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International Delivery Considerations for **Global eCommerce**

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Sales from global ecommerce will surpass $1.25 trillion (1 trillion euro) by 2013, and the growth in online retail sales in markets such as Western Europe, Asia Pacific, and Latin America is expected to outpace U.S. growth. Given this increase in cross-border ecommerce, many retailers are rushing to reach new markets like *BRIC, CIVETS, and MINTS.
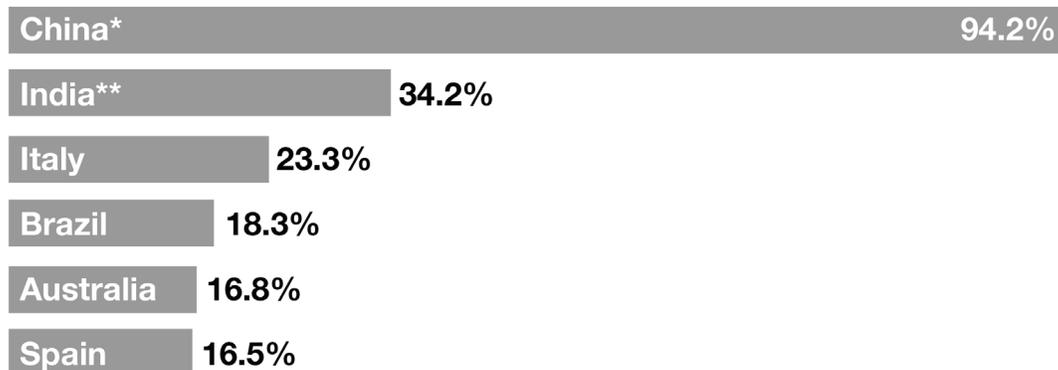
This market shift has brought to light the failings and costs of international address data quality and its impact on delivery of products and services.

Companies can't just flip on the international shipping switch. International shipping is more complex than domestic package handling. Local postal administrators establish rules in each country that impact how shipments are addressed and prepared -- and many do not follow the U.S. standard of street address, city, state, and ZIP™.

Organizations that fail to address complexities upfront end up with a poor customer experience, low sales revenue, and higher than expected costs. Outlining some of these challenges, how they can be addressed, and how address-based delivery could evolve in the emerging markets, is the focus of this white paper.

B2C Ecommerce Sales CAGR in Select Countries, 2010-2015

Country	CAGR
China*	94.2%
India**	34.2%
Italy	23.3%
Brazil	18.3%
Australia	16.8%
Spain	16.5%

Note: includes travel, digital downloads and event tickets; excludes online gaming; * includes sales from businesses that occur over C2C platforms; excludes Hong Kong; ** online travel sales represent roughly 80% of B2C ecommerce sales.
Source: eMarketer, July & Oct 2011

Australia Post lists three primary reasons for postal articles not arriving at the appointed destination:

1. **The article was not posted**

2. **The article was incorrectly addressed and/or the person at the address it went to did not return the item to sender**

3. **The article was incorrectly delivered and the person who received it did not put the item back into the mail stream.**

Overall, when considering the process related to the delivery of a parcel or postal article, there are U.S. domestic guidelines to consider for delivery to a foreign country, and then the concerns around delivery once the item is actually in-country internationally.

With a well-established postal system like the USPS®, these guidelines are clearly spelled out. The guidelines center on clear standards for destination address, return address, and where applicable, customs/non-postal export forms. Overall, the country where the postage is paid should match the return address. In the case of bulk mailings, all postal articles bearing U.S. postage must have a U.S.-origin return address visible on the outside of the mail piece, and the postal forms required for export will vary based on the contents of the parcel. The overriding dependency for delivery is the destination address and we will do a deeper dive into the standards from the USPS below.

ALPHABETS

When formatting a destination address for the USPS, at least the entire right half of the address side of the postal article needs to be reserved for the destination address, postage labels, and notations. Further, all address elements should be typewritten or in ink. The name and address of the addressee should be legible using Roman letters and Arabic numbers lengthwise on one side of the postal article. When another alphabet is native to the destination country, an English equivalent address must be provided. Addresses in Russian, Greek, Arabic, Hebrew, Cyrillic, Japanese, or Chinese characters must bear an interline translation in English of the names of the post office and country of destination. If the English translation is not known, the foreign alphabet's words must appear in Roman characters (print or script).

Writing System Character Set	Examples	Relevant Country, Regions, Description
Roman/Latin Alphabet	A, B, C, D...	Latin, Eastern, and Northern European alphabet
Greek	A α, B β, Γ γ, Δ δ...	Greece, also Coptic language
Cyrillic	А, Ђ, В, Г, Д...	Russia, Bulgaria, actually derived from the Greek alphabet
Hebrew	א ב ג ד...	Israel, and areas within Western Countries
Japanese	Hiragana - んわらやま Katakana - アイウエ Kanji - 愛健和 Romaji - E, O, Ka, Ki	Japanese writing system consists of 4 components - Kanji, Kana (Katakana, and Hiragana), and Romaji. Encompassing the influences of China (Kanji), of Latin (Romaji), and Kana (traditional Japanese)
Chinese	Hello! 你好 Nǐ hǎo!	3 variations: Simplified Chinese, Traditional and Pinyin. Korean, Japanese, and traditional Vietnamese have their inherited pieces of the Chinese character set.
Korean	라 마 바 사	Hangul in South Korea, Chosongul in North Korea
Arabic	ذ ض ظ غ	Middle East and Arabic Countries

Figure 1 Map of writing systems in the world today.

Though the map shows a breakdown of many different alphabets and writing systems, there are 8 primary writing systems relevant to international postal data. The writing systems below are supported by most international address quality technologies.

Addressee

Along with these alphabet and language constraints, postal articles may not be addressed to a person in one country "in care of" a person in another country. The name of the sender and/or addressee may not be in initials except where they are an adopted trade name. The USPS does not allow for postal articles to be addressed to Boxholder or Householder in a foreign destination country, with the exception of the use of the addressee's name or Occupant - Example: Mr. Roger W. Clark or Occupant. This is allowed as long as it is in an acceptable alphabetic character set for the destination country.

There are over 175 different address formats and when considering the range of postal standards in each country - based on street address, military address, and P.O. Boxes, the variations are in the thousands. Given these permutations, this section does not begin to address all postal variations. However, in order for the USPS to get a postal article outside of the country, there are minimum address format standards. The house number and street address or box number must be provided when a postal article is addressed to towns or cities. If a postal article is sent to General Delivery, the item must indicate the name of the addressee and the country of destination. As with addressee, the use of initials, figures, simple given names, or fictitious names are not permitted on postal articles addressed for general delivery. All lines of the delivery address should appear in all capital letters. The city destination should also appear in capital letters together with the correct post code and/or delivery zone number, if applicable, for the destination country. The last delivery line of the address should also always contain the complete destination country name in capital letters. If possible, the address should have no more than five lines.

For example:

> **MR ROGER W. CLARK**
> **120 RUSSELL DRIVE**
> **LONDON WIP 6HQ**
> **GREAT BRITAIN**

> **MR JUAN RICARDO**
> **APARTADO 3078**
> **46807 PUERTO VALLARTA JALISCO**
> **MEXICO**

It is important to note that the 5 line standard is not always achievable given the postal variations of the destination country. Canada is one example of an exception to this as there must be two spaces between the province abbreviation and the postal code, as shown below between "ON" and "KIA 0B1":

> **MS SUSAN RICHARDS**
> **1210 KING STREET**
> **OTTAWA ON K1A 0B1**
> **CANADA**

There are other exceptions, and in general, the USPS will work with this rule as long as the country name is provided as well. The spaces between embedded in the Canadian postal code are yet another challenge, but also for another discussion.

All of these considerations are necessary when attempting to secure delivery of international post through the USPS - and we have not even left the United States! Once we consider the destination country, we look at tiers of address data accuracy and service which vary substantially depending on how well the infrastructure and postal system(s) have evolved.

Getting the parcel post outside of the United States is just "half the battle." Even more challenging is considering the destination – does the rest of the world have as established a set of standards and infrastructure as the U.S. Postal Service®? The USPS handles more than 40 percent of the world's mail volume; five times more than the next, largest carrier of letter mail, the Japanese Post Office. As of 2010, the industrialized countries accounted for 80.4% of the overall mail volume worldwide. The levels of address data quality and postal infrastructure that can be expected in these industrialized nations vary dramatically from the emerging and development markets.

There are currently 240+ countries and territories that have postal address standards and coverage. There are 175+ address formats in use today. Each of these countries will have varying levels of address reference data available and at broad ranges of accuracy. The address quality and accuracy/coverage level for the postal authority in any given country substantially impacts deliverability. A formal address structure with a postal code system as an index will have a differing level of delivery accuracy over an address structure involving landmarks and placards – 3rd house near the big oak tree. In considering how this level of detail impacts postal delivery, one must understand the different tiers of postal systems and standards. For this discussion, we see a three-tiered grouping for postal standards and data. A notable exception to this three-tier approach is the rapid evolution of the emerging market countries.
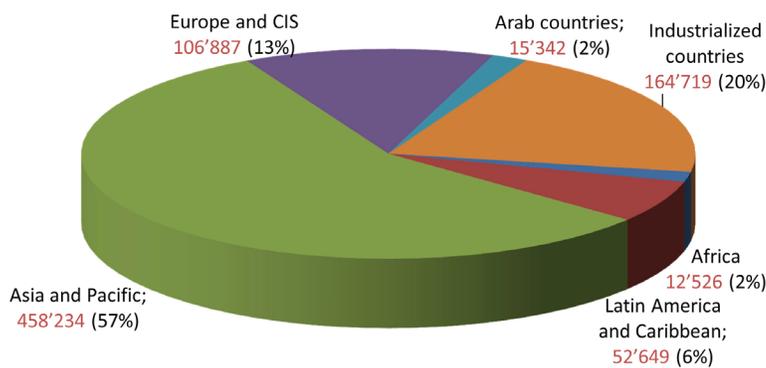
TIER 1 COUNTRIES

Tier 1 Countries consist of the developed, industrialized, western world. These countries have a uniform postal address standard, a postal code system, and in many cases, some form of delivery point and/or certifications for postal address, bulk processing discounts, and delivery. Specifically: USPS DPV®/CASS™; Australia's AMAS; and the French example of SNA. There is a drastic difference in postal address quality between Tier 1 countries and the rest of the world.

Post Offices
(estimate by region, 2010)

Europe and CIS
106'887 (13%)

Arab countries;
15'342 (2%)

Industrialized countries
164'719 (20%)

Asia and Pacific;
458'234 (57%)

Africa
12'526 (2%)

Latin America and Caribbean;
52'649 (6%)

Globally, each permanent post office covers an area of 168 km^2 and serves an average population of 8'457.

Variation 2009-2010	
Africa	-4.4%
Latin America and Caribbean	1.1%
Asia and Pacific	48.7%
Europe and CIS	0.3%
Arab countries	-1.2%
Industrialized countries	0.9%

UPU, Berne, January 2012

www.upu.int

Figure 2 Post Offices by Region Internationally

TIER 2 COUNTRIES

Tier 2 Countries are emerging nations and territories in which there may be an index-based code system in place, but there is no central postal authority or the index is not a true postal code. Postal codes are an important differentiator for Tier 2 countries as they are used in demographic profiling, monitoring crime levels, determining insurance premiums, data analysis, and marketing techniques – not to mention their role in house prices or catchment areas for schools and healthcare.

TIER 3 COUNTRIES

Tier 3 Countries provide at best locality-based postal delivery data and no postal code. According to the Universal Postal Union (UPU), in most developing countries, there is no countrywide system of street naming and property numbering. Postal articles are delivered to a central locality drop point and the carrier is relied upon to insure delivery. Take for example the United Arab Emirates (UAE) in the Middle East. To insure "door-to-door" delivery in the UAE, you must include a telephone number, along with Name, Country, City, and Address. In a number of countries there is no residential delivery only post office - box, bag or pick-up, and in some cases the boxes are shared.
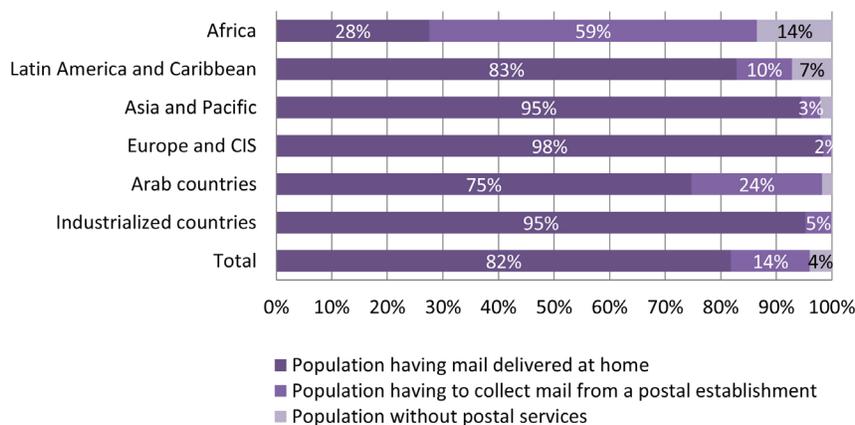
A notable exception to the no index caveat in Tier 3 countries is India. India's PIN code system was introduced in 1972 and is the post office numbering system used by India Post, the Indian postal administration. PIN stands for Postal Index Number and the code is 6 digits long. In India, there is a PIN code system, but the accurate level is insufficient to be classified as a postal code level as defined in the Tier 2 countries. Even with this PIN code system, India still relies heavily on the carrier on the ground to facilitate delivery. Many times an address in India includes special references like "the house by the well," which are critical for local carrier delivery.

It is also worth noting that Ireland is an exception as it has no postal code system, but does maintain an address database and excellent delivery standards.

Access to postal services
(estimate by region, 2010)

Legend:
- ■ Population having mail delivered at home
- ■ Population having to collect mail from a postal establishment
- ■ Population without postal services

- 82% of world population benefits from home mail deliveries
- 4% lack postal services
- Mail deliveries to post office boxes are mainly made in Africa

EMERGING MARKETS AND THE CHANGING DEFINITION OF ADDRESS AND DELIVERY

Buying and selling products in a foreign market inherently has it challenges. In the emerging markets, this can be even more difficult when you consider the proliferation of mobile technologies compared to postal address standards. As BRIC, MINTS and CIVETS nations like Brazil, Columbia, and Turkey create wealth and establish buying power, the delivery of products purchased in these countries becomes challenging. In these countries the future of postal delivery is not necessarily address and postal code, but could be identity, geo-location, and arrival time.

As the emerging markets formalize and structure their address standards, international delivery will improve, but also the definition of address delivery elements will evolve. International address service and delivery may move away from the western world's established name and physical address with postal code and become more a function of geo-coordinate, mobile technology, and time. Though there is certainty in the concept of an address and the need to deliver "things" to an individual or location, how that is determined will evolve over time.

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About Melissa

Since 1985, Melissa has specialized in global intelligence solutions to help organizations unlock accurate data for a more compelling customer view. Our breadth of data and flexible API technology integrates with numerous third-party platforms, so it works for you and makes sense for your business. More than 10,000 clients worldwide in key industries like insurance, finance, healthcare, retail, education, and government, rely on Melissa for full spectrum data quality and identity verification software, including data profiling, cleansing, matching, and enhancement services, to gain critical insight and drive meaningful customer relationships.

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