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EasyPost White Paper

9 Steps to Boost Your Shipping Performance

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E-Commerce Sales at an All Time High

It's clear that the world has changed a lot since 2020. One industry that's seen unprecedented change is e-commerce. For one, people are spending more time inside and relying on delivery services to bring them what they want, when they want and where they want. With talk of business returning to normal, there are some changes that are likely here to stay. Most notably, shoppers have become more comfortable ordering online. In fact, global e-commerce sales are expected to cross $4.2 trillion for the first time in 2022, according to Adobe. McKinsey also reported in fall 2021 that an increasing percentage of consumers (60-70%) are now using omnichannel shopping, with social media shopping representing a growing percentage of sales. While an increase in online shopping can be a good thing for many companies in the e-commerce space, it isn't without its challenges. Consumers have a higher set of expectations. Plus, brand loyalty has rapidly decreased. If there's an issue with a shopping experience, customers now need only go to a different website to find a competing product.

To add to the complexities of the e-commerce expectations, inflation and rising costs of operating businesses are putting ever-increasing constraints on pricing. Carriers are hiking rates, especially during peak seasons, making it all the more important for shippers to diversify their portfolio of carrier options. Many shippers are also looking to regional carriers to help meet needs. Now, more than ever, shoppers expect a smooth experience when ordering online, and shippers need to have an effective ecosystem in place to meet those demands, at a price that the company can afford. Anyone who can't provide this will be left behind.

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The Shipping Industry Today

CONSUMERS WANT TIMELINESS

On-time delivery is something that every customer expects when shopping online. If a shopper pays a premium to have their product at a certain time, getting it late is not a viable option. This is even more important during peak season. With all the pressure that comes with this time of year, we find that most shippers experience delays. According to Convey, in December of 2020, less than 50% of deliveries arrived on their estimated delivery date. Twenty-five percent of customers who had
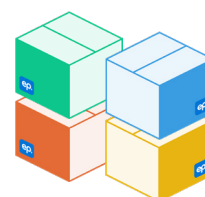
packages with missed deadlines expressed negative feedback, leading to a 43% increase in negative reviews.

CONSUMERS WANT CHOICE

Shipping is not a one-size-fits-all service. Some customers want their items delivered as fast as possible, while others are happy to save on shipping costs and wait longer.

CONSUMERS WANT TRANSPARENCY

The ability to track your packages is more than just something that's nice to have – it plays a crucial role in the customer experience. In fact, 72% of consumers have abandoned a purchase over a lack of shipping transparency before they even click the buy button. Customers want to know where their package is from the moment they order it to the moment it lands in their hands.

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Boosting Your Performance

Despite the challenge, it's still possible for your company to thrive in this unprecedented time. Let's talk about what you can do to make sure you don't fall behind with your customers.

1   Performance Metrics

In order to be successful, you have to define what success is. Ultimately, success in shipping should be measured against the customer experience. The customer experience is affected by shipping timeliness, availability of shipping options, tracking and transparency, and the ability to make easy returns. While each of these features may seem like one piece of the overall picture, they can make or break a customer's experience and play a big part in how they see your company. Even if an item is shipped on time with the customer's preferred shipping method, the customer may rate the overall experience poorly if the return process proves difficult. Never underestimate the human capacity to remember the bad and forget the good.

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Now that we understand the metrics let's talk about the ways we can boost performance and meet these goals.

2 Forecasting

Forecasting the operational resources you'll need — labor, packaging, warehouse capacity, production — will set the foundation for successful operations. To forecast properly, start by looking at the following reference points:

- Year-over-year growth metrics

- Previous year performance

- Overall market trends

These three figures will help you establish a baseline that provides reasonable expectations from which your team can operate. Year-over-year growth and previous year performance can provide insight into the fluctuations present within a business over the course of a year, such as seasonality, as well as details about the long-term trends of a company's shipping performance. By analyzing overall market trends, you may also identify where your business fits within your broader industry, helping to suss out operational strengths or areas of future advancement.

Most important, be sure to keep this data up to date as the slightest change can have a big impact.

Three Benefits of Boosting Your Performance

1 Reduced Cost

2 Increased Customer Satisfaction

3 Better Relationship with Suppliers

3 Carrier Diversification

When an order is placed, the next step is to decide what shipping option is best for the customer's location. As we said before - customers appreciate multiple shipping options. This is why carrier diversification is critical. Offering multiple options becomes easier when you work with many carriers, as each carrier may be limited in what they can offer in any given area. Having multiple carriers also allows you to keep your operations moving if one carrier is experiencing an outage.

One major benefit of a robust multi-carrier shipping API is the ease of zone skipping, also referred to as direct injection or hub induction. Zone skipping is the process of consolidating multiple customers' orders during the first leg of the delivery and transferring them to a parcel carrier network during last-mile delivery.

4   Tracking and Transparency

Keeping your customer informed on the whereabouts of their parcel is key to customer satisfaction. When surveyed, 93% of online shoppers say they want to stay informed throughout the delivery process—from in-transit status to final arrival date. The tracking experience should be more than directing your customers to the carrier's website to locate their package. Instead, your tracking API should provide visibility to the delivery process for shippers, while also allowing them to pass that knowledge onto their customers. Pushing tracking updates from carriers regularly and having webhooks available to enable automated SMS and email alerts are at the core of a good tracking experience.

5   Delivery Convenience

Every customer has a preference for how they'd like to receive their parcel. Some customers prefer their packages delivered to their homes. Some want to pick their items up in a retail store. Still, others want the package shipped to a parcel locker for pickup. It's important to understand that even the most consistent customers may change their preferences. Someone who always chose at-home delivery might prefer to pick up items at a locker or in-store if they move from a single-family home to a multi-unit building. Diversifying your offerings will position your company as competent and considerate, putting you front of mind for their future purchases.

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6   Shipping Automation

In order to boost efficiency, your employees should be laser-focused on offering the best customer service experience possible efficiently. Automating and simplifying your logistics will set your business and employees up for success. The first step in this will be to partner with a state-of-the-art 3PL company that can provide a sophisticated shipping API. Before deciding on a shipping API, be sure to consider what it is that you need. On a basic level, this API should assist you with shipping, tracking, address verification and shipping insurance.

7   Be Ready for Returns

At least 30% of all products ordered online are returned. Your company should prepare a solution that is both cost-effective and customer-centric. Implementing a pay-on-delivery return system, such as EasyPost's pay-on-delivery solution with USPS, is a great way to offer every customer the option to return their items while ensuring you aren't overpaying for shipping labels.
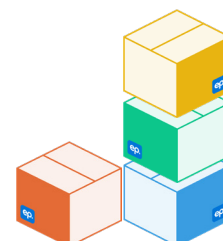
8   Expect Surcharges During Peak Season

With the increased volume of shipping that happens over the holidays, peak season surcharges are virtually guaranteed. In addition to budgeting for these additional fees, working with a diverse group of shippers and using a multi-carrier shipping software will help you find the best rates available. With the right software in place, you can automatically choose between not just carriers but rates and service levels. This means that you can find the best solution for your business no matter where you are shipping to or from. For instance, EasyPost's multi-carrier shipping API integrates with over 100 carriers to provide a simple and flexible shipping experience.

9   Hands-on Logistic Support

No matter how prepared you are, it's important to stay in constant contact with a supportive logistics team to ensure your operation continues to flow smoothly. Before partnering with a 3PL, ensure they have a robust and attentive support team to keep crises at bay.

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Benefits of Boosting Performance

REDUCED COST

In the world of logistics, mistakes cost money. From refunds on lost items or unnecessary labor, there are a seemingly infinite amount of ways for your company to lose money during the shipping stage. When these processes are made more efficient, you reduce unnecessary spending.

INCREASED CUSTOMER SATISFACTION

Bringing simplicity and efficiency to your logistics will pay in more ways than one. The most obvious benefit is that your customers will see you as a competent and reliable retailer, especially compared to your competitors who did not take the time to improve as you did.
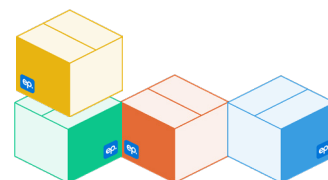
BETTER RELATIONSHIP WITH SUPPLIERS

Improving your operations will also make you easier to work with, which is good for your relationship with your suppliers. Every one of your partners has a choice in who they work with, and we tend to prioritize the relationships that are easy and rewarding. When peak season strikes and supply is limited, your suppliers will keep you top of mind when making decisions.

Being Proactive

This new time in e-commerce can be exciting. But if a company is unprepared, it can be a headache. While we can't control the ebbs and flows of the industry, we can control how we perform. Take proactive steps to be ahead of the shipping game – form useful partnerships, adopt the right technology, and keep the customer experience top of mind. Do it right, and your customers will thank you for it.