

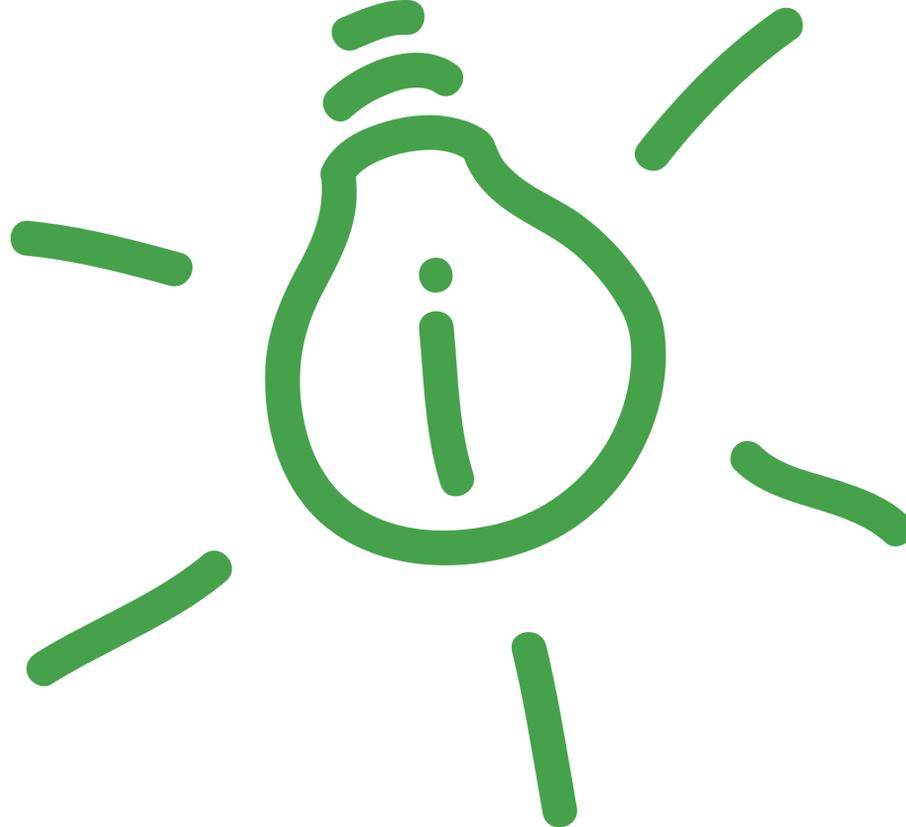


SHIPPING 101 for Dummies

14 stellar pages of shipping tips, tricks and tactics.

- TABLE OF CONTENTS -

Introduction	3
Domestic Shipping	4
Zones	4
Carriers	4
Dimensional Weight	5
Insurance and Claims.	6
Tracking Numbers	6
International Shipping	8
Carriers	8
Customs and Tariffs	9
Fraud	10
Setting Up Shipping Methods for your Store	11
Tips & Tricks	13



- INTRODUCTION -

Hard as it is to imagine, there was a time when we at ShipMonk knew nothing about shipping. Printing labels, choosing carriers, picking just the right size box or the appropriate packing tape — all that was as foreign to us as listening to Justin Bieber (for most of us anyway). Those days are long gone, for we are now self-elected shipping experts, gurus, and pros! That being said, we also feel a responsibility to spread the wealth of our knowledge around, starting with this article. It's a basic overview of what you should know and what you should watch out for before you start shipping. So whether you ship your stuff yourself, or use ShipMonk as your fulfillment partner, these tips — gathered by us, your humble shipping experts, gurus, and pros — will definitely help you!



- DOMESTIC SHIPPING -

Nothing's easier than domestic shipping, right? Right! Absolutely! There are a few things you should understand about domestic shipping, though, so here we go.

ZONES

You need to know only one thing about shipping zones. You need to know that, depending on the carrier, each destination zip code lies in a specific zone. For example, if you're shipping from Florida to California, you're shipping to Zone 8. It's only logical that would be the most expensive. Shipping to Zone 1, though, would be the cheapest possible method because it's literally next door. Zones influence delivery times and cost. But that's all you need to know about zones.

CARRIERS

In addition to the big guys — USPS, Fedex, and UPS — we'll tell you about one more. All of them do everything from delivery to pickup.



USPS: USPS — United States Postal Service — is government-owned, so it is (you guessed it) the least reliable. Furthermore, getting a live body on the phone at USPS is like trying to swim in a frozen river. It just ain't gonna happen. Still, their services are affordable and reasonably reliable, so your friendly neighborhood USPS guys are a decent choice for shipping your lower-value products.



FedEx and UPS: Because these two carriers are essentially the same when it comes to both pricing and services, we'll bundle them together. These guys are reliable, have good customer service, but they're often a bit more expensive. Their services are also "guaranteed," meaning if you ship the package overnight, and the package doesn't get there, you get your money back. Yay! That's a great option for packages that need to get there fast, or that are way too heavy to ship with somebody else.



DHL eCommerce: A lesser known carrier to most, DHL eCommerce utilizes its own domestic network to deliver your package to its final zone, and then hands it over to the local post office to take it from there. ShipMonk has found DHL eCommerce to be the most reliable and efficient shipping method for packages weighing 0-5lbs. Easy claims processing and consistently reliable delivery times make DHL eCommerce the #1 choice for most of ShipMonk's customers.

D I M E N S I O N A L W E I G H T

Have you ever seen those "additional FedEx charges" on your invoice and wondered what those are? Well, those are dimensional weight charges. FedEx doesn't want you to ship a package that weighs 2 ounces in a 15x15x15 box. ShipMonk's sophisticated 3D packaging software always calculates the most efficient way to pack your stuff, but occasionally, if the ratio of weight to dimensions is small, you'll get hit with an upcharge.

Dimensional weight is calculated as follows:

$$\text{Length} \times \text{Depth} \times \text{Height} / \text{Dimensional Factor}$$

For most domestic shipments dim factor [Dimensional Factor] is 166. For most internationals it's 139. If the Dimensional Weight is greater than the actual weight, then you pay for dimensional weight.

INSURANCE AND CLAIMS

Sh*t happens. Packages get lost. Stuff gets damaged. With almost all domestic carriers, your packages are automatically insured up to \$100.00 USD. So if something happens to your package — doesn't get delivered, arrives damaged, whatever — you can file a claim directly with ShipMonk (or with your carrier if you're shipping yourself).

And: You can always insure your package for more money if you want.

HERE'S THE TRICKY PART

What happens when the tracking number says it's "been delivered," but the customer is claiming he has never received the package? Is he lying? Kinda tough one too, huh? Are you going to call your customer out? Probably not. This rarely happens, but it does.

The problem is that 95% of the time your claim won't go through because the package has been scanned as delivered. Most people that make deliveries often scan all the packages when they get on the truck, then drop them off at the place of delivery without double-checking. Sometimes they forget to scan, or they deliver to the wrong address, or the packages get stolen off the front porch, or gets eaten by the proverbial neighbor's dog. Whatever the case, you're out of luck because you are definitely not getting your money back on this one.

Work around tip: For an additional 40 cents per package, you can use ShipMonk's shipping insurance — on top of the carrier insurance — to give you a full refund even if the package says delivered.

TRACKING NUMBERS

"You mean those little strings of numbers that keep my customers happy and stop them from emailing me daily?"

Yep, those are tracking numbers! Unless, of course, the tracking doesn't update! That's a nightmare! Why does that happen?

A few reasons:

- 1) The carrier picks it up but never scans it. Technically the package should be scanned at the terminal, and it almost always is, however exceptions do occur.
- 2) The label never prints — which means there's a label-less package floating around somewhere in the warehouse. This usually happens because the printer ran out of memory while running an unusually large batch. Again, this is exceedingly rare.
- 3) The carrier loses the package on the way to the terminal. This one is seriously tough because you usually have no recourse: No Scan = No Recourse.
- 4) The package is abducted by aliens. This one sucks the most. Once they start doing that, they never stop!





- INTERNATIONAL SHIPPING -

Alrighty then, you decided to do it! You're going to open the floodgates of the entire shipping world! Wow! Well done. Also, be very careful, because there are a few other things you should be aware of:

CARRIERS

For international shipping, again you're looking at the following carriers — FedEx, DHL Express, DHL eCommerce, UPS, and USPS.

 **FedEx & UPS:** Unless you're shipping thousands of international packages each month, these guys probably won't be cost-effective enough to justify their services, but...with ShipMonk you can receive up to a 70% discount shipping with FedEx. This is great if you're shipping higher-valued products, so you can rest assured that you're getting the most reliable service.



DHL Express: Their retail rates are near-astronomical, but with a reasonable amount of negotiation skills (or taking advantage of their resellers), you can get some pretty decent discounts. Naturally ShipMonk offers you the best possible rates that you couldn't find anywhere else. (Yup, our negotiation skills are rock solid!). Either way, DHL Express is your best bet when shipping internationally. It's more expensive than the USPS or DHL eCommerce, but it's so much more reliable. And they deliver within 2-4 days, almost anywhere in the world! (Their own trucks do the last mile delivery.)



USPS: Ouch! What was that? The tracking didn't update...again? Yep, that's typical when you try to ship internationally with USPS. Their services are reasonably economical, but not very reliable. It really all depends on where you're shipping, but in most cases, your customers will be waiting a while — a long while! These USPS guys deliver the package to the final destination then hand it over to the local post office.



DHL eCommerce: Definitely the best bang for the buck! Pretty reliable and very affordable. Delivery times are a little long, but you also have a long list of services to choose from. DHL eCommerce has relatively high minimums, so unless you're using ShipMonk (hint hint), you probably won't be able to take advantage of their services. These guys also deliver the package to the local post office, then, gets delivered to the final destination.

CUSTOMS AND TARIFFS

Probably the toughest part of shipping internationally is duties and taxes. Packages get stuck at the border, so people have wait and then have to pay money... Not fun! As most of you are already aware, every time you export a package to a foreign country, there's usually some type of import fee or tax associated with it. Most countries have an "exception" for low-value items, but not all. For every international shipment, you have to fill out a "customs declaration." This basically tells the customs broker what's inside the box and how much it's worth. Based on this value, your customer pays the duties and taxes.

A lot of people choose to "cheat" and declare the item as "lower value." We at ShipMonk definitely do not recommend doing that. You're risking more than just delays and items being held up — occasionally you may get a call from the customs office. Not good. But just like anything else, the risk might be worth it for some.



IMPORTANT!!!

With ShipMonk, you can set a customs value for each item we ship on your behalf. If you leave this value blank, the customs value will be taken automatically from your marketplace.

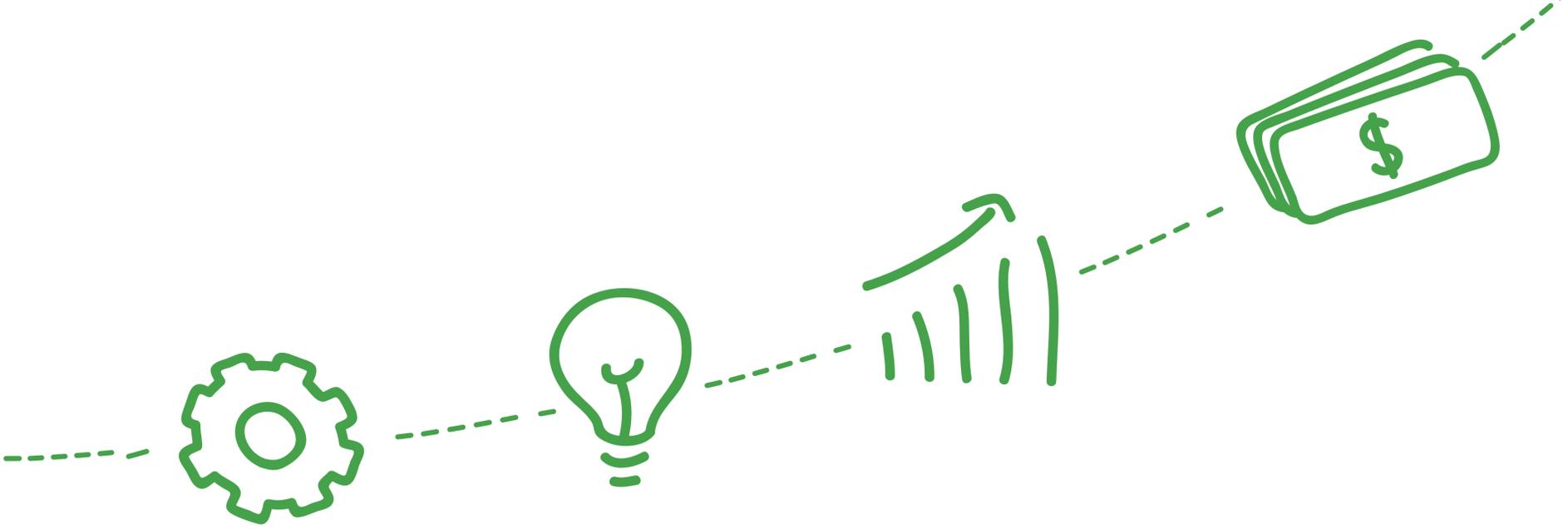
F R A U D

People who live outside of the U.S. are so very nice. They never steal, cheat, hack or commit fraud... NOT! Well, most people don't. But for some reason, they seem to think that because there's an ocean between them and us, they get to do whatever they want and get away with it. And the truth is, in most cases they do.

Fortunately, there are a few cases that throw up a red flag in our favor:

- The billing address is in the U.S., but the shipping is international.
- The Destination country is one of the following: Indonesia, Vietnam, India, Nigeria.
- The ship-to address consists of a weird set of numbers and letters. Note: This is usually a package forwarder's address. In this case, we recommend calling the package forwarder and verifying their customer's final delivery address to make sure it's not marked for one of the countries above.
- They chose the fastest shipping method possible, but their item isn't worth much.
- The shipping and billing don't match. Big note: If this happens, you should always verify by phone.





- SETTING UP SHIPPING METHODS - FOR YOUR STORE

One of the most commonly asked questions we hear is:

“How much do I charge my customers for shipping?”

There’s really no good answer, but there are a couple of different things we can suggest that seem to work for our customers.

- 1) **Charge the Actual Cost:** This is something most people want, but it isn’t always realistic. There are so many different variables — box size, weight, dimensional weight, destination type — that it’s almost impossible to charge accurate shipping. We recommend you test this out by averaging out your shipping costs over the different zones to come up with an accurate formula. If you’re using Shopify, you can use their “USPS Rate Calculator” and “upcharge” your customers by 10%, just to be safe.
- 2) **Use FREE SHIPPING:** This is one of the biggest sellers. It also reduces “cart abandonment” by more than 80%. We recommend offering Free Shipping to people who buy 2 or more of your products. Example: If your products sell for \$30, offer free shipping on orders over \$40. Whatever is below \$40 (or your base product price), just charge a flat rate. You might lose money on some, but you’ll make money on others. (A comparable alternative is point #4, so check it out!)

- 3) **Charge a Flat Rate:** For those who don't feel that Free Shipping is something they want to do, but who also don't want to calculate the precise shipping cost for every package, offering a Flat Rate is the best way to go. Again, if you're shipping a 2lb. item with USPS, it will cost you \$6 to some zones, but \$12 to others. The best way to handle that? Charge \$10 for shipping across the board. You'll make money on the Zone 1-5 people but lose on the others. At the end of the day, it should equal out to \$0 loss.
- 4) **Upsell the Customer:** This is our favorite! And it enables you to actually make money on shipping. Offering Free Shipping is proven to increase your sales and drive growth, but here's a little trick we suggest:

Offer the "Free Shipping" option for your customers, but tell them it will take 8-14 days. Then, right next to it, offer an option of "expedited shipping 2-4 days" for \$4.99 / \$9.99 (base this on the value and weight of your item). No matter what the customer chooses, their product will be shipped using the same method, but you're creating a "value gain illusion." Most people are willing to pay an extra \$5 to get their items 6 days faster.



REMEMBER

They don't know their package actually travels via the same shipping method. They get their item faster — you make a little extra money on shipping — everybody wins. Those who choose free shipping will still get their items a lot faster, and will also be happy. The guys who pay extra will get their items in the desired time frame, and will be happy they got a good deal. You're happy because you're making a couple extra dollars that you could have otherwise lost if you offered free shipping with no expedited option string attached.



- TIPS & TRICKS -

Wow, it's almost over! We want to leave you with a couple more Tips and Tricks for your shipping needs. And yes, some of these include points we already discussed above, but we want this section to look awesomely useful, so that's why we're restating. We also know that some of you — like us when it comes to certain details — can get a little lazy, skim too fast, and maybe missed some of the best stuff we discussed previously...but we love you anyway, so here it is again:

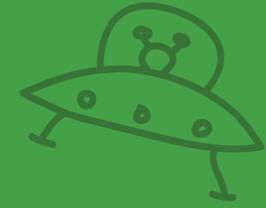
- **Offer Free Shipping** for all your items, but make it feel like it will take forever. Then right next to that, offer an expedited option for few bucks. By having the two together, you're visually increasing the value of the "expedited shipping" method, even though they cost the same.
- **Use the "Let ShipMonk choose" shipping method.** After shipping hundreds of thousands of packages, we've developed a killer algorithm that decides which shipping method is the best and most efficient to each destination zip code in the world. If you let us choose, we'll automatically pick the best method for your needs.
- **Test & Adjust:** Shipping is like marketing. Test, test and test again. See what works and what doesn't. Don't stress about it. Stuff will get lost, get delayed or get damaged. It's part of the business.

- **Delay shipping notifications:** There's nothing worse than an anxious customer. If you delay the shipping notification emails by 24 hours, your customer will get an email with a tracking number that already works. What does that save you? Time! (Toldja we're gurus!)
- **Manage Expectations:** Do not shorten the delivery days and do tell your international customers about customs and duties. There's nothing better than a happy customer who maybe got his package a tiny bit earlier because you didn't over-promise. On the other hand, there's nothing worse than a customer who's livid because he ended up paying \$40 for customs charges that he didn't see coming.
- **Let the Professionals Handle It:** ShipMonk has been doing this forever. (Not really, but you know what we mean.) If you use us for your shipping, you'll never have to worry about most of the stuff above, and you will be very well taken care of. You'll even get a personal ShipMonk guru of your very own!

info@shipmonk.com
(855) 222-4601



Stress Less, Grow More.



www.shipmonk.com

