



Overstock reduced its logistical and customer care costs by close to \$1,000,000

Objective

Internet retail giant Overstock was incurring unnecessary expenses due to inaccurate and incomplete customer data provided by customers during checkout. The bad data resulted in wasted time, money, and unsatisfied customers.

Solution

QAS Pro Web was implemented in Overstock's checkout process to verify customer addresses, automatically correcting minor mistakes and prompting customers to fix critical errors, to ensure order deliverability and improve customer satisfaction.

In the first year of using address verification tools from Experian, Overstock reduced its logistical and customer care costs by close to \$1,000,000. Additionally, undeliverable orders have dropped by more than 40 percent and customer satisfaction ratings have increased, placing Overstock at the #2 spot on the National Retail Federation's customer service rankings.

Results

A boom in online retailing highlights the necessity of clean data

Online retail has seen explosive growth in the last several years. However, as online purchasing has increased in popularity, so have back-end address correction fees incurred as a result of inaccurate or incomplete addresses provided during checkout. Customers enjoy the convenience of e-commerce but often submit seemingly minor address errors that can impact their order and result in unnecessary logistical expenses for online retailers.

Overstock, the Salt Lake City-based online retailer that brings outlet mall pricing on brand name products to consumers via the Internet, was incurring these unnecessary costs. Despite booming growth to the tune of \$760 million in sales from more than 5 million shipments each year, Overstock identified a weakness in shipment delivery. Inaccurate address information submitted by customers during checkout was delaying orders, creating unnecessary costs and negatively impacting its customers' experiences and perception of the company.

"We immediately defined the logistical costs associated with bad address data," said Steve Tryon, SVP of Logistics at Overstock. "We were spending almost \$200,000 on address corrections a year and we needed to attack those expenses." The costs associated with bad addresses were easy to quantify from a shipping standpoint; however, it proved harder for Tryon's colleagues in other parts of the business to put a price tag on the inefficiencies caused by bad data. Customer care call time, order re-processing and customer retention were all repercussions considered and used to define the overall cost of bad addresses.

"We have known that incorrect customer addresses provided during checkout have been a problem for years, but until we defined the costs we didn't realize how serious it really was," commented Tryon. "In 2005, we began to integrate off-the-shelf technology but didn't have a good method of verifying addresses until purchasing Experian tools in late 2007."

QAS Pro Web becomes a part of Overstock's checkout

Overstock integrated QAS Pro Web into its online checkout process to verify customer data as it is entered. "The biggest source of address errors is customer entry," commented Tryon. "Customers are often in a hurry to checkout; they fill in their address, click submit, and don't check for errors. By introducing QAS Pro Web to our checkout process, we are providing that check for them."

QAS Pro Web automatically corrects minor errors such as spelling or formatting. When critical address elements such as apartment number or street directional are forgotten QAS Pro Web reminds the customer to provide them before completing the checkout process. This eliminates the need to reach back to the customer for clarification after the order has already been processed. Eighty percent of the time addresses are corrected behind the scenes without the need for customer interaction.

Overstock began implementing QAS Pro Web into their e-commerce site right before their most critical time of year – the busy and lucrative holiday season. "By the time we had budget approval, we realized it was going to be a very tight window for development, testing, and quality assurance," said Tryon. "Experian assured us that it was an easy implementation and that they would support and help us each step of the way. They followed through on this promise—even coming on site to work directly with our quality assurance and development professionals to get things up and running during our highest volume sales cycle."

Approaching \$1,000,000 in savings in Year One

In a very short span of time Overstock realized a substantial return on the investment in QAS Pro Web. "Our QAS Pro Web project is well ahead of its projected ROI," stated Tryon. "We estimate savings on logistics and care costs to be approaching \$1,000,000 in the first year of using QAS Pro Web." In addition to cost savings, the number of undeliverable orders dropped by 40 percent and customer experience is improving as well.

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— Steve Tryon, SVP of Logistics, Overstock

Overstock takes pride in its customer service. "When we get a customer on the phone we take our time with them to ensure satisfaction and that costs money," stated Tryon. "Since implementing QAS Pro Web we have seen a decrease in those costly calls and our customer satisfaction indicators, such as net promoter score, have been steadily increasing." A year after purchasing Experian software, Overstock jumped from the #4 to the #2 spot on the National Retail Federation's annual customer service rankings – a feat it attributes partially to using QAS Pro Web.

These results have rendered the investment in address verification a clear success in Overstock's eyes. "We've managed to improve our customer data, reduce costs and provide a better customer experience—all while staying way ahead of the ROI," concluded Tryon. "Overstock is thrilled with the first class products and services that have been provided; Experian is clearly an industry leader."

Start cleaning your address data. We can help.

Get started