

Hidden Costs Impact Businesses

Endicia® Survey Shows Many Companies Are Unaware Of Full Costs Of Shipping

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In the midst of a receding economy with increasing commodity prices and high fuel costs—and the holiday shipping season right around the corner—many businesses are seeing rising shipping costs. A recent Endicia® survey of more than 500 small businesses that sell goods online reports that 84 percent have seen their annual shipping costs increase this year.

The survey also revealed that more than 40 percent of these companies say that they incur a fuel surcharge from their shipping carrier. At the same time, more than one third (34 percent) of the surveyed businesses do not know if their shipping provider has instituted a fuel surcharge.

Fuel surcharges of private carriers range from 8.25 percent of shipping costs for ground service and up to 28.5 percent of shipping costs for air service. Unlike private carriers, the USPS attaches no fuel surcharge to any of its shipments. Additionally, through approved online postage vendors like Endicia, the Postal Service can offer competitive shipping services to private carriers.

“The shipping service a business uses can have a profound impact on the bottom line and should be a high priority on the expense review,” said Harry Whitehouse, Endicia’s chief development officer. “Now, with DHL announcing its retreat from the domestic U.S. market, shippers have fewer choices, making the cost savings offered by the USPS and Endicia even more critical to a company’s shipping mix.”

For example, according to the U.S. Postal Service online postage price calculator, a 2-pound package shipped overnight 600 miles to a residential address on a Saturday will cost the shipper of \$24.65. With the typical private carrier, the higher base rate and surcharges would bring the cost to over \$72.00—residential delivery (\$2.35), Saturday delivery (\$14.50) and fuel surcharge (\$16.52). The Postal Service does not charge extra for residential or Saturday delivery. Nor does the USPS charge an address correction fee—another common private carrier surcharge that can tack on as much as \$6.00 per address.

“As you can see, the surcharge costs alone may be more than the actual price of shipping the package,” explained Whitehouse. “By shipping with the U.S. Postal Service through online providers like Endicia, businesses have a great way to cut their costs.”

The lower base cost is only one of the ways the U.S. Postal Service helps companies save money on shipping. The Postal Service offers exclusive discounts to customers purchasing their postage through an approved online vendor like Endicia—saving shippers up to an additional 3-8 percent on certain classes of postage over retail prices. These special online discounts, coupled with Endicia’s easy-to-use software, create a winning business proposition that allows shippers to further reduce their shipping costs with the USPS compared to retail.

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Endicia boosts the USPS's online shipping and pricing options by adding significant enhancements, such as database integration, batch processing, and reporting tools – all comparable to services offered by private carriers. Endicia is ideal for e-commerce, including online sellers, fulfillment providers and retailers with lightweight shipping needs--for instance, eBay sellers, jewelry dealers and resellers, clothing retailers, toy retailers and more.

According to Endicia's survey, companies that spend more on shipping tend to pass that fuel surcharge on to their customers. When asked, 58 percent of surveyed companies that spend under \$500 each year on shipping absorb the fuel surcharge themselves. For companies spending more than \$10,000 annually on shipping, it's the opposite—approximately 60 percent pass the fuel surcharge on to customers.

"We all want to reduce costs, so we can keep our prices low in this economy," said Whitehouse. "We're happy to offer businesses a means to ship at significantly lower costs--especially during the holiday season."

For more information on Endicia and cost savings for businesses, go to www.endicia.com.

Fuel surcharge percentages based on November 3-November 30 published rates on www.fedex.com and www.ups.com. Private carrier rate figures based on cost calculator rates on www.ups.com.

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- The Specialty Printing and Labeling Platform is comprised of DYMO® labeling, postage printing and CD/DVD printing solutions (www.dymo.com).
- The Analog to Digital Platform is comprised of CardScan® business card scanners and contact management software featuring CardScan At Your Service™ (www.cardscan.com), and DYMO File™ software that turns paper documents into digital files (www.dymofile.com).
- The Internet Postage Platform is comprised of Endicia® online shipping and mailing solutions, (www.endicia.com) as well as its customized postage solutions (www.pictureitpostage.com).
- The Classroom Technology Platform is comprised of mimio® interactive whiteboards and digital ink recorders (www.mimio.com).

These global technology brands complement the growing family of leading Newell Rubbermaid brands including Calphalon®, EXPO®, Goody®, Graco®, Irwin®, Lenox®, Paper Mate®, Parker®, Rolodex®, Rubbermaid®, Sharpie® and Waterman®.

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