

# Cutting operational losses with cash on delivery verification

exotel

Whitepaper



# Executive summary

Ecommerce, everyone said, would fail. And the most popular reason that naysayers quoted was the safety or the lack of it for online payments. Enter cash on delivery. Suddenly, it opened up a world of possibilities for everyone who wanted to buy online but didn't want to pay online. COD payments single-handedly boosted the popularity of ecommerce in India.

According to Nielsen's Global Connected Commerce Survey (Business Insider) about 83% consumers in India preferred using cash on delivery as the mode of payment. Another report suggests that for ecommerce giants like Flipkart, 72% from Tier 1 cities and 90% from tier 2 and 3 cities paid using COD.

COD has enabled ecommerce to penetrate into small towns and even smaller villages as well. And there is no denying that this is where the growth is expected to come from.

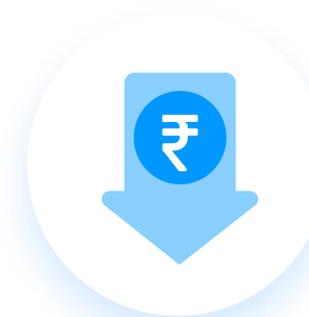
It's not like COD purchases come without their share of problems for a business. Here are some of the common problems:



1. High returns



2. Bogus orders



3. Problems with handling high amounts by the delivery personnel

Points 1 and 2 directly affect the topline of an ecommerce company. This whitepaper deals with solutions for cutting down operational losses caused due to cash on delivery orders using cloud telephony.

# The downsides of Cash on Delivery

Cash on delivery is an innovation that has enabled many businesses to reach every big and small corner of the country alike. Access to a debit/credit card is limited in towns and villages, and COD is a boon to these segments.

Therefore, COD is not a mere option for ecommerce businesses anymore. It is right at the top along with features like 'Same Day Shipping' or 'Same Day Delivery'.

While e-commerce companies want to make it easy for their customers to order via Cash on Delivery, they face a lot of issues in the form of cancellations and bogus orders. Companies are constantly looking for ways to optimize and streamline their operations in every step of the way, but these cancellations work out to be expensive.

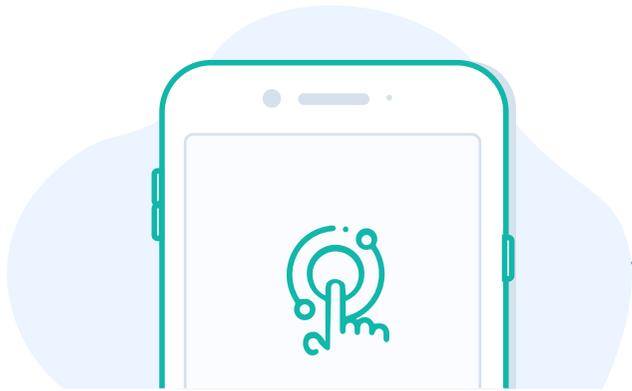
Some companies have grudgingly moved towards exclusively online payments for this reason alone. However, statistics reveal that customers prefer e-commerce companies that offer COD over those that don't. E-commerce market in India is growing aggressively, and an e-commerce company cannot afford to lose business to a competitor because of COD failures.

# Managing operational losses that occur due to cash on delivery orders

A validated way to put a check on COD losses is to ensure that e-commerce companies add another step of verification to the order. It is not a feasible option for companies to call every COD order and note down the customer's confirmation. It is not the optimal use of anyone's time or effort.

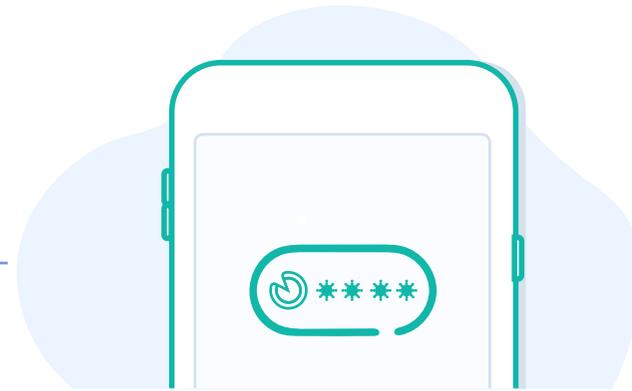
The authentication process can be entirely automated to verify any COD order that is placed without human intervention.

## How COD verification works:



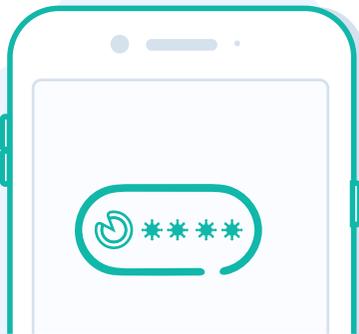
Customer places a cash on delivery order on your website

1



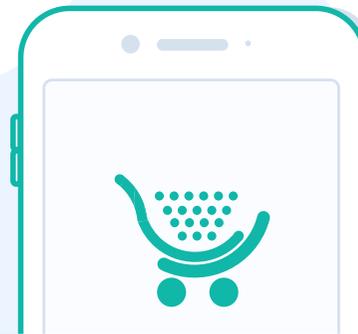
You send a confirmation to their registered mobile number via Exotel

2



Customer confirms

3



The COD order is placed

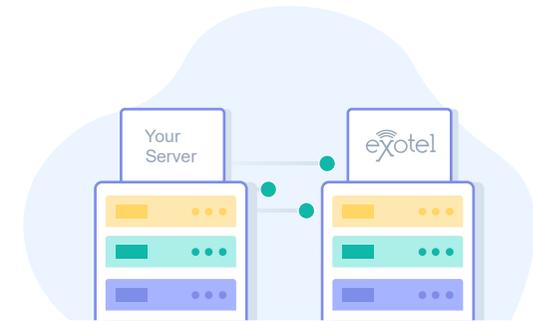
4

# There are four ways to verify COD orders:

## 1. OTP over SMS

When a customer places a COD order, you can push this information to Exotel. Exotel will send out an OTP to the customer via SMS and ask them to enter this OTP on your order page.

This is a simple method and is very popular since everyone now owns a mobile phone that supports basic SMS feature.



## 2. OTP via Voice Call

When a COD order is placed, Exotel will trigger a voice call bearing the OTP to the customer's registered mobile number. When this OTP is entered on the order page, the COD order is considered confirmed by the customer.

This option works out better for those who are not literate or visually challenged.

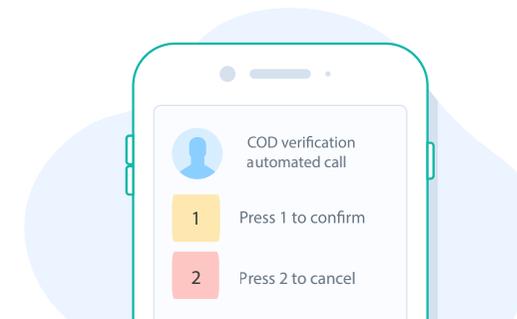
While the above two methods verify the customer right on the order page, the ones mentioned below are more of a reactive approach. This is what happens after the customer places the order.



### 3. Automated IVR Call

After the customer places a COD order, you can initiate an automated IVR call via Exotel. The IVR call can be as simple as “You just placed a COD via xyz. Please press 1 to confirm and 2 to cancel.”

The customer’s response can then be recorded on a Google spreadsheet or your CRM, and the order can be processed accordingly.



### 4. SMS- Missed Call combination

An SMS can be sent out to the customer after he’s placed the COD order, which will ask him to give a missed on the number mentioned in it to confirm the order.

These two methods can be adopted if you are keen on maintaining a good experience for the user on the website.



# Does operational loss in a COD order occur only during placing the order?

Absolutely not!

The COD order that goes out for delivery is sometimes sent back by the customer. This can happen because:

- The customer wasn't carrying enough change
- They weren't available to pay and receive the order
- They changed their mind about the order

While the last circumstance is beyond a business' control, the first two can be easily addressed with cloud telephony.



In the current scheme of things, the delivery personnel calls the customer once they've reached or are in the vicinity of the customer's place. Because of the communication gap between the customer and the business, there's a loss involved when the customer is not available to collect the order.

What can be done instead? A call triggered to the customer with details like the estimated time of delivery and the order amount even before the order leaves the warehouse ensures that the customer is aware of the delivery time and arranges for the exact amount he has to tender.

The same call will have an option for the customer to reschedule the delivery in case they're not available on that particular slot.

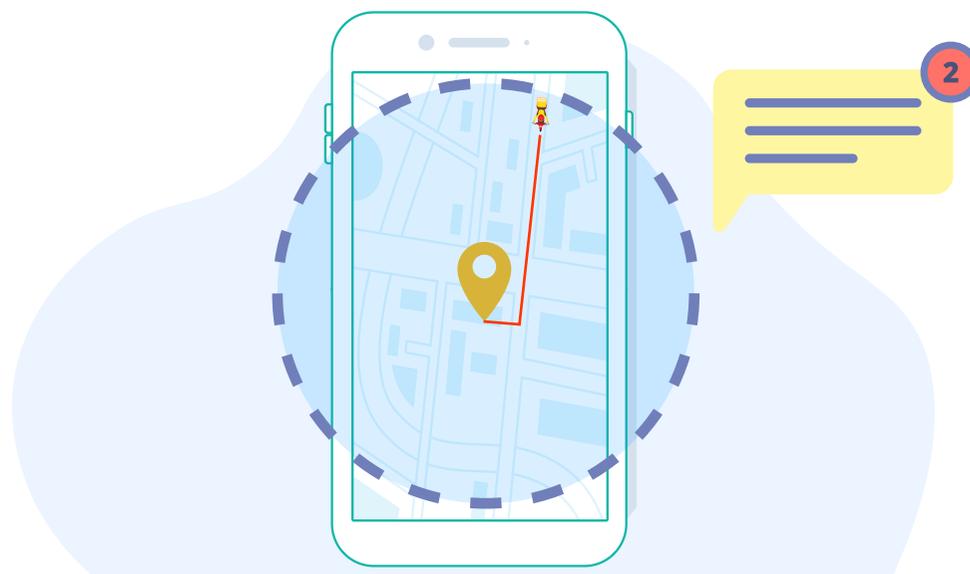
This small step brings peace of mind to the customer—reassurance that he doesn't have to take calls hurriedly from the delivery personnel in the middle of a meeting to tell them that he's not available for the delivery.

Of course, this process is entirely automated and can be set to call any number of customers, at any particular time, on any given date.

This is established to work well because the customer is kept in the loop from the very beginning.

Geofencing, a fairly new technology is also a powerful avenue that aids ecommerce companies eliminate operational losses. When the delivery personnel is within a 5km (can be customised) radius of the residence, an automated call from Exotel can hit the customer informing about the approaching delivery.

While evaluating your delivery logistics company/ 3PL company, an important distinguisher worth considering is if the company provides an option for the customer to confirm and reschedule the delivery. It might be a simple automated call, but goes a long way in strengthening your customer experience.



# How This Will Impact Your Business

- It helps confirm the order so that no order is missed
- It helps prevent cancellation of orders
- It helps make sure there are no bogus orders
- It ultimately prevents the companies from incurring losses

All these have a direct bearing on the operational efficiency of a company.

To implement Cash on Delivery verification for your business, get in touch with us.

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