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Ways to spend less on shipping and keep your customers happy

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Shipping costs can significantly impact a retailer's profitability, making it crucial for businesses to find effective ways to mitigate these expenses while ensuring customer satisfaction. As the ecommerce industry continues to flourish, the need to strike a balance between cost reduction and maintaining high levels of service becomes even more apparent.

In this eGuide, we will delve into five comprehensive strategies that can empower you to achieve this delicate equilibrium, helping you optimize your shipping processes and lower your bottom line.

01. **Embrace regionalization**

02. **Ship less air**

03. **Rethink shipping speed**

04. **Reconsider your carrier mix**

05. **Improve your returns process**

01

Embrace regionalization

Regionalization means storing inventory in different regions to serve customers faster and at lower cost. Amazon, who embraced this strategy post-COVID, was able to reduce its number of touches per package by 20% and now fulfill 76% of its deliveries within region.

However, regionalization isn't feasible for all businesses. It requires careful inventory management and predictive analysis. If you can't regionalize, consider zone skipping. This approach involves shipping thousands of parcels on a trailer from one location to a further distance and then inducting them into a regional network, reducing handling times and costs.

02

Ship less air

As you search for cost-savings, it may be time to reconsider your packaging. We've all received a small item in a large box, with the rest of the space filled with air. This not only wastes packaging materials, but it also increases shipping costs due to dimensional weight pricing.

To combat this, review your product assortment and consider using smaller-sized packaging. This strategy can reduce both your shipping costs and your environmental impact.

03

Rethink shipping speed

While free 2-day shipping may impress customers, it's not always necessary. In fact, over half of consumers surveyed by Pitney Bowes said they value accurate delivery dates over fast shipping, which they define as a little over 3 days for most product categories. Retailers can save on transportation costs by using a deferred service for their standard shipping.

Moreover, as consumers become increasingly mobile, flexibility via the number of shipping speeds offered at checkout is becoming more important. Offering a range of delivery options and precise delivery windows can help meet customer expectations while keeping costs in check.

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An accurate estimated delivery date is more important to me than fast shipping

- Agree
- Neutral
- Disagree

Disagree **18%**

Neutral **27%**

Agree **55%**
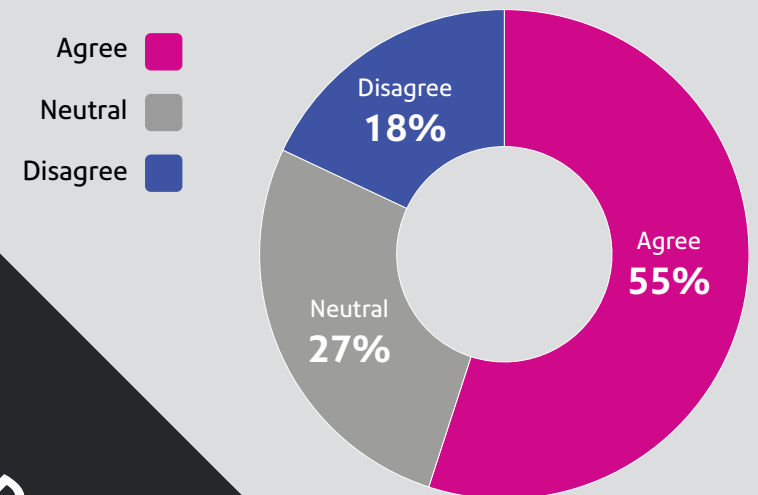
Source: Pitney Bowes BOXpoll

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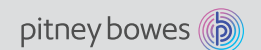
Reconsider your carrier mix

While comparing complex rate structures between carriers can be challenging, it's essential for containing costs. If you lack the resources to analyze carrier costs in-house, consider seeking help from a shipping consultant or partnering with a logistics provider like Pitney Bowes.

In addition to competitive rates, working with multiple carriers can also provide redundancy and flexibility, allowing you to deliver packages more efficiently.

05

Improve your returns process

Finally, improving your returns process can help reduce shipping costs. Returns are a significant expense for retailers, but they also present an opportunity for cost savings.

For example, implementing a no-box, no-label option can reduce processing errors caused by poor packaging as well as fraudulent returns. Brands can also combat fraud by harnessing AI to distinguish honest customers from policy abusers and apply the appropriate logic in each scenario.

Conclusion

Reducing shipping costs without negatively impacting your customers' experience is a multifaceted challenge that requires a strategic approach. By embracing regionalization, shipping less air, rethinking shipping speed, reconsidering your carrier mix, and improving your returns process, you can significantly cut costs while keeping your customers happy.

Remember, the goal isn't just to spend less on shipping. It's to build a more efficient, customer-centric supply chain that drives long-term business success. Whether you're a small business or a large retailer, these strategies can help you achieve that goal. Let's work together to keep your customers happy while keeping those shipping costs down.

Happy shipping

Let us custom-design an ecommerce shipping solution that works for you.

Designed Delivery

National network
Strategically located hubs placing your products closer to customers.

Free branded tracking app
Keep your customers posted on deliveries.

Designed Returns

#1 Parcel return solution
Ultra-efficient for you and very easy for your customers.

Simplified returns
No extra charge for no box or label at over 900 drop-off locations.

Designed Cross-Border

Cross-border reach
200+ countries. Helping 100+ global brands to win new customers.

Cross-border quoting
Ensure accurate, fully-landed costs upfront for your customers.

Designed Fulfillment

Wrapping, packing and more
We handle order fulfillment, including personalized notes.

24/7 view
Our warehouse software keeps you on top of orders and inventory.

But enough about us. Let's talk about you.

Make your shipping easier, smarter, faster and less expensive. Count on us to reduce the complexities of ecommerce.
Our consultative approach lets you to choose the specific logistics services you need.
In turn, your business gets a custom, highly-efficient solution that FedEx, UPS and DHL can't match.
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Let's talk

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Pitney Bowes BOXpoll is a weekly consumer survey of more than 2,000 online shoppers on current events, culture and ecommerce logistics, conducted by Morning Consult. Additional data comes from BOXscore which uses crowdsourced mystery shopping of thousands of websites to compile benchmarks on the ecommerce order experience. All this research provides retailers with an agile way to use consumer sentiment to help support decision making.

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