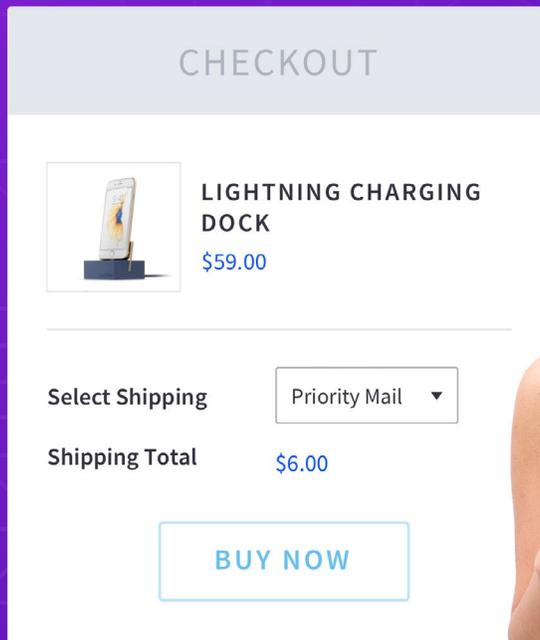


# Achieving the Magic Mix

A SHIPPING STRATEGY THAT GROWS SALES



# How to Achieve the Magic Mix with Shipping: Reduced Cart Abandonment and Increased Conversions

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Did you know that 58% of consumers admit they will choose one online retailer over another because of the shipping choices they provided at checkout?

This means how you customize your shipping and checkout experience has a significant impact on your cart abandonment rate.

Consumers today expect a curated experience once they hit “buy now” - one focused on speed, reliability and convenience.

Right now you could be losing out to your competition, including Amazon, all because you didn't invest in this vital part of the customer journey.

That leaves one big question out in the open: **What are you going to do to catch up?**

Your customer's checkout needs aren't one-size-fit all, especially once you take into consideration all the different nuances surrounding the type of product you're selling.

After all, shipping ice cream, diving equipment, and wedding dresses have different requirements in order to get to a customer successfully, while not costing you or them an arm and a leg in the process.

But regardless of what you're selling, there are a few best practices you can adopt to optimize your checkout for customer acquisition.

By fine tuning your shipping strategy and checkout process, you can not only satisfy growing customer expectations but turn shipping into a tool that's profitable to your business.



# Things to Consider When Customizing Your Shipping Strategy

## 1. Taking control of the delivery options you offer at checkout.

The first step to building your shipping strategy is tailoring delivery methods shown in your checkout. This is also the first step of the customer's buying journey that involves shipping.

Think about what Amazon is offering their customers today at checkout, and how well it's working. No one wants to be presented with a dozen shipping options that have no discernable difference between them. Plus, consumers can feel overwhelmed and mosey on over to your competitor's site, who may have a simpler user experience at their checkout.

You don't have to be passive about the delivery options you provide. Instead, you should be strategic about it, giving customers the choices they expect.

One way to achieve this win-win situation is by creating carrier specific rules related to variables like product type, destination, price, or even item quantity. By setting these conditions, you can help reduce noise at checkout.

For example, you can create a rule only offering USPS options for lightweight orders. If you're confident that a choice is cost-effective, then it's probably a rule worth implementing in your shipping strategy.

## 2. Establish a baseline for accurate rates.

The second step to building your shipping strategy is set a base for receiving accurate rates. Without doing this, you're fighting a losing battle when trying to tailor the options you show at checkout.

One aspect of this includes utilizing dimensional shipping, which calculates rates based on your product's length, width and height, as well as additional considerations like box padding.

The image shows a screenshot of a shipping configuration interface with two main panels: 'Dimensions' and 'Advanced'.

- Dimensions Panel:**
  - Box Type: Custom
  - Packing Box Length: 16.0 in
  - Packing Box Width: 12.0 in
  - Packing Box Height: 18.0 in
  - Max Quantity Box can Hold: 4
  - Max Weight Box can Hold: 1000000 lb
  - Any packing weight will be deducted from this Max Weight
  - No Max Qty:
  - No Max Weight:
- Advanced Panel:**
  - Set additional parameters on the box.
  - Packing Weight: 0.0 lb
  - The weight of the packing material, e.g. cardboard, dry ice, etc
  - Per Box Surcharge Price: \$ 0.00
  - Specify amount shipping price is surcharged by when this box is used



If you're a merchant that sells a robust set of SKUs or a large product line, dimensional shipping can especially make a difference to your bottom line. How? It can prevent you from undercharging your customers on shipping, or being overcharged by your logistics providers.

And don't think you can only do dimensional shipping if you use small parcel carriers. These accurate shipping calculations can apply to pallets for merchants that want live LTL freight as well.

Dimensional shipping is only one piece to establishing a baseline for accurate rates. You also need to calculate rates based on where you're shipping from, including multiple locations or even drop shipping directly from a vendor.

Having solid carrier connections and accurate product details are a couple additional things you need to evaluate when creating your shipping rate baseline.

### **3. Being strategic about shipping discounts, surcharges and promotions.**

The third step to building your shipping strategy is by being strategic about how you approach shipping discounts, surcharges and promotions.

If an item is more expensive to ship or has its own delivery insurance, consider applying a shipping surcharge to it. This is common practice for items that are both oversized or fragile because they require special handling.

Discounts and promotions are often tied to specific store events or holidays, but can be as widespread or as granular as you want e.g. free shipping on Black Friday or discounted shipping for wholesale customers.

These offerings can not only convert more sales, but drive customer loyalty.

For cost-conscious or high-end brands, one-time customer loyalty discounts or promotions may be a better fit. But for companies with healthy margins, these offers can happen regularly as long as you're hitting your customer acquisition goals.



# Tailoring Your Checkout: 5 Ways to Move the Needle on Sales

## 1. Show an Amazon style estimated delivery date.

Showing estimated delivery date provides more transparency, trust, and assurance to your customers about your business. It also gives you, the merchant, more information about the shipment, including dispatch date.

An estimated delivery date is the best projection of when a shipment will arrive at its final destination. Often times, it takes into consideration factors like blackout dates, lead times and cut-off times, all of which determine when an order can and cannot be shipped.

After a customer has given you money, they want a clear picture of what's going to happen next just like what Amazon does.

Failing to include estimated delivery date information at your checkout could be driving away potential new customers. It leaves them wondering whether something will arrive in two-days, or two weeks.

To give your customers the best delivery date experience, consider offering a date picker or time slot delivery in your checkout. These options allow buyers to choose exactly what day or even time window they would like their shipment delivered.

At the very least, showing even a delivery range of “5-7 days” at checkout can be a better user experience to your customers than showing nothing at all.

## 2. Dynamically look up your customer's address.

You may have noticed that shipping fees for residential addresses are higher than for commercial ones. The reason for this? Last mile shipping.

Last mile shipping is the cost of delivering a parcel over the last leg of its journey, such as from a distribution center to the customer's address.

Most shipping carriers add a last mile shipping surcharge when delivering to a residential address. This charge can make up to 50% of the parcel's total delivery price.



With **residential addresses**, carriers may have to add administrative costs to the delivery for performing services like address correction. Plus, these deliveries are often spread out and have more overhead costs.

**Commercial addresses** in comparison are generally in high-density locations, allowing carriers to bundle deliveries together to drive cost down. There's also typically someone available to sign for packages, which helps prevent multiple delivery attempts.

This is why incorporating dynamic address type lookup into your checkout is so important.

Determining whether an address is residential or commercial will result in you being charged the correct delivery fees, saving you money in the long run.

And in case you were wondering, yes, you can take advantage of this cost savings by incentivizing your customers to enter a business address through discounts or faster shipping at checkout.

### **3. Display duties & taxes for international customers.**

If you're an online buyer going into the cross-border space, there's often a question mark surrounding the topic of **duties and taxes**. In particular, choosing between DDU (delivered duty unpaid) versus DDP (delivered duty paid) shipping.

If you send a package DDU, the buyer is responsible for paying for duties and taxes themselves. The carrier will deliver the package to a customs broker, who will then bill your customer about paying this fee. With DDU, you also have the advantage of showing lower price at checkout.

In contrast, DDP allows you to pay for duties and taxes as the seller. Your logistics carrier will handle the transaction and bill you for the total instead. Because all fees are paid upfront, your customer does not have to deal with delays or delivery headaches.

As a merchant, you want to set clear expectations to your customer about how much they will pay.

In a 2018 Pitney Bowes study, 36% of consumers said they would shop somewhere else after just one poor post-purchase experience.

Keeping this in mind, DDP shipping is probably your best bet.



On top of this, you should be calculating and displaying duties and taxes directly in your own cart and checkout. Showing these costs from the get-go will not only set you apart from other competitors, but make it easier to compete with domestic alternatives within a customer's home country.

#### **4. Incentivize both fast and free shipping.**

There's no doubt about it: free shipping is the holy grail of online commerce.

According to Metapack, 62% of consumers expecting free delivery for everyday purchases.

From a merchant's perspective, free shipping may seem like the simplest strategy to implement.

However, there's one big caveat: Free shipping is free to your customers, but not to you.

With free shipping, it's vitally important to understand the impact on your bottom line. If you're losing money on each sale, it's probably time to reevaluate.

Thankfully, there are clever ways you can still offer free shipping to your customers without breaking the bank.

For example, you can limit free shipping to certain delivery regions or products that have a lower shipping cost to you. You can also only offer free shipping on slow or low cost methods such as ground or economy delivery.

Setting promotional thresholds for carts that hit a minimum product quantity or dollar value is another common way to offer free shipping. The threshold persuades shoppers to add an additional item to the cart to meet your requirement, which increases your average AOV.

#### **5. Provide advanced delivery options and services.**

One of the simplest ways to provide a checkout experience that converts is to offer delivery options that are more relevant or appealing to your customers. In particular, offering reliable same day, LTL, cross-border, in-home, and even in-store pickup service.

While every option may not be viable for your business right now, one thing to consider is that consumers are willing to pay more for premium options.



According to Metapack, 81% of US consumers are more than prepared to pay for speedy and convenient shipping options.

While every business has their own unique set of needs, they all want a customer's order to get to them in prime condition. This is where advanced delivery options can come into play.

## **LTL, In-Home and Same Day Delivery**

For merchants selling oversized items, appliances or furniture online, offering LTL or in-home delivery allows you to help your customers with moving, setup and assembly within their home or place of business.

When selling perishable goods, offering same day delivery is a great option because it allows you to get an order delivered fresh to your customer.

## **Cross-Border Shipping**

International shipping is becoming more accessible to retailers of all sizes. By partnering with innovative cross-border providers, you can get help handling customs, landed costs, and returns, while also giving customers an option that's both quick and more affordable than traditional methods.

## **In-Store Pickup**

In-store pickup is another great advanced option to provide your customers. With the BOPIS (Buy Online, Pickup in-store), both you and your customers can avoid shipping fees and pick up items at a time that fits their schedule.

Even if you don't have a physical store location, click-and-collect can still be an option for you, depending on what carriers you partner with. When setting up your carrier network, consider working with logistics providers that can hold packages for customers at their own retail locations.

While these options may feel out of reach, it's not as expensive or complicated to implement as you think it is. Partnering with trusted 3PLs, instead of doing it yourself, can go a long way.



## Lower your shipping costs and improve margins

Increased shipping carrier costs is the #1 pain for global merchants, according to the [BigCommerce 2019 Shipping Industry Report](#).

How can you meet the ever increasing demands of your shoppers for fast and free shipping while also manage your margins?

Customizing your checkout by offering promotions around free shipping if a certain minimum threshold is hit or free shipping for only certain locations etc., is one great way.

Another tactic for lowering your shipping costs is through a label printing solution.

It is difficult to negotiate lower shipping rates without a high volume. Typically, merchants will work with 1 major carrier, put all their volume through that carrier, to try and get the best discount.

The downside to working with just 1 carrier is that shipping costs can vary dramatically by the size and weight of the product as well as the shopper location.

Here is an example to demonstrate. The post is typically the best carrier for economy, domestic shipping. Let's say that a US-based merchant only offers shipping with USPS. If they get an order from Germany, for example, that shopper will see high and/or slow shipping costs.

If that same merchant was working with DHL Express as well, they could offer a much faster (2-day) shipping option, while still being at a reasonable price for the shopper.

By working with a label printing solution, merchants can unlock discounts across multiple carriers.

## How to automate your workflow to execute flawlessly

Now that you have the shipping options at checkout that your shoppers' want, and the carrier discounts that you need, you have some time to focus on the workflow.

Shipping workflows can vary dramatically amongst merchants. Some have invested heavily in a whole team of fulfillment staff, backed by a high-end Warehouse Management System (WMS). Others have just a few staff members that share all the ecommerce responsibilities.

No matter where you sit on those two extremes, there are some key areas that can help benefit your workflow.



## **1. First, make sure that you have a label printing solution integrated directly with your online store.**

Long gone are the days of “copy and paste”. If you are still coping your order details from your ecommerce dashboard and pasting them into your label printing solution, you have fallen behind the times.

There are plenty of label printing solutions that integrate directly into your ecommerce dashboard, automatically pulling in your orders, so all you have to do is click “print shipping label.”

## **2. Second, confirm that your label printing solution can bulk print shipping labels.**

If you are just managing a few orders a day, this might not be important to you, but for any merchant managing more than 50 orders a day, you should be utilizing bulk-label printing. This allows you to click through all your orders and bulk print your shipping labels.

How does your label printing solution know what shipping method to choose for your orders if you are bulk printing?

## **3. Take advantage of shipping rules.**

You can use rules to control how shipments are automatically created on your store’s backend. They can be configured to do things like always add insurance on orders containing a specific product, or only use a specific carrier or service based if the order total is over a certain amount.

Rules are easy to manage, and typically follow a simple “if-then” pattern. The more you know about what your shoppers want, how they order, and the shipping options that work best, the more you can tailor your rules to match that and the less time your staff have to spend in the back-end, managing orders on a 1 by 1 basis.

Now that your rules are in place, it is important to understand how each of your order fulfillment staff process orders.



#### **4. Customize the shipping dashboard.**

If you have multiple staff members processing orders at one time, how do they know which orders to fulfill?

Let's say you have 2 staff members fulfilling orders within 2 hours. You can create batches of orders and have each staff member focus on their assigned batch.

Depending on how you prioritize orders, or the information you need to see when processing your orders, you might want the ability to customize the shipping dashboard to show specific fields. An example of this is if you have an added authorization process in your flow. You can easily customize the dashboard to sort by the order status, so that one staff member can manage all the shipments that need to be authorized, while the other staff member can be printing shipping labels for orders that are ready to go out.

#### **5. Make sure that you are printing all the right shipping documentation at the same time.**

As you are bulk processing all of your orders and printing shipping labels, many label printing solutions allow you to also print the packing slips. That way, you have all the documentation you need to get the order out, on its way to the shopper.

By choosing a smart label printing solution, you can streamline your shipping workflow, so that orders do not sit stagnant for days, and rather can be turned around quickly. The quicker your process, the faster the order gets to the carrier and the faster it is in the hands of your shopper. Resulting in a happy shopper that is much more inclined to become a repeat purchaser.



# Conclusion

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While this is a lot to unpack, implementing the “small” changes to outlined in this article can reduce cart abandonment and up your conversion rates. Plus, it can have a significant impact on your customer loyalty.

If a customer receives reasonable rates, appealing delivery options, and information on when a package will be delivered, they can become repeat buyers.

To quickly implement these recommendations, ensure that you are utilizing the right shipping partners.

For help with improving the front-end shipping experience, utilize [ShipperHQ](#).

With ShipperHQ, you get **unmatched control of the shipping rates and delivery options** you show at cart and checkout. This flexibility not only reduces cart abandonment, but gives your customers clearer expectations about what will happen post-purchase.

For help with improving the back-end shipping experience, utilize [BigCommerce Shipping](#).

With BigCommerce Shipping, you get access to the lowest rates with top carriers, saving you on average 1% of GMV. Not only do you get rate discounts, you also can streamline your shipping workflow, cutting off any extra time it takes to process and fulfill your orders, getting orders in the hands of your customers faster.

The reality of today is that new customers will compare your checkout and shipping experience to that of your competition, including Amazon. But with a customized checkout, paired with a well-developed shipping strategy, you can turn more of your visitors into buyers, increase AOV and improving overall brand trust.

