



The Nuts & Bolts of Shipping

Cathy Roberts

9/21/2020

Outline

- 1. Seconds=\$\$\$**
- 2. Your Return Policy**
- 3. Carrier comparisons**
- 4. Who should absorb shipping costs: Seller vs buyer?**

Seconds = \$\$\$

Streamline assembly processes to save time and costs on shipping multiple packages.

Set up a designated workspace for the assembly line

- **Arrange packaging and shipping materials systematically for easy assembly.**
- **Weigh packages**
- **Prepare invoice and labels for multiple packages**
- **Do time trials to estimate cost per minute and/or second**

Example of packaging/shipping assembly cost

Your hourly rate $\underline{\$25.00/\text{hr}} = \underline{\$0.42/\text{min}} = \$0.007/\text{sec}$
60 min 60 sec

Example of packaging/shipping assembly cost

Your hourly rate $\underline{\$25.00/\text{hr}} = \underline{\$0.42/\text{min}} = \$0.007/\text{sec}$
60 min 60 sec

Package product in box = 3 min

Outside box, tape, weigh = 2 min

Create invoice and print shipping label = 5 min

Ship and print label = 5 min

Example of packaging/shipping assembly cost

Your hourly rate $\frac{\$25.00}{\text{hr}} = \frac{\$0.42}{\text{min}} = \frac{\$0.007}{\text{sec}}$
60 min 60 sec

Package product in box = 3 min

Outside box, tape, add shipping label, weigh = 2 min

Create invoice = 5 min

Ship and print label = 5 min

“Handling charge”

15 min x \$0.42 = \$6.30 per package +shipping

Handling/Shipping Tips

- **Utilize free shipping materials from shipping carriers (e.g. boxes, envelope mailers, labels)**
- **Setup assembly station**
- **Flex and Seal shipping roll – cut, fold, seal**
- **Zebra thermal printer**
- **Pack product into a standard or custom shipping box (reduce air!)**
- **Compare carriers and discounts available**
- **More volume = additional discounts and services**

Return Policy

“68% of customers review a Return and Refund Policy before they make a purchase from an online store.”

UPS

Top 6 reasons for returns:

- 1. Incorrect product or size**
- 2. The customer decided product was no longer needed or wanted**
- 3. No reason for return given**
- 4. Product did not match description**
- 5. The product did not meet the customer's expectations**
- 6. Received incorrect product or size**

Internet Merchants Association

What is a Return Policy?

Response to customer who wants to return a purchased item for cash, receive a replacement product or store credit.

Defines what recourse the customer will have.

Clarifies the logistics of the return process and who pays for delivery costs.

Considerations for writing your return policy

<https://www.shopify.com/blog/return-policy#policy>

- Which items can be returned, and which cannot (i.e. final sales)
 - Consider product type (e.g. food spoilage, defects)
- Time limits and warranty periods on returning items
- Are refunds available?
 - In what form? (e.g. cash, credit, replacement)
 - **100% refund or percentage of purchase**

Considerations for writing your return policy

<https://www.shopify.com/blog/return-policy#policy>

- Which items can be returned, and which cannot (i.e. final sales)
 - Consider product type (e.g. food spoilage, defects)
- Time limits and warranty periods on returning items
- Are refunds available?
 - In what form? (e.g. cash, credit, replacement)
 - 100% refund?
- Who is responsible for shipping cost of items?
- Return logistics
- Marketplace requirements
- Templates available online for guidance and to customize

Shipping Comparisons

<https://fitsmallbusiness.com/fedex-vs-ups-vs-usps/>

FedEx



**UNITED STATES
POSTAL SERVICE®**



Parcel post – 1st class and ground 2-8 days delivery

Parcel Select – includes delivery confirmation & volume discounts

Media Mail – Books, CDs, video tapes, computer programs

Library Mail- Discounts for libraries

Bound printed matter – less than 15 lbs

Priority – Free shipping supplies. 1-3 day delivery; Max 70 lbs

Envelope \$7.75

- **Small box \$8.30**

- **Med box \$15.05**

- **Large \$21.10**

- **Regional boxes available with additional discounts**

Priority Express - 2 days; Max 70 lbs

- **Free shipping supplies**

- **Rates start at \$26.35**



Other USPS Services

- **Click & Ship Labels**
- **Discounted packaging shipping supplies**
- **Business Reps available to help tailor your needs.**
- **Insurance included**
 - * **Priority – up to \$50 insured**
 - * **Priority Express – up to \$100 insured**
 - * **Proof of mailing, tracking, signatures, etc.**
 - * **“Return” label support**
 - * **No residential surcharge**
 - * **Military and Diplomatic**
 - * **International shipping with easy custom forms**

- **Next Day Early Air –delivery approx. by 8:00 am**
- **Next day Air – delivery approx. by 10:30 am**
- **Next Day Air Saver – guaranteed by next day**
- **2nd Day Early Air approx. by 8:00 am**
- **2nd Day Air -2 business days**
- **3 Day Air**
- **UPS ground delivered 1-5 days**
- **Military and Diplomatic**



Other Services

- **UPS Returns Technology and “reverse” logistics**
 - Return requests directly connected from your website
- **Promo discounts – “Appreciation” and flat rates**
- **Automated UPS notifications and tracking to your customers**
- **Small business savings on packaging and shipping supplies**
- **Insurance liability for damaged or lost goods up to \$100**
- **Surcharge on residential delivery \$3.25 per delivery**
- **“Smart Pickup”**
 - Monthly fee**
 - Able to call for pickup same day**
 - *Insurance included for free up to \$100**
- **Extensive domestic and international online shipping support**



- **Same day**
- **Same Day City**
- **First Overnight arrives approx. by 8:00 am most areas**
- **Priority Overnight arrives approx. by 10:30 am most areas**
- **Standard Overnight arrives approx. by 8:00 pm**
- **2 day AM**
- **2 day**
- **Express saver**
- **Ground 1-7 days**
- **Military and Diplomatic**

Other **FedEx** Services

- **Simplified return labels can be connected to your website**
- **Promo discounts**
- **Small business savings on packaging and shipping supplies**
- **FedEx Ground Automated Pickup (24 hour notice)**

Monthly Fee

- **Insurance liability for damaged or lost goods up to \$100**
- **Surcharge for residential delivery \$4.40 per delivery**
- **Website difficult to navigate, although online support available**



Dalsey, Hillblom, Lynn

- **World's leading courier service**
- **Domestic Express services**
- **Extensive Online business support**

Who should pay for shipping? Seller vs Buyer?

61% of shoppers abandon shopping carts
because of
high or unexpected delivery charges.
It is the **#1** reason shoppers give for
backing out of an online sale.

Conditional Free Shipping

- **Add conditions to your free shipping, such as minimum order value, select items, or economy delivery.**
- **Set order amount with order value limit**
 - Take your average order amount and set your minimum order value 15% to 20% higher**
- **“This encourages shoppers to spend a little more to save on shipping. Amount should be low enough to be perceived as a promotion but high enough so you aren’t losing money.”**

-John Lawson , eBay Powerseller

Conditional Free Shipping

- **Offer free shipping on select items only (ie sale items, promos, new product line)**
 - **Items with low shipping cost (light weight) and enough markup to be profitable after shipping fees.**
- **Use free shipping as a promotional event**
 - **Limited time**
 - **Excite prospective buyers**
 - **Use social media, email marketing list to promote**
 - **Rewards or loyalty programs (ie free shipping on next purchase)**
- **Offer free economy shipping**
 - **Use longer delivery times for cheaper rates (ie USPS parcel post)**

Unconditional Free Shipping

- **Reduce customers service issues and complaints**
- **All your competitors are doing it**
- **Stand out from competitors who may not have free shipping**
 - **Offer all product, no minimum free shipping to separate yourself from the crowd.**
- **Pricey items that have high profit margin are affordable to offer free shipping.**

If you offer free shipping it is important to have healthy profit margins and strategies to control costs for product fulfillment and shipping.

Shipping Costs Considerations

- **Use shipping rate comparison software**
- **Use integrated online order fulfillment service**
- **Be transparent with shipping fees at checkout**
- **Be clear listing your fees at checkout**

Can you afford to offer free shipping?

Calculate all costs!

**marketing efforts + product costs and
assembly/manufacturing + packaging materials + shipping
materials + handling + return policy expectations + online
shipping platform monthly fees + office support + transaction
fees+ profit margin = CAN YOU AFFORD FREE SHIPPING?**

Resources

Easy to navigate online resources for small business support

- <https://www.shopify.com/>
- <https://www.squarespace.com/>
- <https://goshippo.com/>
- <https://www.try.shipbob.com/>
- <https://shippingeasy.com/>





Summary

- **Shipping strategies are a reflection of your business.**
- **Experiment and be creative.**
- **Customize your services to be sustainable and profitable for you.**



**“A small business is an amazing way to
serve and leave an impact on the world you
live in.”**

-Nicole Snow

Questions?

Cathy Roberts

(207) 322-8943

pieceworksinc@gmail.com