

# The essential guide to Parcel Audit and Shipping Refunds

The go-to guide for every small parcel shipper to know how to:

- ✓ Effortlessly reduce shipping costs by **up to 20%**
- ✓ Optimize shipping operations with parcel data



LATESHIPMENT.COM



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# INTRODUCTION

Shipping is arguably one of the biggest cost-centers for any e-commerce business. This is without taking into account that shipping carriers increase the rates of their services by an average of **4 - 6% YoY**, which means SHIPPING IS GETTING COSTLIER EVERY YEAR!

## IS THE SPEND REALLY WORTH IT, THOUGH?

Despite skyrocketing shipping costs, your shipping operations still face a setback since you rely on third-party shipping carriers and you lack effective ways to regularly monitor their performance and hold them accountable.

Here's what makes shipping with third-party carriers a challenge:

1. Carriers lack transparency and accountability when it comes to delivery issues
2. You are uncertain about the correctness of charges on your shipping invoice
3. You're unable to leverage your parcel data to make improvements to your shipping

## WHAT YOU CAN DO

So, how can you be efficient in your shipping operations when most events happen out of your control?

The answer lies in staying in the pulse of your shipping operations, particularly on details such as what goes on with your shipping invoices and the impact they can have on your business.

On average, businesses spend up to

# \$40B

on parcel shipping in the U.S.

# 6-8%

parcels face delivery issues or billing errors on an average

# 50+ TYPES OF SERVICE FAILURES AND BILLING ERRORS ON SHIPPING INVOICES

Have you spent time taking a good, hard look at your shipping invoices? You'll discover that

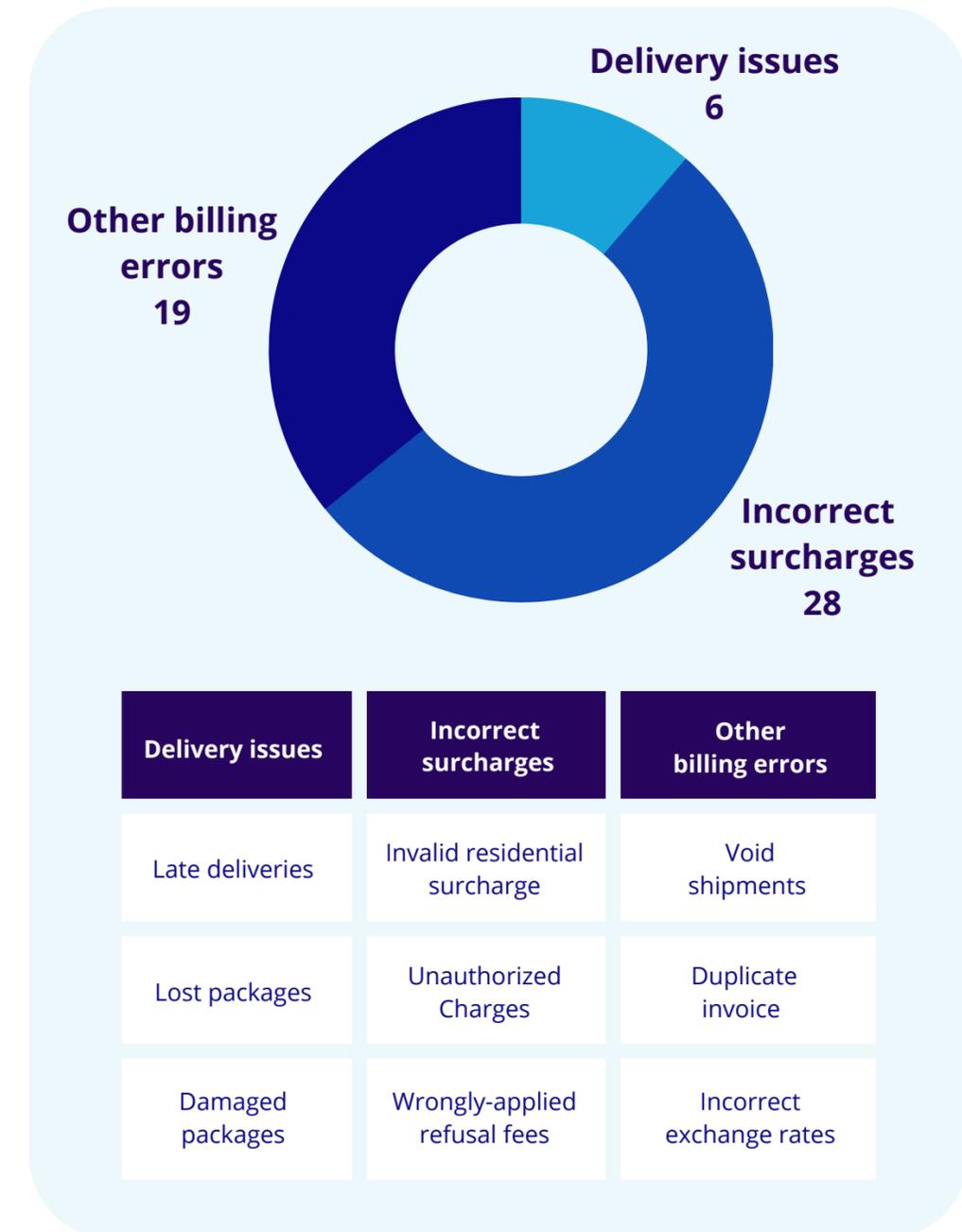
1. You've been charged incorrectly more than once
2. The cost of delivery issues like late deliveries and lost packages are just the tip of the iceberg.

If you do further research, you'll know that more than 50 carrier service failures and billing errors can be incorrectly added to your invoices.

## WHAT ARE THE DIFFERENT KINDS OF SERVICE FAILURES?

- **Service failures:** These are errors that occur during the shipping process, such as late deliveries, lost or damaged packages, and incorrect addresses
- **Incorrect surcharges and Billing errors:** These are errors that occur when the carrier charges you for a service that was not provided or charges you the wrong amount for a service that was provided (incorrect charges, unauthorized fuel surcharges)

Not just carrier discrepancies, even their impact can be a lot on your business.

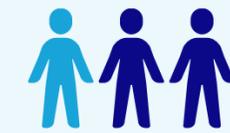


# THE BUSINESS IMPACT OF SERVICE FAILURES AND BILLING ERRORS

The big discrepancies are straightforward. Small ones are so common that they often go unnoticed. Either way, both are expensive for your business in more ways than one:

- **You lose loyal customers:** Despite service failures and billing errors being carrier discrepancies, customers who face them are more likely to be dissatisfied with the business rather than the carrier.
- **Your brand reputation gets hurt for no fault of yours:** Frustrated customers don't just stop doing business with you but go to the extent of tarnishing your business's reputation. This can make it more difficult to attract new customers and can lead to decreased sales.
- **You lose money:** Businesses may incur additional costs, both from service failures or billing errors as well as while trying to fix them. This includes the cost of accumulated unclaimed refunds along with the real cost of service failures in the form of customer acquisition and service recovery, etc.

But don't let these things scare you unless you don't plan to **audit your shipping invoices and use them to optimize shipping operations and reduce costs.**



**1-in-3**

**Customers** won't repurchase from a merchant after one instance of a service failure like a late delivery.

**67%**

Consumers who have had a negative customer experience will share it as a negative review online.

**\$2.4B**

Is lost every year due to unclaimed shipping refunds

# WHAT IS PARCEL AUDIT AND SHIPPING REFUNDS?

Parcel audit is the process of reviewing shipping invoices to identify potential discrepancies and claiming refunds for them. By conducting regular parcel audits, businesses can identify and recover overcharges, as well as improve their shipping efficiency.

## HOW A PARCEL AUDIT WORKS?

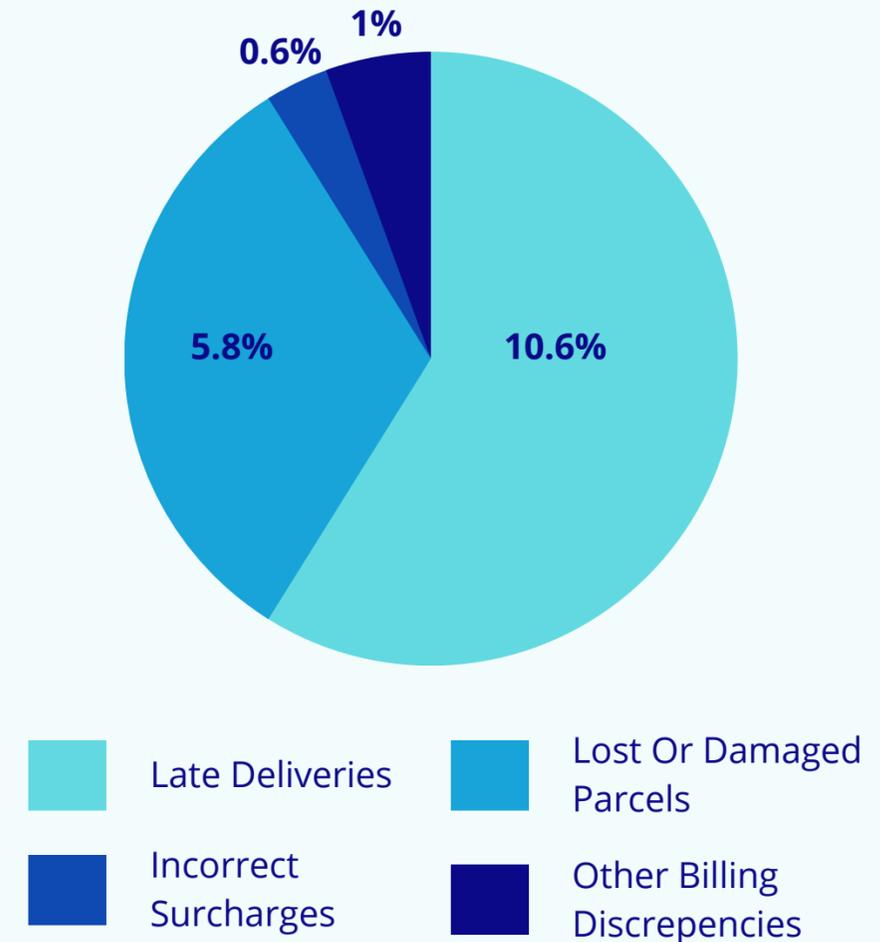
A traditional parcel audit is done through the following steps:

1. Shipping invoices are collected and reviewed to identify potential overcharges
2. A report with a summary of findings along with corrective actions is prepared to be shared with the shipping carrier
3. Regular follow-up is done to ensure that the overcharges are recovered via refunds.

Parcel audits can be conducted manually or using specialized software. SPOILER ALERT! We'll look at why the latter is a better option in the following sections.

If you still feel doubtful regarding parcel audits, here's something to convince you. Under the **Money-back guarantee policy** of shipping carriers, YOU'RE ENTITLED TO REFUNDS when they fail to meet their SLAs. But things aren't easy unless you're familiar with what it stands for.

The average breakdown of refunds-eligible service failures and billing issues on shipping invoices



Data collected from LateShipment.com's findings by tracking and monitoring e-commerce packages during the last 3 months.

# MONEY-BACK GUARANTEE POLICY AND THE COST OF WAIVING IT

A **money-back guarantee policy** is a promise from a shipping carrier that if a package is not delivered on time, the customer will be refunded the shipping cost. The specific terms of the policy vary depending on the carrier but usually include a deadline for filing a claim and a list of exceptions like natural disasters, weather delays, etc.

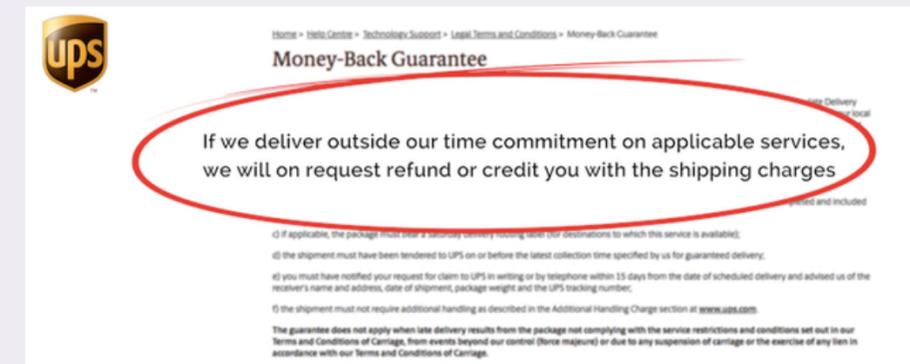
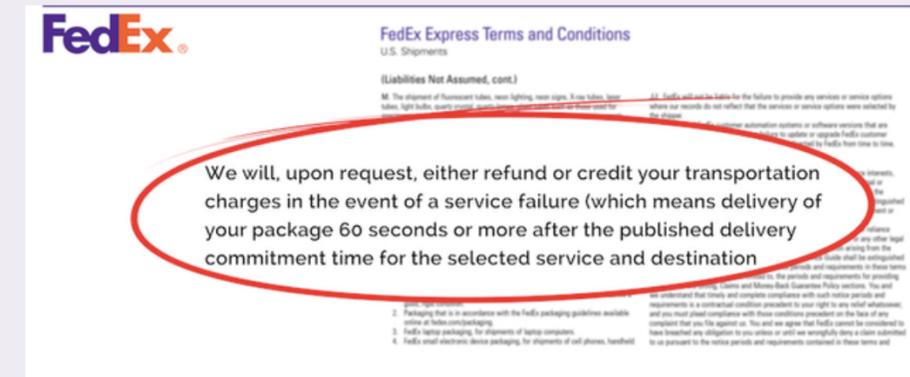
Before you decide to take advantage of the money-back guarantee policy, make sure that you haven't signed a **money-back guarantee waiver** with your shipping carrier, where shippers give up their right to claim shipping refunds, in return for special benefits (typically discounted prices).

## WHY YOU SHOULDN'T SIGN REFUND WAIVERS

- **You lose money** - The value of the discounts you receive is outweighed by the additional costs your invoices carry. In short, you stand to lose more money than you were set to receive.
- **Lack of accountability despite ever-increasing shipping costs** – Shipping carriers have dodged accountability despite higher shipping costs due to shippers not having of close watch on their service failures and not claiming refunds.

10.6% of all packages tracked by LateShipment.com for the last 3 months, were delayed. Your parcels can turn out to have the same fate too. To avoid this scenario, you have to **make the most of those money-back guarantees you're entitled to via parcel audit.**

## Money-back guarantee policies of FedEx and UPS



# CLAIMS FOR LOST OR DAMAGED SHIPMENTS

Apart from late deliveries, the next major concern for e-commerce businesses in terms of service failures comes in the form of lost and damaged shipments.

Of course, you can win customers back by refunding the package cost, sending out replacements, offering store credits, etc. But what about recovering lost money? This is where auditing your parcels come in handy.

## TAKE THE HASSLE OUT OF DEALING WITH LOST AND DAMAGED SHIPMENTS

Not just for late deliveries, you can audit and file claims for lost and damaged packages as well. However, unlike late deliveries, the claims process for lost and damaged shipments is long and unwinding.

This is where enhancing your parcel audit process with a **comprehensive lost and damaged claims management system** that provides you with a simple two-step reporting form against long, exhausting forms of your shipping carriers.

# 11-15%

Packages getting lost and damaged in the U.S.  
in a year.

# \$500K

The estimated loss for e-commerce businesses  
from lost and damaged packages in a year.  
(Source - National Retail Federation)



More than **70% of the customers** will not shop  
with a business again if their parcels get lost or  
damaged.

# HOW DOES PARCEL AUDIT WORKS TO REDUCE YOUR SHIPPING COST?

Here are some common use cases to help you understand how parcel audit works to optimize your shipping in terms of operations and cost.

## 1) IDENTIFY ERRORS AND OVERCHARGES AND SAVE UP TO 20% OF YOUR SHIPPING COSTS

Carrier errors are an unnecessary burden on your invoices. By identifying and submitting refund claims for these errors, you can **save up to 20% on shipping costs**.

## 2) IDENTIFY UNDERPERFORMANCE TRENDS AND RENEGOTIATE CONTRACT WITH YOUR SHIPPING CARRIER(S)

Parcel audits help you identify discrepancies in your shipping rates. This gives you more control over your shipping costs by helping you negotiate better rates with carriers. If you are shipping with multiple carriers, you can negotiate simultaneously and get even sweeter deals.



**Every instance of carrier errors identified for you**

**Seamless claims submissions across all major shipping carriers.**

The mobile app interface shows a **Claim Submission Form** on the left and **Credit Information** on the right.

**Total Refunds Credited: \$ 3344 USD**

Carrier	Service Type	Packages	Amount
UPS	Express Worldwide Doc	2	\$\$\$
FedEx	FedEx 2 Day	6	\$\$
FedEx	FedEx Express Saver	6	\$\$\$

Buttons: **Submit Claim** and **View More**

# HOW TO MAKE SHIPPING MORE EFFICIENT WITH YOUR PARCEL DATA?

## 1) IDENTIFY SERVICE FAILURES AND IMPROVE CARRIER EFFICIENCY

Regular shipping audits provide you with unbiased carrier insights such as on-time delivery rates, service failures, etc. These insights can then be used to hold carriers accountable for their SLAs and ensure better performance.

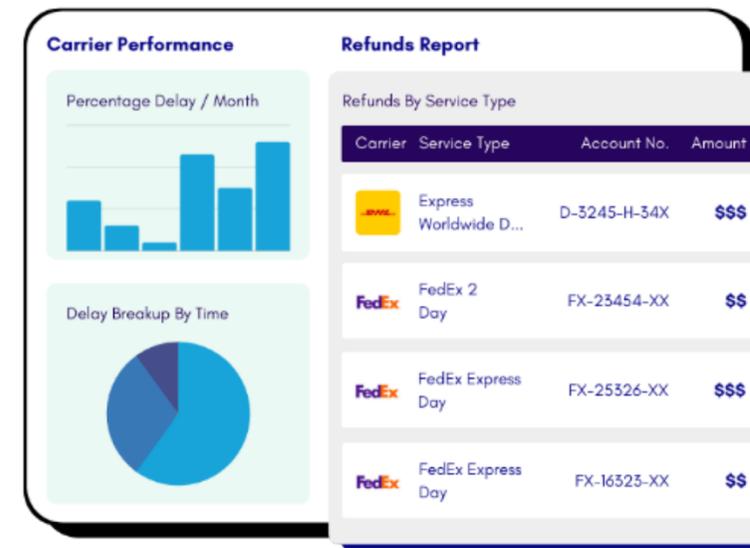
## 2) IMPROVE PROFITABILITY BY DRIVING INFORMED SHIPPING DECISIONS

Parcel audits provide you with critical insights into your shipping performance. With these insights, you can make informed shipping decisions that streamline logistics operations, enhance efficiency, and ultimately curate the most profitable shipping strategy.

## WHAT NEXT?

Thus, it is clear that parcel audit is a critical element in your business' success — despite the events of shipping happening outside your control, your ability to identify every carrier discrepancy and try to maximize savings turns the odds in your favor.

But do you have to do everything by yourself? Sit back and watch the refunds come in instead!



**Actionable insights in the form of carrier performance metrics and refund reports**



**In-depth intelligence to drive informed shipping choices**

# MANUAL PARCEL AUDITING VS THIRD-PARTY PARCEL AUDITING

While you can manually audit your invoices, this is not exactly a viable option as it is subject to certain limitations.

- **Time-consuming and labor-intensive:** Manual auditing can be a very time-consuming and labor-intensive process, especially for shippers with a high shipment volume.
- **Error-prone:** Manual auditing is prone to human errors, such as calculation errors, and leads to missed discrepancies.
- **Inefficient:** Manual auditing requires shippers to manually compare invoices to quotes, track down information, and investigate discrepancies for more than 50 carrier errors.
- **Limited visibility into shipping data:** There is no room under manual auditing to gain critical insights such as delivery performance and parcel spending.
- **Impossible to recover maximum refunds:** Manual auditing lacks the scope to cross-reference every minute detail and follow-up by an expert team to ensure an eligible refund claim is submitted for it. This makes it impossible to ensure maximum refund recovery.

For these reasons, it is best to use a parcel audit service provider that helps you effortlessly recover refunds for shipping errors by carriers.

“ A parcel audit solution has not only reduced my shipping costs but has given me insights into carrier performance

- Retail manufacturer ”

“ Using a third-party solution to retrieve refunds is basically free money and the best part is it's totally automated

- Gourmet meat distributor ”

# IDENTIFY POTENTIAL REFUNDS OWED TO YOU BY CARRIERS

In June of 2023, we conducted research based on trend analysis done on statistically relevant and verifiable shipment data collected from millions of e-commerce packages tracked and monitored during the last 3 months. Here's what we found:

- **Avg. 10.60%** of parcels faced delays, with Parcel Force having the most delay rate (**23.65%**) and UPS having the least delay rate at **8.07%**
- UPS had the most lost/damaged packages at **3.19%**, with over 36000 parcels getting lost/damaged out of 100,000 parcels
- Out of 2.7 million packages tracked, a little over **\$500,000** were recovered as refunds from late deliveries, and close to **\$200,000** were saved from lost/damaged costs.

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**Do you also want to identify potential errors/ uncover hidden costs that you are overpaying for?**

Get a free audit to uncover insights about your shipping invoices like the different kinds of delivery issues and understand the dollar value of refunds that you can potentially recover.

[Get a free audit](#)



**Feel you're overpaying your carrier?  
About time you stopped doing that.**

LateShipment.com's Parcel Audit and Shipping Refunds:

- ✓ **Identifies and automatically submits** relevant refund claims
- ✓ **Uncovers gaps in shipping operations** and helps you optimize parcel spending

Our process is quick and automated with zero out-of-pocket costs.

[TRY FOR FREE](#)



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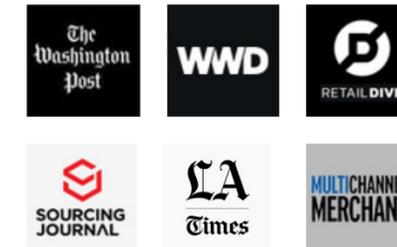
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