

SHIP SMART

CHOOSE THE RIGHT BOX AND THE RIGHT SUPPLIES

- Use sturdy boxes with flaps intact. For heavier items, use double-wall boxes. Keep within the weight specifications for your box.
- Make sure your box is large enough to support adequate padding around the contents. Position your item in the center of the box and surround it with cushioning such as bubble wrap, packing-peanuts, densely packed shredded paper, or foam pads. Use enough packing material (ideally, one inch on all sides) so that the item does not shift during transit.
- Use tape designed for packing, not duct or masking tape. Use the “H-Tape” method to securely close all of the box flaps.
- Do not wrap the outer box with paper or string, which can get caught in automated processing equipment.
- Label your package properly. Position the address label squarely on the largest surface, and provide complete sender and recipient addresses, including phone numbers and zip codes. Put the recipient’s address and your return address inside the box as well.
- Ship it green. Use the smallest box possible while adequately protecting your item. If you have to reuse an exterior box, make sure it is in good condition with no holes, tears or corner dents. Remove any old labels to avoid confusion.
- For fragile items, double box the gift for more protection while shipping.—*Jim Tierney*



FREE SHIPPING DONE RIGHT

- Offer a flat rate for low-value orders.
- Provide optional upgrades. Whether they offer ground shipping for free, for a flat rate or at cost, many online retailers give customers the option to upgrade to faster delivery service for a fee.
- Offer free shipping for minimum purchase.
- Offer free shipping for a limited time.
- Incorporate or eliminate shipping fees. Customers may be more likely to make purchases when free shipping is incorporated into the price of an item. —*JT*



SHIPPING TIPS



INTERNATIONAL SHIPPING

Always identify the harmonized classification of the item you are shipping. Assistance with classification is available with online shipping tools offered by all three small package carriers. A helpful classification tool is available at <http://www.census.gov/foreign-trade/schedules/b/>.

Freight forwarders or small package carriers can help with any duty or tax issues your customer could face.

The small package carriers are best for packages weighing less than 70 lbs. for the whole shipment and business-to-business shipping.

Freight forwarders are best for packages weighing 220 lbs. or more, and for more complex shipments such as hazardous items and shipments that require

customs-broker clearance due to the nature or value of the shipment.

Always check with the international consignee in case additional destination import paperwork is needed.

Be sure that the country of origin marked on the piece matches what your export invoices states. Take advantage of technology to organize paperwork. Accurate and complete documentation is a critical component of international shipping. Governments require documentation to monitor and regulate the movement of goods across borders. Missing or inaccurate information can delay shipments or prevent them from arriving on time.

Gain an understanding of country-specific regulations and requirements. Many countries restrict or prohibit certain commodities from being imported or exported, depending on the intended use, quantity and value. —JT

CONTRACT SHIPPING

A shipping contract should be a fair agreement for both sides, with terms and conditions clearly delineated. But these agreements can often contain difficult to interpret terms or conditions, which could affect your shipping costs. Don't be afraid to seek outside professional assistance.

Solid shipment-characteristic data is vital to achieving reasonable contractual discounts. It's worth the time and effort to convert last year's shipment data and this year's sales projections into accurate, detailed shipping-volume estimates.

Carrier contracts are actually pricing agreements, and typically do not mention the word "contract."

These agreements have a 30-day cancellation

provision, by either party and without cause.

Discounts for domestic, import, export and third-party shipments should be included if they all have a potential to be used.

Some pricing agreements include provisions that may limit your flexibility, either in the event that you're shipping volume decreases, or that you wish to explore other carrier options. These provisions can be in the form of tier-based incentives, deferred incentives, reduced discounts, rebate checks, or even cash penalties if certain conditions are not met. As a general rule, avoid these provisions whenever possible.

Dimensional charges are another hot topic, since a number of carriers continue to lower their dimensional factors, which can raise costs on packages with less than favorable cube characteristics. —JT

Shipping System TIPS

With an automated shipping system in place, companies can ship faster with more flexibility and better visibility into the process.

ECOMMERCE DATA INTEGRATIONS ▶ Online postage software can help streamline your label print systems. The software will import sales data from marketplaces like eBay and Amazon, as well as shopping cart software, XML fees or ODBC connections. This process eliminates cut-and-paste and allows you to manage and print shipping labels from multiple sources using one interface

KEEP PERISHABLES FRESH ▶ Ship perishable items on a Monday, Tuesday or Wednesday, ideally via next-day delivery. When shipping perishables on a Thursday or Friday, make sure they can endure very hot or cold temperatures for up to four days. —JT



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SHIPPING TIPS



TIPS FOR REDUCING COSTS FOR PARCEL SHIPPERS

Every January, UPS and FedEx increases pricing an average of 5%-6%, but these General Rate Increases (GRI) are negotiable. Add language to your carrier agreement that caps the annual increase at 2% per year. For example, if the GRI is 5.9%, and you've negotiated a two-point reduction, your effective rate increase is only 3.9%.—JT

▶ RENEGOTIATE PARCEL PRICING AGREEMENTS

Before sitting down at the negotiating table, shippers should analyze service usage, expenditures, accessorial charges and other variables.

Shippers should identify the impact of add-on fees for residential deliveries, extended areas, fuel surcharges, weekly service fees and other handling charges. There are more than 100 of these accessorial charges that make up to 30% of

overall shipping costs. Quantify which surcharges have the greatest cost impact on your business and target those accessorial charges for waivers or reductions during negotiations.

If possible, conduct benchmarks to determine what range of discounting is possible and how your rates compare to other shippers of similar size. If you can't benchmark internally, third-party consulting companies can conduct benchmark studies by industry and carrier, as well as by package volume.—JT

▶ INCREASE USE OF USPS, REGIONAL CARRIERS AND DEFERRED SHIPPING OPTIONS

Thirty percent of ecommerce shippers surveyed have shifted some UPS and FedEx packages to less costly alternatives such as the U.S. Postal Service, regional carriers and parcel expeditors—no surprise, since Priority Mail, First Class Parcel Service and other USPS products can cost up to 70% less than comparable services with FedEx and UPS.

Regional carriers, which serve specific regions within the U.S., are ideal for shippers with multiple distribution centers, especially if the DCs are aligned to the regional carrier's delivery footprint. Regional carriers like Eastern Connection, Lone Star Overnight, On-Trac, Spee-Dee Delivery, Pitt Ohio and others offer reliable parcel delivery services at rates as much as 40% less than national carriers.

Consider adding deferred, residential ground alternatives to your website; these may take a day or two longer—but at a fraction of the cost.

Parcel expeditors, like Streamlite, specialize in lightweight, low cost, residential deliveries at rates often lower than USPS pricing. Other benefits include improved shipment visibility and less handling and damage. Parcel expeditors speed delivery with USPS providing the "last mile" to residences, while some expeditors offer rates lower than First Class and ounce-based rates for packages less than 1 pound.

A qualified freight audit firm can produce weekly savings between 1% and 15% of the total weekly parcel invoice.

Another operational strategy to reduce logistics costs is to drop ship orders from vendor locations.—JT



● AVOID DELAYS WITH ADDRESS VERIFICATION

Before you print shipping labels, be sure to verify delivery addresses so your mail isn't returned or delivery delayed. You can verify addresses online or use a PC postage tool.

● AVOID DELAYS BY SECURING YOUR PACKAGES

Consider how weather might impact delivery and take steps to properly seal your packages. Tape the opening of your box

and reinforce all seams with 2-inch-wide tape. You can use clear or brown packaging tape, reinforced packing tape or paper tape but not use cord, string, twine, masking or cellophane tape. Place a strip of clear packaging tape over your label to prevent the address from smearing.



● AVOID PAYING FOR UNNECESSARY USPS EXTRA SERVICES

Mailers often use USPS Certified Mail to show proof of mailing. But if you only need proof of mailing and not a record of delivery, then there is a more cost-effective option: Certificate of Mailing. This service is less than half the price of Certified Mail and is available for First-Class Mail, Priority Mail, Parcel Post and Media Mail.—JT

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