

# An SMB's Guide to e-Commerce Shipping



We know that entering into the world of e-commerce can feel daunting for most small and mid-sized businesses (SMBs) — but you don't have to go at it alone! Read Unishippers' comprehensive guide to learn everything you need to know about developing a successful e-commerce shipping strategy.

## LOOKING TO EXPAND INTO THE WORLD OF E-COMMERCE SHIPPING?

You've come to the right place!

It probably won't surprise you to read that the e-commerce industry is booming — and it shows no signs of slowing down!

**Year after year, online shopping sales continue to increase.**

And with consumers shifting from brick and mortar stores to digital channels, you may be thinking that **it's time to take your business online.**

With so much competition in the e-commerce space, **it's critical that you consider every part of your e-commerce strategy** — from product manufacturing all the way to final delivery — to ensure you set yourself apart from your competitors. **And an efficient shipping strategy is one of the most important elements to consider!**

A positive shipping experience can make all the difference to your customers — and keep them coming back for more. That's why Unishippers created the **SMB's Guide to e-Commerce Shipping**, where we cover all the important steps to take when:



Analyzing your e-commerce needs



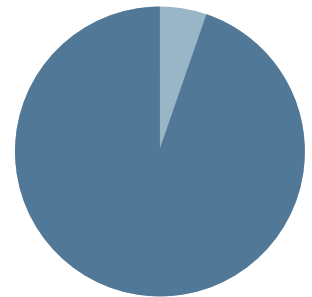
Developing your shipping strategy



Streamlining your post-purchase processes



**4 OUT OF 5**  
AMERICANS CURRENTLY MAKE  
ONLINE PURCHASES<sup>1</sup>



**95% OF ALL PURCHASES**  
ARE EXPECTED TO BE MADE  
VIA E-COMMERCE BY 2040<sup>2</sup>

**Ready to take your company to the next level by taking your business online?**

**Read on to learn how to create the best shipping experience for your online customers.**

## GETTING STARTED

### Carefully Consider Your Needs

Before you begin developing your e-commerce strategy in earnest, it's important to **take a step back and carefully consider the needs of your business — and your online customers.** What are the top goals for your e-commerce business? What do your customers want from your shipping policies? And what common shipping problems should you try to avoid?

You have to understand common pain points in the e-commerce space before you can create a strategy to avoid them! **While it may be tempting to jump right into strategizing, make sure to first consider the following:**

#### 1

### The e-commerce industry

Do you have a clear understanding of the current challenges that affect e-commerce shippers? **By understanding difficulties that arise in the e-commerce space, you can better prepare your strategy to navigate them.** You'll need to ensure your e-commerce business is set up to handle common shipping challenges, such as:

#### INCREASED E-COMMERCE COMPETITION

Like we said: the e-commerce industry is booming. And with an increase in online retailers comes increased competition. But don't let a little competition scare you — an efficient shipping strategy can help set you apart!

#### "NEED IT NOW" CONSUMER MENTALITY

With large companies like Amazon dominating the e-commerce market, many consumers have grown accustomed to lightning-fast shipping. SMBs looking to enter the e-commerce space need to learn how to balance demands for fast shipping with other important customer priorities — without breaking the bank.

#### CHANGES IN STAFFING NEEDS

With consumer purchases shifting from in-store to online, many businesses are noticing a need for larger fulfillment teams. However, SMBs looking to enter the e-commerce space may not be able to afford full-time fulfillment staff. That's where a third-party logistics (3PL) partner can come in handy!

#### LARGE DISTRIBUTION NETWORKS

Depending on the size of your business, you may be operating out of just one location — which means your packages may need to travel across the entire country (or further!). This can cause slower delivery speeds and higher rates for your long-distance deliveries, if you don't plan ahead.

#### LIMITED CARRIER CAPACITY

When there aren't enough trucks (or drivers) to keep up with current demands, SMBs that ship directly through their carriers may experience lower priority — which can mean slower delivery times and higher rates for your e-commerce shipments. Luckily, a 3PL can help get your orders on the truck during times of limited capacity.

#### RESIDENTIAL DELIVERY COMPLICATIONS

Residential deliveries require frequent stops, making it costly (and logistically difficult) for carriers that have separate ground and air networks. And while postal carriers can handle frequent stops, their smaller trucks and limited equipment make delivering bulky shipments a challenge. Luckily, UPS® has a single network for all air and ground deliveries, making them an efficient solution.



## 2

### Your customers

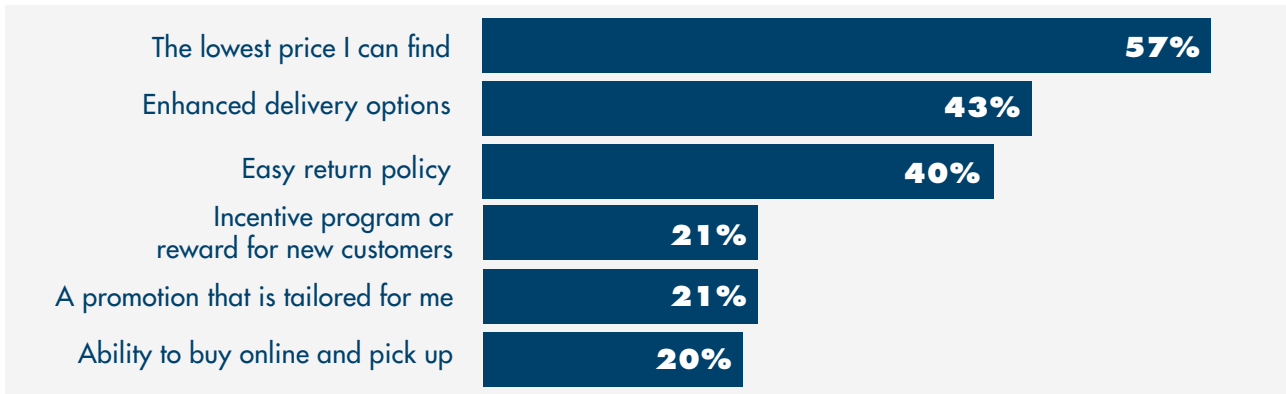
Your customers are another important (if not the most important!) consideration when contemplating your e-commerce shipping strategy. Your online business won't succeed without happy customers — which is why **prioritizing a seamless customer experience in all stages of the shopping and shipping journey is critical.**

To determine how to create the best experience for your customers, **you have to understand their unique needs and preferences.** Knowing what your customers care most about will help you better identify which aspects of the e-commerce shipping process you should prioritize when creating your shipping strategy. Plus, it will help you avoid spending unnecessary dollars on things your customers don't value.

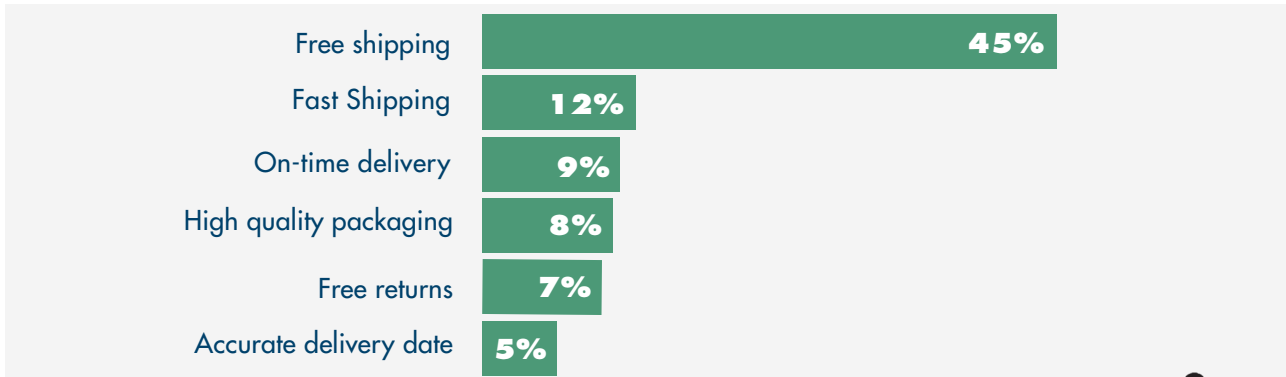


#### ACCORDING TO ONLINE SHOPPERS

Most important company attributes when deciding where to buy<sup>4</sup>



Top reasons for repeat purchases<sup>3</sup>



This data is a great way to get you thinking about your customers and their preferences, however, **it's also important to consider your specific audience and industry.**



**80% OF ONLINE SHOPPERS PREFER FREE OVER FAST SHIPPING<sup>3</sup>**

While it helps to know what e-commerce shoppers prefer as a whole, preferences may change based on your market. For example, fast delivery is important, but affordable shipping may be more top of mind for consumers purchasing large and heavy items like a treadmill.

**Consider ways to gather feedback and learn from your e-commerce customers**, such as offering an incentive for customers to complete a short satisfaction survey post-purchase. This can help you understand what your unique customers value most. **Taking a look at competitors in your industry can also offer valuable insights into shipping services that your customers value.**

### 3

## Your business (and your goals)

Once you have a feel for the potential roadblocks in your e-commerce shipping journey, as well as which shipping services are most important to your customers, it's time to establish clear goals for your e-commerce strategy.

### AS YOU BEGIN TO DEVELOP YOUR E-COMMERCE SHIPPING STRATEGY, WHAT IS YOUR MAIN OBJECTIVE?



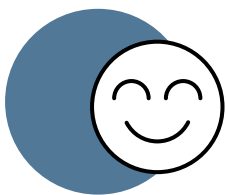
Driving repeat purchases



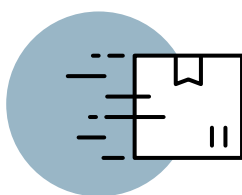
Increasing average order value



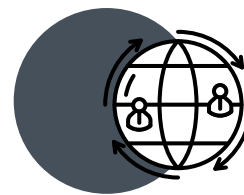
Growing profit margins



Limiting consumer costs



Improving operational efficiencies



Expanding target market

**Try to choose just one or two top priorities to drive your initial shipping strategy — then focus on other objectives once you've got an efficient strategy in place.**

## DEVELOPING YOUR SHIPPING STRATEGY

Once you have a clear understanding of the top priorities for your e-commerce business, it's time to start fleshing out the details of your shipping strategy. **Follow these steps to ensure you develop a shipping strategy that benefits both your customers and your bottom line.**

1

### Decide on a shipping method

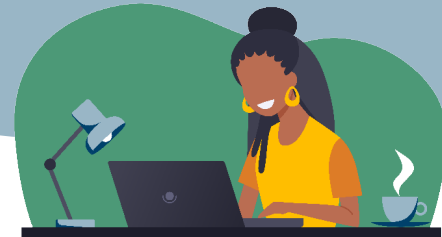
One of the first steps you need to take when developing your e-commerce shipping strategy is to determine which type of shipping you will offer your customers.

**Let's break down your options:**

#### FREE SHIPPING

Free shipping — when customers don't have to pay an additional fee to deliver their order — has become an increasingly popular option for online retailers in recent years. In fact, **offering free shipping is one of the best ways to reduce shopping cart abandonment.**

Free shipping may sound great, but it can also be expensive. We get it: many SMBs can't afford to offer the same discounted shipping rates as larger companies like Amazon. In fact, Amazon reportedly lost \$7.2 billion in 2016 due to Prime shipping!<sup>6</sup>



**75% OF ONLINE SHOPPERS EXPECT FREE SHIPPING — EVEN ON ORDERS UNDER \$50<sup>5</sup>**

**84% OF RESPONDENTS ADMIT TO ADDING ITEMS TO THEIR CART IN ORDER TO QUALIFY FOR FREE SHIPPING<sup>7</sup>**



**Instead of sacrificing profit to offer free shipping, consider one of these alternatives:**



Raise product prices to cover the full (or partial) cost of shipping



Offer free shipping only to specific regions (such as the contiguous United States)



Provide free shipping as an incentive to limited audiences, such as past customers



Offer free shipping after meeting a minimum purchase amount

## FLAT RATE SHIPPING

Another popular e-commerce shipping option is flat (or fixed) rate shipping. With flat rate shipping, you **select one standard shipping rate to charge all customers**, regardless of the items in their shopping cart.

Flat rate shipping is simple and easy to implement, however, this shipping method **works best if your products are relatively uniform in size and weight**. Otherwise, when shipping costs reach above your established flat rate, you're stuck paying the difference.

## TABLE RATE SHIPPING

Similar to flat rate shipping, table rate shipping allows you to **display multiple standard shipping rates at check-out** based on a predetermined condition, such as the product's weight or delivery destination. Like flat rate shipping, this method is **best if your products are similar in most physical characteristics**, or generally fall into a handful of well-defined price categories.

You can use this shipping method for **zone-based rates**, where cost is determined by each customer's shipping zone, rather than the product's weight or size. Since carriers use distance to calculate shipping rates, this **allows you to charge extra for long-distance shipments** — which can be especially beneficial if you have a large distribution area.

## LIVE CARRIER RATES

Another common shipping method is to display real-time carrier speeds and associated rates at check-out. This allows your customers to **select and pay for whichever delivery speed they prefer**.

A good 3PL partner with a transportation management system (TMS) should have shopping cart plug-ins or other integrations that allow you to **display your carriers' live, negotiated rates directly on your e-commerce site at check-out**.

## 2

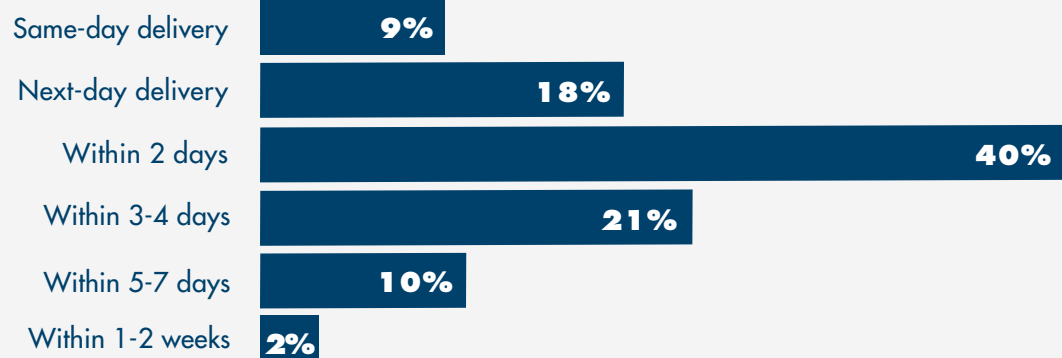
### Choose a shipping speed

Another crucial aspect of your shipping strategy is the speed at which your e-commerce orders are delivered. Remember that **fast delivery — while relative — is one of the most important factors to today's consumers!**

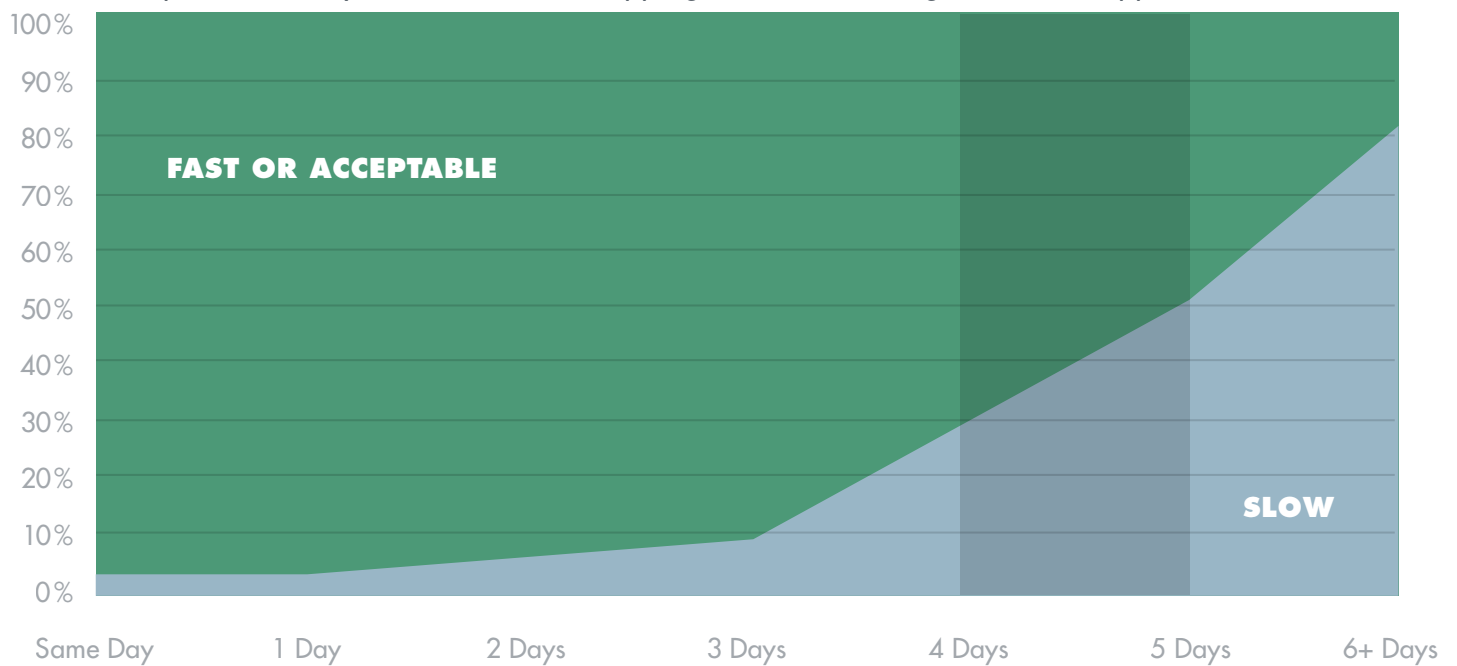


### CONSUMER DELIVERY SPEED PREFERENCES

Acceptable delivery timeframe, according to online shoppers<sup>8</sup>



Acceptable delivery timeframe when shipping is free, according to online shoppers<sup>3</sup>



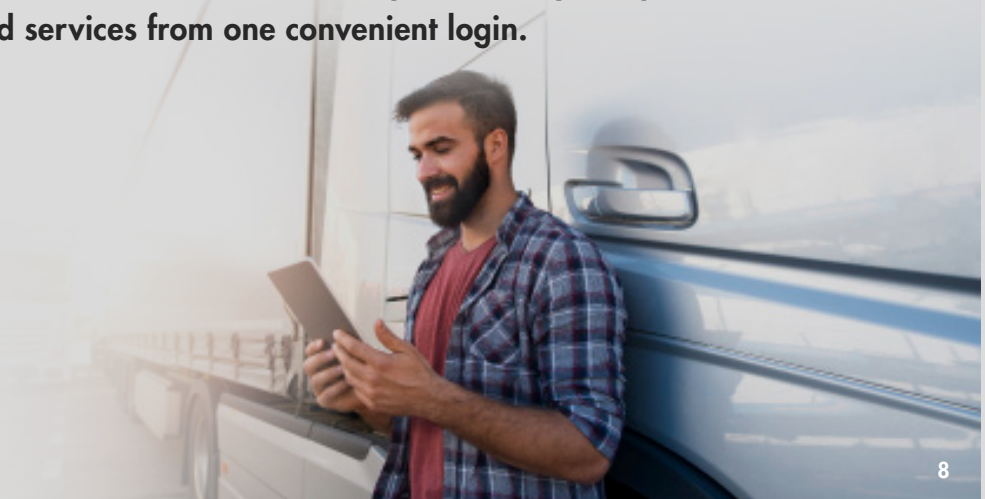
**The majority of consumers expect 2-day delivery for their online orders. However, if shipping is free, 4-5 days may be acceptable.**

### 3

## Select your shipping partner(s)

Once you've chosen your preferred delivery method and timeframe, it's time to determine which carrier(s) you plan to partner with. When selecting a carrier for your e-commerce shipping, **be sure to compare important factors such as price, coverage area, transit time and carrier reliability.** You may also want to evaluate which carriers have flexible pick-up options, since you'll want to select a carrier that can pick up your shipments at a time that's convenient for your business and your fulfillment schedule.

Since checking carrier rates on multiple sites can be time consuming, it's worth noting that **most 3PLs offer free access to a TMS, which allows you to easily compare carrier rates and services from one convenient login.**





## Set your shipping rates

Now that you've established the main elements of your e-commerce shipping strategy, you can **determine the exact shipping rates to pass along to your customers.**

Obviously, if you've decided to offer free shipping, this will be a quick step!

Whatever rates you decide to offer your customers, be sure to keep a close eye on your margins. **Shipping can be a significant expense for SMB retailers, so be sure to consider all of the associated costs** — small charges can add up fast, and you don't want them unknowingly eating into your profit margins.



### WHEN DETERMINING YOUR E-COMMERCE SHIPPING RATES, MAKE SURE TO CONSIDER:



#### HARD COSTS

Factor in additional expenses such as the cost of packaging and shipping, credit card fees and customs/duties (if you choose to ship internationally).



#### PACKAGE SIZE AND WEIGHT

The more space your package takes up on the truck, the more it will cost to ship!



#### DESTINATION

Carrier shipping fees vary based on the distance between the shipment's origin and final destination. If you decide to offer a flat shipping rate, be sure to offset the cost of shipping to far-away destinations.



#### ADDITIONAL SHIPPING SERVICES

Make sure to factor in the cost of any additional services you choose to offer, such as shipment tracking or insurance.

### Quick tips for reducing shipping costs:



#### USE PROPER PACKAGING

Keep the correct size of packaging on hand so you can ship your packages securely and without unused space, which can unnecessarily raise your shipping costs.



#### WEIGH & MEASURE PACKAGES

In order to get the most accurate quote and avoid additional charges, ensure that you provide the correct weight and measurements for all of your shipments (including the packaging).



#### CONSIDER COMMON FEES

Familiarize yourself with common accessororial fees — such as address correction, additional handling or residential delivery — so you can understand how to avoid them, when possible.



#### PARTNER WITH A 3PL

By partnering with a 3PL company, you can get access to discounted rates that are normally only available to businesses with larger shipping volumes.

## ESTABLISH & STREAMLINE YOUR POST-PURCHASE PROCESSES

Establishing your shipping strategy is a big step toward finalizing your e-commerce shipping logistics, but you're not done yet! It's time to consider your team's post-purchase processes.

To ensure your customers have the smoothest experience possible, evaluate your internal processes and policies for post-purchase events:



**1 OUT OF 3**

**CONSUMERS WILL STOP SHOPPING WITH A BRAND AFTER A POOR POST-PURCHASE EXPERIENCE <sup>9</sup>**

1

### Order fulfilment

Once an online order has been placed, how quickly can your fulfilment team get it out for delivery? Fast delivery doesn't mean much if your fulfilment times are slow!

**Consider these tips for efficient order fulfilment:**

#### ESTABLISH A DAILY PROCESS

Depending on your order volume, fulfilment can easily become a full-time job. **Do you have processes in place to get your e-commerce orders out the door without disrupting your entire day?** Evaluate your schedule and set aside a block of time each day that's dedicated to preparing orders for shipment.

If you don't have the resources to staff a full-time fulfilment team, **consider establishing a daily cut-off time for same-day order fulfilment** and post it on your website. You can even **schedule a daily pick-up with your carrier** so you have a deadline to work toward each day!

#### PLAN AHEAD FOR PEAK SEASON

No matter when your peak season may be, it's important to plan for it ahead of time in order to avoid any potential complications that could negatively impact customer experience. **Make it clear at check-out if fulfilment times will be slowed** during your peak season, and **plan your staffing ahead of time to ensure you can keep up with increased orders.**

If your busy period is during the holiday shopping season, remember that delivery times may also increase during periods of high demand. **Many carriers do not pick up or deliver on major holidays** — such as Thanksgiving, Christmas, New Year's Eve and New Year's Day — so be sure to check the carrier's website ahead of time and relay this information to your customers.

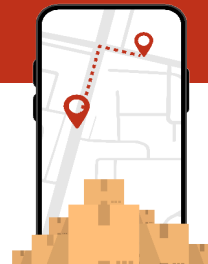
#### CONSIDER A MULTI-WAREHOUSE APPROACH

While this may not be feasible for all SMBs, **opening additional warehouses can expand your operational footprint and distribution network** — making it easier (and cheaper) to quickly deliver packages to consumers across the country and beyond. This also gives you some wiggle room if your fulfilment times are delayed, since delivery times will be shortened.

## 2

### Transparency in transit

With today's "need it now" mentality, waiting for a package to arrive can be frustrating for consumers. **E-commerce shoppers are more likely to become return customers when they don't have to jump through hoops to get their order delivered** — and when they're kept aware of the status of their order in transit.



**8 OUT OF 10** ONLINE SHOPPERS SAY THEY REGULARLY READ THEIR SHIPPING STATUS NOTIFICATIONS <sup>10</sup>

CONFIRMATION EMAILS WITH LINKS TO SHIPMENT TRACKING HAVE **2X THE CLICK RATE** OF THOSE WITHOUT <sup>11</sup>

Work to make the shipping process as simple and seamless as possible for your customers. **By communicating an order's status at every stage of the process — whether by email or push notifications — you can help develop customer loyalty and drive return purchases.** Over-communicating is better than the alternative!

## 3

### Returns

While many e-commerce businesses overlook the importance of a hassle-free returns process, **today's online shoppers expect easy "no questions asked" policies** — and will keep coming back if you offer one!



**39% OF ONLINE SHOPPERS ARE NOT SATISFIED WITH THEIR RETURNS EXPERIENCE** <sup>3</sup>

**CUSTOMERS ARE MORE LIKELY TO BE SATISFIED IF YOUR E-COMMERCE RETURNS PROCESS IS:**

#### CLEAR

Your return policy should be easy to understand and locate on your company's website.

#### FREE

Online shoppers value free return shipping. In fact, 79% of e-commerce shoppers expect free shipping on returns.<sup>12</sup>

#### FAST

70% of online shoppers are more likely to purchase from a brand again if their refund is received within 24 hours.<sup>3</sup>

#### SIMPLE

One way to simplify the return experience is to include return labels with each of your shipments — this will make it easier for your customers to send back returns when needed.

# Elevate Your e-Commerce Shipping with Unishippers

Navigating the world of e-commerce shipping can be tricky for any business — but it can feel especially daunting for SMB shippers. Luckily, you don't have to go about it alone!

Unishippers can help you develop a successful and efficient shipping strategy for your e-commerce business — and help you save time and money in the process.

**CONTACT US TODAY  
TO GET STARTED!**

[UNISHIPPERS.COM](https://unishippers.com)

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