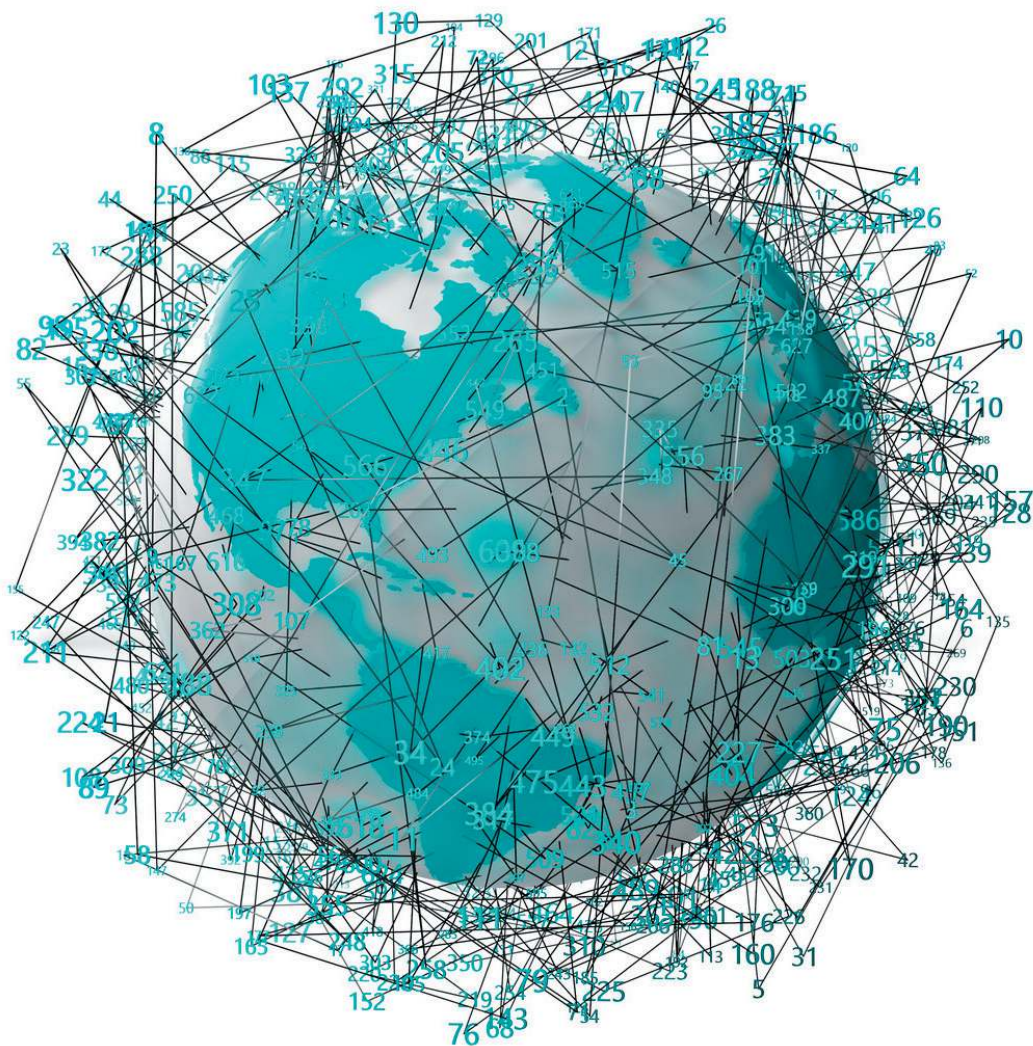# EXPLORING THE VALUE OF ENHANCED LOCATION DATA

Delivery and customer insight — data beyond the letterbox

EDITOR'S INTRODUCTION

LIZ MORRELL
Research Editor

Knowledge about location has always been crucial to the ecommerce experience since, at a very basic level, any successful online customer transaction relies on getting the product to the right person, in the right place, at the right time.

The use of location data, with tools such as address look-up and verification, can therefore help ease customer friction when checking out. They can also increase accuracy around delivery, ensuring that the customer experience is a good one and that the shopper will shop with the same retailer again.

But there are far more opportunities around location data than just these. In this white paper, produced in association with our partner Loqate, a GBG solution, we explore the opportunities offered by location data and more enhanced location data intelligence, as well as the benefits these can bring both for retailers and their customers.

We examine the opportunities for improving deliveries when retailers and their delivery partners have a better knowledge of where they are delivering to, so that they can plan better routes, understand potential time-delaying obstacles (such as a customer living in a property with limited parking) and both optimise and streamline processes.

We look at the marketing and sales opportunities for retailers and brands who can use location data from numerous sources to better understand where their customers live. By doing so, they can be better educated as to the types of product that they may be interested in, building their customer knowledge to forge deeper customer relationships.

While the retailer benefits are broad, the customer benefits are even more important. Delighting the customer – whether that's simply through getting their delivery to them flawlessly or by understanding enough about their needs to make them feel valued – is vital to winning their hearts, minds and, ultimately, their spend. ■

Internet Retailing   www.internetretailing.net

SPONSOR'S INTRODUCTION

We know where we are. Not roughly, but due to the location capabilities of the phone in our pocket, or the wearable device on our wrists, we know exactly. And we take that knowledge for granted.

My daughter has just completed her GCSEs, and I was reflecting on the state of location technology when I was her age, and among the first students to sit the new GCSE exams that year. Incredibly global positioning system (GPS) technology was still on the drawing board then, and it wouldn't be until in 1989 that the first fully operational GPS satellite was launched, and another 10 years after that until Benefon released the very first consumer phone with GPS capability.

Why does all that matter? Because location matters. And when we buy something online, or insure our home, or need assistance by the roadside, we all have high expectations that our location will be accurately understood by the organisations we use and trust.

So, if as consumers we have high expectations, and expect instant gratification when we shop online, how should businesses respond? The availability of technology and a wide array of location data provides businesses with numerous ways to keep in step with consumer expectations, and to provide a service that builds trust and loyalty.

What we see is a clear correlation between the use of location intelligence and business performance. Implementing intelligent, simple address capture at the checkout respects your customers' time, increases conversion, decreases check out abandonment and in turn drives down delivery failures. Exploiting mobile technology to determine location can even eliminate the need to enter an address at all, and has the added advantage of linking to other location data resources such as real time traffic, weather, natural risks and hazards, or any number of data points to elevate the customer's experience and drive enhanced decision making.

In this white paper we will explore how location intelligence can reduce costs, maximise your investment in sales and marketing, understand your customers with pin-point accuracy and drive up profitability. At Loqate, we are proud to work with more than 13,000 customers and partners worldwide, and we see every day how deploying enhanced location data creates real value – because location really does matter. ◼

MATTHEW FURNEAUX
Global commercial director
Loqate, a GBG Solution

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Global commercial director
Loqate, a GBG Solution

LOQATE, A GBG SOLUTION
Loqate is the world's most trusted data specialist in location intelligence for businesses of all sizes and sectors.

By combining leading address verification and geolocation technology, with the richest global data, we give our customers the precision and reliability they need to give their customers the best possible experiences, improve data quality, increase conversion rates and drive business efficiency. With quality data for over 245 countries and territories, we are trusted by over 13,000 customers.

Simply put, we help every business in the world reach every customer in the world.

THE NEED FOR INCREASED INTELLIGENCE IN DELIVERY
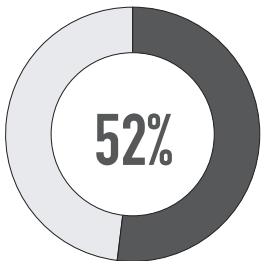
The UK, unlike some countries, has a comprehensive postcode system that mostly works – it gets parcels to the right location, at the right time, most of the time. While for many retailers, that's enough attention paid to location, 'most of the time' isn't good enough when it comes to an ever more demanding ecommerce customer.

Even where the postcode is reliable enough to pinpoint location, other factors can come into play that can impact on how successful a delivery attempt is – such as whether the customer accurately entered the correct address on their order, whether they are in or if they left instructions for the the parcel to be left elsewhere.

There may also be issues around accessibility to a customer's property – being on the top floor of a block of flats, or living in a no-parking zone – that could delay a delivery attempt and which the retailer or delivery company won't know about until the point of delivery.

GREATER OPPORTUNITIES

More advanced location intelligence helps to get around such issues by first verifying addresses and, through the use of additional datasets, increasing advance knowledge of obstacles to delivery.

"It's essentially about reducing errors and friction for customers, resulting in cost savings and improved checkout," says Stephen Goodwin, product owner for Loqate, a GBG solution. "It's all about speed and efficiency. Having an accurate address is important and by enabling the customer to enter the correct address with just a few clicks and the right address is pre-populated means the chance of a failed delivery is reduced. But also important is ensuring the final delivery point is highly accurate and that, where possible, each address comes with additional information, such as specific delivery instructions for the person bringing the goods to the property, to make that process accessible and seamless."

As a result of these considerations, the customer benefits. They are better assured of a perfect, first-time delivery experience where it feels the retailer actually cares about where they live and any delivery problems that may be faced. Any follow-up marketing or communications can also be better targeted to their needs without the retailer making assumptions based on their purchase alone.

CHANGING EXPECTATIONS

Retailers may feel that having the right address is good enough – we've already noted that the UK postcode system is largely effective. But the need to cut costs and improve delivery efficiency is a huge focus for all retailers and helps explain why alternative routes such as click and collect have been so popular.

If retailers are to improve processes around delivery then location intelligence is a must. In a Forrester Consulting thought leadership paper commissioned by Loqate, a GBG solution, in July 2018, on the value of location intelligence, the results showed that where retailers see location intelligence adding maximum value is in operational efficiency, with 52% saying it was important or critical.

It's not just the retailers' need to improve processes. The customer's expectations around location and its importance in delivery are also changing. Their increased ability to demand delivery to where they are (summoning an Uber driver for example) or tracking where an ecommerce or food delivery is, requires greater insight and a better experience delivered by retailers.

It's also about increasing sales. In the Forrester study, 44% of respondents in the retail and ecommerce sector said that the top area of value-add for location intelligence is in increasing revenues – whether that's through reducing failed deliveries, operational improvements or more targeted marketing activities.

Quite simply, customers want to be delighted and, when they are, they are more likely to spend more. This is a need that retailers simply can't afford to ignore. ■

❝Having an accurate address is really important but it's also about ensuring the final delivery point is very accurate and that, where possible, that address comes with additional information to make the process accessible and seamless. ❞

STEPHEN GOODWIN,
product owner for Loqate,
a GBG solution

52%

of retailers say location intelligence is important or critical in operational efficiency.

HOW RETAILERS CAN USE LOCATION INTELLIGENCE TO IMPROVE WHAT THEY OFFER TO CUSTOMERS

The value of location intelligence for retailers has many benefits for their customer service but the most important one is also the first one – reducing abandonment rates online.

"It's all about time and barriers," says Goodwin. "If you can type in a couple of digits or the first line of your address and that populates the checkout page with your whole address, then that makes it as seamless and frictionless as possible for the customer, which is imperative when the customer is engaging with an e-commerce merchant for the first time."

Such solutions could be simple address verification tools or include geo-spatial data that helps to work out where a customer is and supplies the best fit address from there. This is even more important for retailers such as Schuh, where the majority of transactions are on mobile and mistakes are easily made. "The customer needs as few interactions as possible in order to complete their task," explains Schuh's head of ecommerce (optimisation) Stuart McMillan.

For flowers gifting specialist Bloom & Wild, it's essential since a failed delivery will most likely spoil – both metaphorically because it's a gift and realistically because it's flowers – if it's not in the right place at the right time. "That accuracy is applicable to every retailer but particularly to us, where 90% of our orders are a gift," explains Bloom & Wild co-founder and CEO, Aron Gelbard.

AVOIDING UNNECESSARY COSTS

Once the customer has paid for their goods, the information is sent to the retailer's delivery team (internal or external). "Anything that can enhance this information and provide more specific information to enable an accurate delivery is vital at this stage," says Goodwin.

Enhanced location intelligence could also help to identify challenges the customer hasn't told the retailer, or its delivery partner. This could be understanding building heights (for instance, the challenge of delivering a washing machine to a third-floor flat without a lift) or congestion zones that could impact delivery charges.

As retailers move into home services such as product installation, issues such as property age and size, or a property being a listed building, can help to prevent wasted time as well as providing potential advice on alternative solutions, but only if location intelligence has flagged them up in advance.

THE BENEFITS OF LOCATION INTELLIGENCE FOR SALES AND MARKETING

Being better informed about location, buildings and potential delivery problems increase the chance of first-time delivery success but understanding more about where a customer lives also has wider benefits.

When it comes to sales and marketing, additional sources of information around location could allow retailers to better target, upsell or cross-sell to customers. "If you are building a picture of the consumer then often, the information is only based on their interactions with you, which can be quite limited," says Goodwin. "By using location intelligence, you can make it more relevant to each individual. For instance, if you are delivering a bed to a five-bedroom property, it's likely the owners will eventually need more beds. Building up more information and adding in additional layers about where customers live and what sort of property they live in can help retailers better understand their customer."

At womenswear retailer Hush senior ecommerce manager Liam Hewitt says that location data helps to forge deeper relationships. "Without location data we would struggle to understand our consumers, their behaviour and how to target them effectively." ■

> " Without location data we would struggle to understand our consumers, their behaviour and how to target them effectively. "
>
> **LIAM HEWITT**
> senior ecommerce
> manager at Hush

IMPROVING SERVICE – RETAILER USE CASE EXAMPLES

- Making cross-sell and upsell products more relevant through better knowledge of customer needs
- Using enhanced location data to tailor deliveries and identify potential problems
- Improving service offerings for homes services such as product installation

UNDERSTANDING THE VALUE OF LOCATION INTELLIGENCE FOR CUSTOMER DELIGHT

Failed or late deliveries, irrelevant marketing and a feeling that a retailer doesn't know or care about them or their needs can all conspire to make a customer lose their loyalty for a retailer. The importance of getting all these challenges right first time is vital to ensuring that a customer keeps coming back.

As we have seen in the previous section, the operational benefits for retailers in using location data are huge. It can save them the costs of failed or late deliveries, allow for improved efficiency and enable more targeted follow-up marketing to further boost sales.

But it's with the customer that the benefits of location intelligence prove most valid. "Consumers want speed and efficiency – but on their terms," explains Goodwin. Address verification helps to reduce friction but if you add in capabilities of geolocation – used by the likes of Uber – then the effort required by the customer is further reduced. "We are getting to the point where customers don't even need to type in their address and instead are using geolocation," says Goodwin.
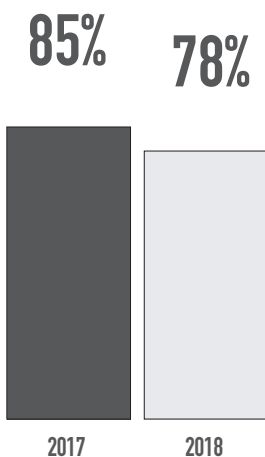
This is particularly relevant for retailers who take a majority of their transactions via mobile, as in the case of Schuh earlier. The use of geolocation to find where a customer is and then supply the most relevant address can help to reduce friction points. "That's where customers are delighted because it's easy and simple for them," says Goodwin.

Customer delight is also vital when it comes to issues around delivery. According to the IRMG Consumer Delivery Review 2018, between 2011 and 2017, overall satisfaction with online delivery was steady. Yet between 2017 and 2018, satisfaction fell from 85% to 78%. The risk of failed delivery stopped more than half (54%) of consumers from shopping online.

Delighting customers around delivery is vital – providing the right delivery in the right place when customers are expecting it. Inflight notifications and information are helping retailers better keep customers in control but additional measures also help.

ENSURING PINPOINT ACCURACY

Retailers are increasingly using the idea of pinpoint accuracy for consumers – allowing their customers to literally drop a pin on a map where they want an item to be delivered and adding extra information if applicable. That can be as precise as – this is a shed in my back garden which will be left open.

Enhanced there location data can also be used to pick up on customers mistakes – for instance, a customer ordering a carpet but getting the measurements of their front room muddled.

There are opportunities to personalise the experience even further, should customers be happy to share their location when they arrive at a website. For example, a customer who has shared that they live in a flat in Knightsbridge will be given product suggestions that differ to a potential buyer in Scunthorpe. "There are many opportunities around improving the experience for the customer but also the opportunity to use that additional information in marketing assessments for further opportunities," says Goodwin. ■

> ❝Customers are delighted because it's easy and simple for them.❞
>
> **STEPHEN GOODWIN,**
> product owner for Loqate,
> a GBG solution

85%   78%

2017   2018

between 2017 and 2018, satisfaction with online delivery fell from 85% to 78%.

CUSTOMER BENEFITS – BOOSTING DELIGHT

- Validating what a customer tells you about an order
- Targeting relevant offers to where the customer lives
- Up-selling offers and making newsletter marketing content more personalised
- Understanding a property that a customer has just moved to, then making relevant offers. For example, targeting brand new homeowners with offers
- Using enhanced data in decision or recommendation engines for a more personalised targeting

UNDERSTANDING THE BUSINESS CASE TO IMPLEMENT ENHANCED LOCATION INTELLIGENCE

Retailers are placing more attention than ever to the role of location within their business. "The tide is turning and there's a huge realisation in how important it is," says Goodwin.

Much of the change – and the impact that location data can have – has been illustrated by the likes of Uber showing how consumers are increasingly demanding services based around their location. As a result, customer expectations are changing as they realise they are in greater control of their location experience.

The customer and retailer benefits outlined above are compelling and combining them with an analysis of current performance around delivery can help enormously in building the business case to present to the board, Goodwin believes.

"Look at your failed deliveries – where the errors are and what the cost of failed deliveries is. The more information you have and the more accurate that information is, the less likely something is to go wrong because you are using information over and above the address of the consumer," he says.

Once retailers have this sort of information and understand the benefits that enhanced location intelligence can bring them, the case for implementation is even more compelling.

Hush's Hewitt says that the value of location data can be seen in a number of KPIs. "Success can be measured by an improvement across many metrics, such as conversion, return rates and revenue uplift by geographic area."

HOW TO PREPARE TO PROFIT FROM LOCATION INTELLIGENCE

Goodwin says that implementation of location intelligence can be as simple as completing a few details on the Loqate.com website and following the company's step-by-step guides.

"Clients are not expected to have any technical expertise for a simple implementation," he says. "We provide a range of pre-built integrations for popular ecommerce platforms so that clients can plug in and verify addresses within minutes."

For more complex integrations, more help is available – including a professional services team who will work for retailers. "In order to access the web services, you will need an account and an API key," says Goodwin. "You can sign up for a free account on the Loqate website. It's easy to add Loqate to your website forms and we can help guide you through each step after logging into your account. There is a small amount of code you will need to copy and paste onto your webpage but aside from that, the technical set up is very simple. The whole world is now mapped – it's about using that to make delivery what customers want."

Schuh's McMillan agrees, noting that "Location is key to the future of retail – location of the customer, location of the stock and location of stores or collection points." ▪

en.fotolia.com/sdecoret

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>
> **STUART MCMILLAN,**
> head of ecommerce
> (optimisation) at Schuh

RETAILER FOCUS

BLOOM&WILD | *the flower Journal*

Peonies   Letterbox Flowers   Hand-Tied Bouquets   Father's Day   Occasions   Subscriptions   Same-Day London   Corporate Gifting

How does it work?

www.bloomandwild.com

We pack our flowers by hand
They're picked in bud and wrapped in petal

We pop them in the post
They cleverly fit through the letterbox so they can

You get 5 minutes of fun
Every bouquet comes with fun arranging tips so you

BLOOM & WILD: WHY IN THE GIFTING MARKET IT'S MORE IMPORTANT THAN EVER TO GET IT RIGHT FIRST TIME

WWW.BLOOMANDWILD.COM

At flower gifting retailer Bloom & Wild, the need to ensure a customer's address is right first time is vital. The company's flowers are sent boxed in letterbox-sized parcels, allowing delivery of the package even if the customer may be out.

Since the company's products are usually a gift – and quite often a surprise one – the recipient doesn't necessarily know a parcel is on its way. A successful delivery therefore relies on the gifter entering the correct address in the first place, a likelihood increased by the Bloom & Wild's use of Loqate when customers are entering address details.

"It's partly about user convenience when checking out," says Bloom & Wild co-founder and CEO Aron Gelbard. "Most of our customers use the website on mobile devices, so don't need to input the full address since Loqate will predict the rest of the address. This has reduced friction for customers when checking out."

There are other advantages of improved accuracy. "It saves people hassle and reduces the chance that they enter the wrong address," says Gelbard, which is important for a business where 90% of the company's orders are a gift. "The sender may not know it hasn't arrived with the right person and the perishable nature of the product means that by the time the wrong recipient gets in touch with us, the product might have died."

Even if the wrong recipient does get in touch, Bloom & Wild has to rely on the person involved to send the product on to the right address. "We can't have the false recipient send the product back to us and then us send out a new one because we can't absorb the cost, so we have to rely on the goodwill of the wrong person sending it on. That means correct address data is really important for us operationally," he says.

Although he doesn't know directly the impact of Loqate on delivery success rates, Gelbard says the evidence weighs heavily in its favour. "We don't have a figure of how it's improved delivery success rates as we have used it for such a long time but we do know that for Royal Mail on-time delivery success rate is 93% and we typically see 94 to 96%. We can't attribute that entirely to Loqate but have found it's higher than normal," he says.

For his business he thinks it's well-suited to use as a gifting company, since the consequences of error are bigger.
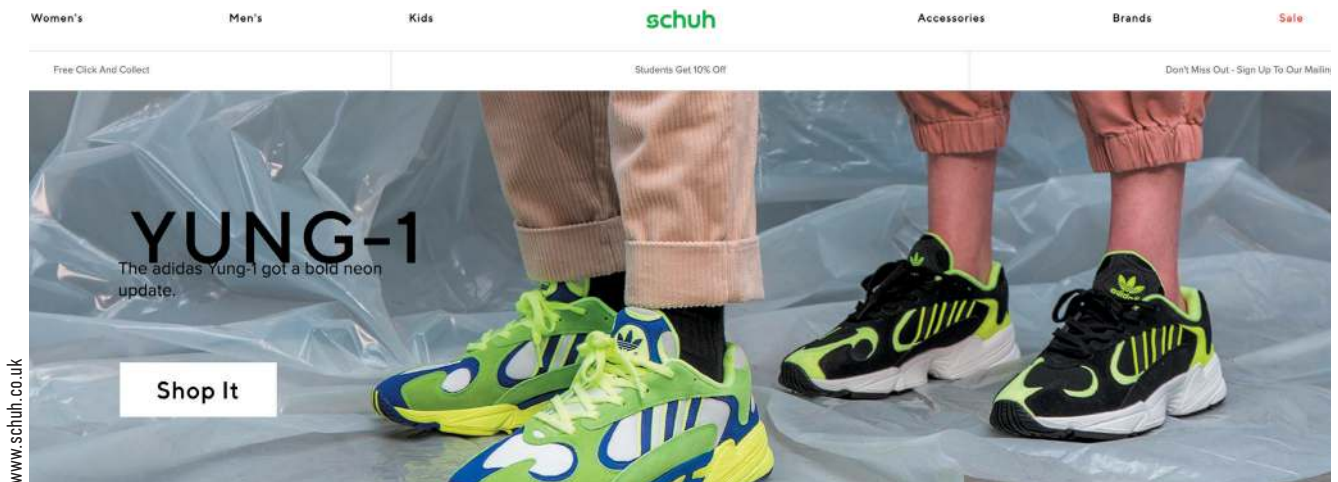
SCHUH: MAKING IT EASY FOR CUSTOMERS

WWW.SCHUH.CO.UK

Getting orders to customers first time, improving accessibility to click and collect and ensuring that getting products is as easy as possible are key focuses for footwear retailer Schuh. The company's head of ecommerce (optimisation) Stuart McMillan says that in this aim, the value of location data is vital.

"Location data is important to the customer in two ways," he says. "Firstly, it makes it easier for them to give us their location, for order processing or store lookups. Secondly, it increases accuracy, which reduces issues post-purchase."

For customers buying online, location data will show them local click and collect locations as well as local stores stocking the product they're after, in case the customer doesn't want to wait for delivery. "We always try to highlight a store that has the product in stock today," says McMillan.

When it comes to making the purchasing experience as quick and easy for customers as possible – whether online or via mobile – Schuh uses Loqate's address lookup feature. This allows the system to automatically choose relevant customer addresses once a customer types in just a few digits of where they live. The system is implemented through a simple widget on the front end of the site, offering simplicity for the footwear specialist. For a retailer where more than three-quarters (79%) of visits come from mobile, such location data is even more vital. "This is particularly important on mobile, where screens are smaller and mistakes are easier to make," says McMillan.

As well as making it easier for his customers, McMillan says he is also a fan of the feature. "Whenever I see the Loqate button at the start of typing my address, I find it really useful. When you have a unique house name like I do, it's such an easy experience," he says.

He believes the importance of location can only increase. "Location information becomes more and more important, particularly with regard to click and collect and other 'local' fulfilment options," he says. "Location is key to the future of retail – location of the customer, location of the stock and location of stores or collection points." ■
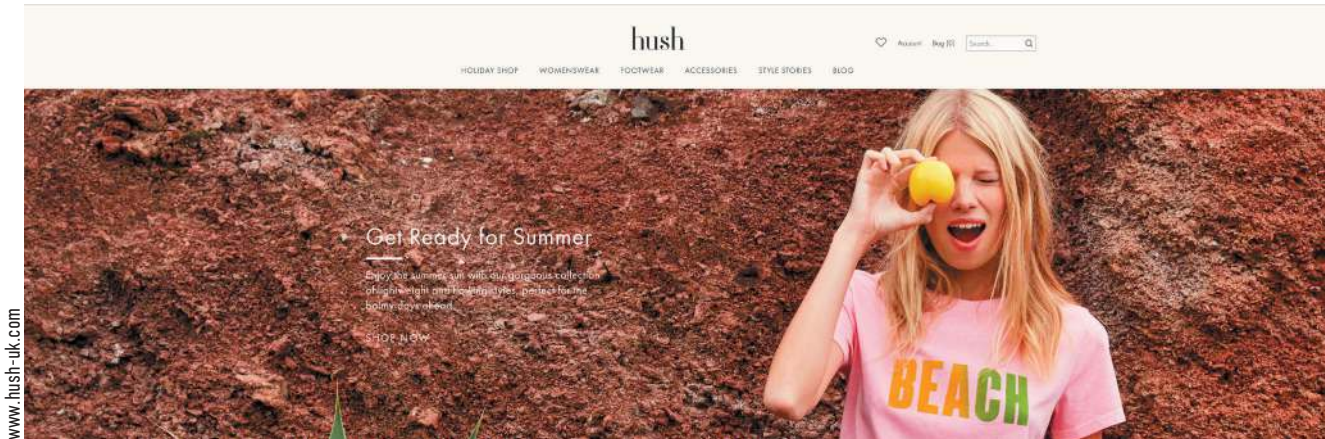
www.hush-uk.com

## HUSH: MAKING A NOISE ABOUT THE VALUE OF LOCATION

WWW.HUSH-UK.COM

At womenswear retailer Hush location data helps reduce checkout friction, improve marketing and offers the customer first-time delivery success. "We are seeing an ever increasing uptake in mobile usage and would like to reduce checkout friction as much as possible," says Liam Hewitt, senior ecommerce manager at Hush.

The retailer uses Loqate for address auto-fill as well as for locate information on its customers. Like both Schuh and Bloom & Wild the retailer has an ever increasing uptake in mobile usage which means minimising the risk of mistakes and reducing checkout friction yet further is vital to retaining customers onsite. "Enhanced location data means we have less missed deliveries due to incomplete or incorrectly filled out address forms," he says.

But the opportunities are also around marketing and better targeting its customers with more relevant information. Hush uses location data for CRM activities such as targeted email sends, explains Hewitt. "Enhanced location data helps businesses communicate more relevant and tailored messages, as well as give more insight into consumer trends and behaviour and can help with personalisation, such as targeting by geographic area."

The benefit for retailers like Hush, in a crowded, competitive market, means that they are better able to stand out from the crowd as a result, Hewitt says: "In an industry with ever increasing levels of competition location data can help provide relevant and targeted customer communications to enhance the end to end user experience."
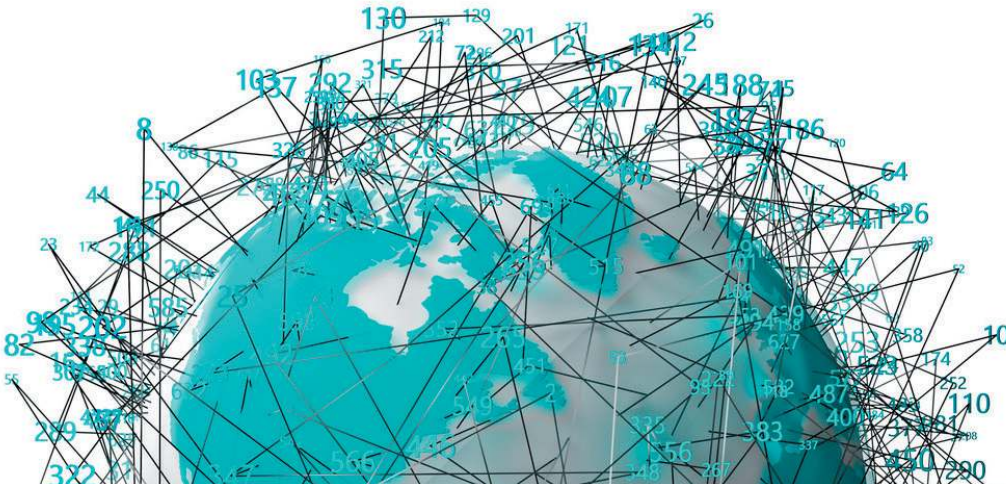
CONCLUSION

This white paper has shown that the value of location data goes far beyond simple address verification and getting the product to the customer.

Instead, it can allow retailers to better understand their customer and their unique set of circumstances, such as building type or location. These can not only impact on deliveries but can also influence their future buying decisions.

Armed with this knowledge, we have seen how retailers are able to operate more efficiently, increase successful delivery and have the opportunity for more targeted marketing. Flower retailer Bloom & Wild's higher than average delivery success rate is perhaps good evidence of this, while the company's reliance on location as a gifting retailer of perishable goods shows the importance of correct location data.

Improving efficiencies is not only important operationally for the retailer since it allows them to save time and money. It is also vital in delighting the customer. This leads to more conversions and better customer retention since closer, more loyal relationships are built between retailer and customer.

Location, location, location – it's more important than ever. ◾

Internet Retailing

With thanks to

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