endicia®

Time is Money:

How to Maximize Your Business' Shipping Efficiency

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By choosing the right shipping technology for your business you can automate specific tasks, eliminate uncertainty, and streamline the shipping process end-to-end—saving significant time and money. In this whitepaper we explore the various criteria that are most important to choosing the right shipping technology, and we take a close look at some of the innovative features and services available to ecommerce shippers today.

The time it takes to run a business can often inhibit its growth. That's why finding the right tools and technologies are paramount to success, especially when it comes to shipping. Taking too long to complete a task or spending time correcting mistakes can detract from your bottom line. But there are ways to streamline the shipping process and save dollars while doing it.

In fact — when it comes to streamlining shipping — you can do no better than explore the U.S. Postal Service® (USPS®). The Postal Service has historically offered the most affordable rates for packages weighing less than 5 pounds. And on September 7, 2014, the U.S. Postal Service introduced new lower rates for Priority Mail, making it an affordable alternative to FedEx and UPS Ground services for packages weighing between 5 and 20 pounds and going to zones 1-5. USPS also provides an array of solutions to maximize your business' efficiency.

Here are a few tips and tricks on how to make shipping easy, affordable and save you valuable time.

Choose the Right Technology

Shipping technologies can automate tasks so you can spend more time focused on growing your business. To find the right technology, take a look at your specific business needs. Then evaluate your software on the following criteria:

Ease-of-Use

If your online shipping software isn't intuitive, you'll waste time performing basic functions. Choose a vendor whose software is easy enough for anyone to use — that way you won't need to spend extra time bringing new or temporary employees up-to-speed.

Scalability

While it's important for software to be easy-to-use, it also needs to be able to support your growth. Look for a technology that offers basic and advanced features, or one that easily integrates with other ecommerce applications so that as your business grows, your shipping capabilities can grow with it.

Customer Communication

As your business expands, it gets harder to personally contact customers with shipping information. Automate this task by selecting software that notifies buyers with tracking information once their shipment is prepared.

Reliability

Be sure to examine your shipping software vendor's track record. Does it have frequent outages? Is its support system readily available when you need it? Finding shipping software that is dependable ensures that you'll be able to provide better service to your customers.

Simplify Returns

Returns are a reality of doing business, but they can also be time-consuming and expensive. Knowing how to streamline online returns — for both you and your customer — can reap dividends for your business.

According to a recent Endicia survey, when it comes to return shipping, 51 percent of online shoppers want it to be free, while 36 percent want it to be convenient. Luckily, the U.S. Postal Service offers accommodating options and affordable rates so you can minimize the cost of returns and create a positive retail experience.

Convenience

The USPS offers your customers several convenient ways to return their packages to you. Not only do they have over 33,000 Retail outlets, but they also offer over 180,000 collection boxes so customers can drop off their packages without waiting in line. Better yet, the USPS allows customers to simply hand-off packages to their Postal carrier, or drop them off in their home mailbox (if they're small enough to fit).

Cost Savings

The Postal Service has historically offered the most affordable rates for packages weighing less than 5 pounds. But, starting September 7, 2014, the U.S. Postal Service introduced new lower rates for Priority Mail. With this rate change in place, the USPS offers an affordable alternative to FedEx and UPS Ground services for packages weighing between 5 and 20 pounds going to zones 1-5. For more on the lowered Priority Mail rates, see the chart below comparing Commercial Base Pricing and Commercial Plus Pricing versus the private carrier rates.[1]

Return to Sender: What Consumers Want from Returns and Why it Matters

With ecommerce growing rapidly and free shipping becoming the norm, all eyes are on returns.

A survey sponsored by shipping technology leader Endicia revealed new insights from American shoppers.

WHAT DO CONSUMERS WANT?

Free return shipping — 51%
Easy + convenient return shipping process — 36%
Swift refund or store credit — 12%

46% of online shoppers keep purchases they don't want because returning it is too:
Inconvenient !!! — 40%
Expensive $$$ — 40%
Confusing ??? — 6%

Additional Sources: *Comscore 2012 Online Shopping Customer Experience Study

WHAT ABOUT RETURN LABELS?

62% want a return label right in the box*

61% want easy-to-print return labels*

WHY RETURNS MATTER:

THE NO. 1 REASON in-store-only shoppers refuse to buy online: **THE RETURNS PROCESS**

89% say they'll shop again at an online store after a positive returns experience

[1] Average changes and savings are in comparison to FedEx and UPS Ground services. $2.90 residential surcharge and 7 percent fuel charge factored into calculations.

Whether you choose to deduct the cost of return shipping from your customer's refund — or cover the cost of a return yourself — ensuring the returns experience is as hassle-free as possible can encourage repeat business. In fact, 89 percent of shoppers say they'll shop again at an online store following a positive returns experience.

Offering convenient returns doesn't mean your business has to take a hit by pre-paying for return shipping labels either. Endicia recently announced an innovative new service called Pay-on-Use Returns that allows businesses to provide USPS return shipping labels to customers that aren't charged for postage until the return label is scanned in the mail stream. This is a first for the electronic postage industry, and an enormous time and money-saver for businesses.

Commercial Base Pricing (CBP) & Commercial Plus Pricing (CPP) versus FedEx/UPS Ground, Zones 1-5				
Zones 1-5	**CBP**		**CPP**	
Category	Avg. $ Change	Avg. Savings	Avg. $ Change	Avg. Savings
0-5 lbs	-4.41	-39%	-5.67	-50%
5-10 lbs	-3.12	-25%	-5.42	-42%
10-15 lbs	-2.41	-17%	-4.92	-36%
15-20 lbs	-1.94	-13%	-3.77	-25%

Pay-on-Use Return Shipping Label

In the past, sellers would need to pre-pay return labels — paying for shipping that might not be used for weeks or months. They would then need to monitor these return labels and request refunds for those that went unused. But with Pay-on-Use Returns, businesses no longer need to pay an up-front and out-of-pocket expense for shipping; nor do they need to spend time monitoring and requesting refunds for unused labels.

Pay-on-Use Return labels can be included in a customers' outbound package or sent via email upon request. Either way, customers (and businesses) win when return shipping is maximized for cost and convenience.

Streamline International Shipping

More than 8 percent of a U.S.-based business' online orders come from international locations, but only 27 percent of U.S.-based e-tailers are equipped to handle global ecommerce.[2] Make sure your business isn't left behind by taking a hard look at your international shipping operation.

"But what if I don't 'do' international shipping?"

While it's true that global shipping can be tricky, offering it can increase revenues and give your business an additional source of income that isn't directly tied to your home economy.

The main challenge with international shipping lies in understanding the myriad forms required and navigating each country's shipping, prohibitions and restrictions. This is a very time-consuming proposition when done manually. regulations Completing a form incorrectly, or completing the wrong form, can result in expensive penalties, rejected shipments and disgruntled customers.

Luckily, technology can help.

Look for electronic postage software — like Endicia — that can help you choose the correct customs form for your shipment, automate the completion of the form and print an integrated shipping/customs label with an electronic signature and date/time stamp. This will help to ensure you avoid delays in getting your package to its destination.


An integrated shipping/customs label from Endicia

[2] MCM Outlook 2014 Survey results, http://multichannelmerchant.com/news/global-sales-make-8-75-u-s-based-ecommerce-orders-15032014/#_

Also look for technology that can help you navigate a country's shipping restrictions and bans. Each country has a different list of prohibited or restricted items, and they are constantly changing. Not knowing what these restrictions and prohibitions are can cost you a great deal of time and money.

Endicia's International Mail Advisor is one tool that takes the pain out of researching shipping bans by alerting you to a country's restrictions.

With the right shipping technology in place, you won't be caught off-guard the next time you try to send a pack of saccharine tablets to France.
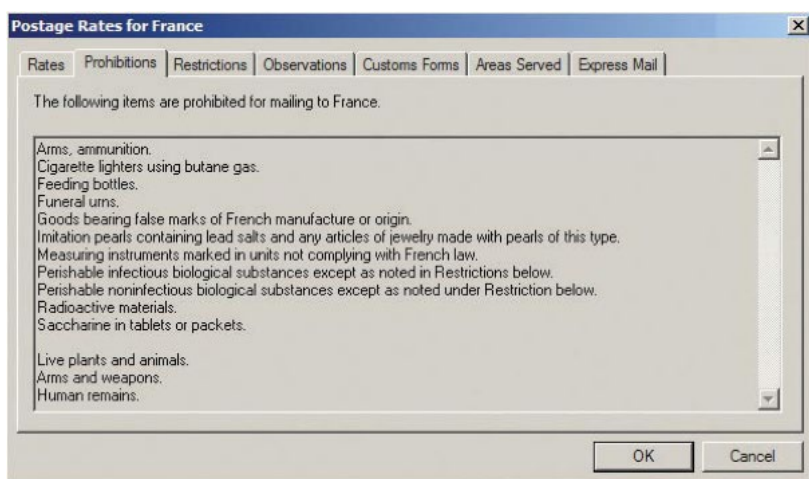
International Mail Advisor alerts
users to specific country bans

And, don't worry about losing track of your international packages, because the U.S. Postal Service offers free international Delivery Confirmation for all services. Delivery Confirmation International includes the date and time of delivery or the date and time that delivery was attempted. Senders can check delivery status online by going to www.usps.com and clicking "Track & Confirm."

Verify Addresses

It doesn't take much for a package to be delivered to the wrong address — a typo in the street name, a missing apartment number, the wrong digit in the zip code. But these mistakes can be costly and take valuable time to correct. Not to mention, they delay delivery which disappoints customers.

Address verification is a necessary component of any successful shipping operation, but private carriers — like FedEx and UPS — tack on surcharges for this service.

The U.S. Postal Service offers a comprehensive address verification system, and technology allows you to access this service as part of your shipping program, making it easy to ensure your packages are headed in the right direction.

Electronic postage software, like Endicia, automatically verifies domestic addresses before you print your label using the Postal Service's address matching system. The system corrects typos and formats your addresses to the USPS standard ZIP+4 code, which helps speed delivery. Endicia can also alert you if an address:

Address Verification

- **Has multiple matches.** For example, an apartment building where the address is missing the apartment number.
- **Is a home or business.** So you can consider delivery options like Signature Confirmation.
- **Is valid:** Endicia uses USPS Delivery Point Validation to determine whether an address actually exists.

Negotiate Lower Pricing and Beware of Surcharges

As an online seller, it's in your best interest to find the lowest shipping rate available for your customers. Speak with your carriers to negotiate lower pricing, but be sure you understand exactly what you're paying.

Ask about surcharges for fuel, as well as residential, rural and Saturday delivery — these are common fees tacked on by private carriers, such as FedEx and UPS. Also be aware of net minimum charges and dimensional weight pricing (more on that below).

The U.S. Postal Service does not apply fuel surcharges, nor does it charge extra for services such as residential, rural and Saturday delivery. And it offers deep discounts for shippers who use an electronic postage provider, like Endicia, over what they would get at the Post Office retail counter. Here's a breakdown of the different pricing tiers:

Retail Price

Retail pricing refers to the standard counter price for postage at the Post Office or other physical retail locations.

Commercial Base Price (CBP)

Commercial Base pricing refers to the discounted postage price for certain mail classes available to electronic postage users.

Commercial Plus Price (CPP)

Commercial Plus pricing refers to deeply discounted postage prices for certain mail classes available to qualified high-volume shippers.

Users of electronic postage services, such as Endicia, automatically receive USPS Commercial Base pricing upon sign-up or Commercial Plus Pricing, if they qualify.

Choose the Right Shipping Method

The shipping method you choose has a direct impact on your pocketbook. To make it easy for you, we've outlined some of the top shipping changes you need to know about.

Dimensional Weight Pricing

FedEx and UPS recently announced that they would soon be switching to Dimensional Weight Pricing. This means packages will be charged according to size in relation to weight.

As an example: a box of 30 rolls of toilet paper weighing 5 pounds will now be billed as if it weighed 21 pounds by FedEx and UPS, because of the amount of space it takes up in a plane or truck. So if your business specializes in large, lightweight products, you may want to explore alternative carriers, such as the U.S. Postal Service.

Dimensional Weight Pricing goes into effect on December 29, 2014 for UPS, and January 1, 2015 for FedEx.

Lower Priority Mail Rates

There's good news for those shipping products heavier than 5 pounds! The USPS has just announced it would be lowering Priority Mail rates for those who qualify for Commercial Base Pricing and Commercial Plus Pricing. This rate decrease specifically targets packages shipped between zones 1 and 5 and especially benefits those shipping packages weighing between 5 and 20 pounds.

Businesses using an electronic postage vendor, such as Endicia, will see these savings automatically — and they are 42 percent lower for shippers who qualify for Commercial Plus pricing than comparable services from FedEx and UPS.[3]

This is a huge opportunity for cost savings — and time savings! Priority Mail can deliver a package in 1-3 days, even if it's going coast-to-coast (across 8 zones), compared with 5-6 days via UPS or FedEx Ground.

The new Priority Mail rates went into effect on September 7, 2014.

USPS Priority Mail vs. FedEx and UPS Ground (Commercial Plus Pricing)[4]

For a package weighing 5 - 10 pounds	
$5.42 Average dollar savings per package	**42%** Average savings over FedEx and UPS
In *one year*, this translates to:	
Number of Packages Sent per Day	**Dollar Savings with USPS Priority Mail**
20	$39,672
50	$99,186
150	$297,558
300	$595,116

For a package weighing 10 - 15 pounds	
$4.92 Average dollar savings per package	**36%** Average savings over FedEx and UPS
In *one year*, this translates to:	
Number of Packages Sent per Day	**Dollar Savings with USPS Priority Mail**
20	$36,012
50	$90,036
150	$270,108
300	$540,216

Inspect Your Packaging

With the U.S. Postal Service's Flat Rate and Regional Rate boxes, the cost of shipping is determined by the package type instead of the weight, making it an excellent option for saving money. And with Priority Mail, you know packages will be delivered in 1-3 days, meaning your customers will get their shipments quickly.

To break it down, Priority Mail Flat Rate boxes are ideal for shipping heavier items over long distances, while Priority Mail Regional Rate boxes work best for shipping heavier items short distances. Here's what you need to know:

Priority Mail Flat Rate
- Pricing is based on the box — if it fits into a Priority Mail Flat Rate box and weighs less than 70 pounds, it ships anywhere in the United States for a flat rate.
- There are several box sizes to choose from, ranging in price from $5.60 to $17.45.

Priority Mail Regional Rate
- Pricing is based on the box as well as its destination, with an advantage toward shorter distances.
- USPS Priority Mail Regional Rate Boxes are available in three sizes with prices that range from $5.32 to $57.39.
- Depending on the Regional Rate box chosen, weight limits range from 15 to 25 pounds.

[3] In comparison to FedEx and UPS Ground service for a package weighing 5 - 10 pounds and shipped across 5 zones. $2.90 residential surcharge and 7 percent fuel charge factored into calculations.
[4] Shipped across 5 zones. FedEx/UPS Ground. $2.90 residential surcharge and 7 percent fuel charge factored into calculations.

Get Help with Your Shipping

With the USPS and Endicia, you don't need to break a sweat — or break the bank. Endicia offers a range of solutions for online sellers and warehouse shippers. Our service plans start for as little as $9.95 per month for the Endicia Standard service plan, a basic plan that is perfect for mailers and those who ship an occasional package, and go to $34.95 per month for an Endicia Professional service plan. Endicia Professional is a scalable warehouse shipping solution offering features such as rate comparison and Pay-on-Use Return shipping labels.

For a full list of Endicia service plans, visit http://www.endicia.com/segments/all-products

For other time and money-saving tips, visit www.endicia.com

Or contact an Endicia sales representative at sales@endicia.com