

EasyPost White Paper

Conquering Cross-Border Shipping





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International E-Commerce Growth Dynamics

Online shopping is a trend that has seen substantial growth over the years. Since 2014, the number of digital buyers worldwide has increased by 800 million . With the global logistics industry moving toward equilibrium after the COVID-19 pandemic, this trend is only expected to increase. With the rise of online shopping comes an opportunity for e-commerce brands large and small to capitalize on a global market by engaging in international shipping.

If your products are not resonating with domestic consumers, that doesn't mean international buyers won't be interested. There are more shoppers in the world than in any single market. Of all visitors to an e-commerce site, global visitors are expected to surpass domestic by the end of 2022. This is partly because of foreign interest in certain products. For example, in 2020, Brazil, Italy, and Spain saw the largest uptick in U.S. based shipments, suggesting that these countries continue to develop a taste for products originating in the United States. Additionally, Europe and Australia continue to be the largest importer of U.S. goods.

The rise of international movies, television, and influencers has also meant that consumers are exposed to international brands daily and are becoming more accustomed to buying items from different countries. Any online retailer that does not tap into the international market will miss out on substantial returns.



Cross Border Shipping Challenges

The benefits of cross border shipping are undeniable, but, like all good things, there are some drawbacks. These drawbacks, if you aren't careful, can eat up considerable time and money, hurting both your bottom line and reputation. If you're going to enjoy the benefits of cross border shipping, you must first take the necessary steps to avoid the pitfalls.

COST

It's no surprise that shipping to another country will cost more, especially if the package goes overseas. As a shipper, this will have an impact on who you do business



Since 2014, the number of digital buyers worldwide has increased by

800 million

In 2022, cross-border business is projected to account for

22%

of eCommerce shipments of physical products.

with. Many consumers, both domestically and internationally, have abandoned their shopping carts because of shipping prices. Whether enterprise or boutique, it's important to account for and mitigate these costs. Let's look at some of the factors that make cross-border shipping expensive.

Destination – The farther an item has to travel, the more of an impact this will have on price. This is especially true if the item has to travel by means of sea and air. If the destination is at or near a port where carriers are traveling frequently, the cost may be lower. However, if the end destination is a place

that carriers do not travel to often, the delivery, especially the last mile delivery, becomes more difficult and much more costly.

Type of Good – The type of good is always important to note, but it is especially important to consider when shipping internationally. If an item is fragile, it will need to be handled with extra care. Refrigerated items, such as medical vaccinations or beverages, need to be transported in some type of cooler. It's also important to be aware of any taxes or tariffs that the destination country has and if any of your items fall into that category. If a customer purchases an item from you that is taxed extra when imported into their country, you'll want to have that calculated at checkout.

Shipping Speed – We live in a world where consumers expect things right away. While many people understand that international shipping requires more time, not everyone is willing to be patient. Shippers today are competing with a global marketplace. Let's say a customer is faced with a choice: buy from your company which is based in another country, or buy the same item from a vendor in the buyer's country. If there are drastic speed and cost differences, you will lose every time. You'll want to have fast shipping options, or a notable value differentiator in your product to make wait times worth it. But, as any good business operator would, be aware of how competing in this global marketplace affects your bottom line and make your shipping decisions accordingly.

Tariffs and Taxes – A tariff (otherwise known as a duty) is a tax levied by countries on the value of imported products. Tariffs can also be applied in conjunction with other taxes – national taxes, local taxes, sometimes even customs fees. Different countries apply tariffs to different kinds of products, depending on the trade relationship between the exporting and importing countries. Tariffs are collected at the time of customs clearance in the importing country, and a package won't

Cross Border Shipping Challenges



Cost



Documentation



Customs



In-Transit
Visibility



Returns



Country Specific
Problems

be able to clear customs unless you apply the proper tariff codes to your shipment information. As mentioned earlier, it's critical to determine which tariffs may apply to your items before shipping.

DOCUMENTATION

Very few people enjoy it, but proper paperwork is an essential element in cross-border logistics. There's nothing more frustrating for a customer than shipping delays, and improper paperwork is often the cause. In fact, according to one report from DHL, incorrect paperwork resulted in "80% of shipment delays at customs."

Here are the several types of paperwork that your company should have in order when shipping anything internationally.

Commercial Invoice – A commercial invoice, also known as a proforma invoice, is a bill of sale that the seller receives before the shipment. These documents serve as a commitment to send the items at a specific date and time and include the work included in the commitment, the weight, and associated charges involved with the work. These documents are especially important when shipping to continents such as South America or Europe where goods cannot clear customs without them.

The document must state the following:

- Who is the issuer (the seller)
- Who is it issued to (the buyer)
- Declared value
- Full description

Packing List – Think of a packing list as a more comprehensive version of a packing slip. It includes the contents, dimensions, quantity and destination for the shipment. When shipping multiple containers, each individual container must have a packing list that shows what's loaded in the container.

Bills of Lading – A Bill of Lading (BOL) is a receipt for freight services and acts as a contract between the shipper and the carrier that describes the mode of transportation and route of the shipment.

80%

of shipping delays at customs was a result of incorrect paperwork

Top 5 products in cross-border selling

- Clothing & Accessories
- Mobile & Accessories
- Books & Media
- Toys & video games
- Beauty products

The different types of BOLs include:

- Overland/Truckers' Bill of Lading: used when transporting goods over land
- Ocean Bill of Lading: Used when transporting cargo over water
- Airway Bill: Used when transporting goods by air
- Combined Bill of Lading: Used when goods travel by more than one mode of transport

Safety Data Sheet – A safety data sheet (SDS) is a document that contains information about the handling, storage, use and disposal of hazardous chemicals. If your shipment contains dangerous goods, you'll need the SDS, in addition to following the rules set by the International Maritime Organization. These rules require:

- A declaration that ensures the dangerous goods are identified, marked, classified, packaged, placarded, and labeled properly.
- A declaration from the party packing the container to verify that the information is correct.

Shipper's Letter of Instructions – This document provides several key pieces of information for moving the goods correctly. This information includes:

- Name and address of the shipper
- Name and address of the consignee
- The cargo's destination
- A description of the goods

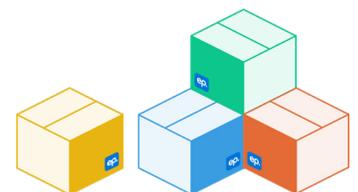
It is also common for this document to include a limited power of attorney that allows the forwarder act on your behalf.

Certificate of Origin – This document certifies the goods are completely obtained, manufactured, or produced in a specific country. This document is required by almost every country in the world, as it determines "nationality" of the product. It is especially important in international trade agreements.¹

¹ Source: International Chamber of Commerce

The top 3 reasons why customers prefer cross border shopping are:

- 1 Cheaper pricing
- 2 Unavailability of product in their country
- 3 Unique products



Automated Export System (AES) Filing – This is simply a means to file export information and is normally required for exports valued at \$2,500 or more. The freight forwarder will typically handle these documents on behalf of the shipper. For an AES filing, a shipper must submit the following information:

- Shipper Tax ID number
- Importer of record
- Value of each item
- Harmonized System Code

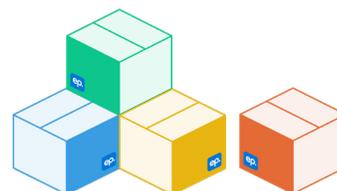
International Commercial Terms – International Commercial Terms are a set of guidelines that facilitate cross border trading. These break down the responsibilities of the buyer and seller, identifying who is responsible for paying for and managing the shipment, documentation, customs clearance, insurance, and more.

CUSTOMS

Customs is the place at a port where officials check incoming goods and collect any duties levied by that country's government. Perhaps one of the most frustrating of all international shipping failures is issues with customs. It is the job of customs to make sure you are shipping what you said you'd ship and nothing more. For this reason, it's important to have your paperwork in order before shipping. Some common reasons for shipments getting denied or delayed in customs are:

- Misclassification of goods
- Tariffs higher than anticipated
- Customs office won't clear the shipment to your buyer/importer, which most frequently is due to the product being banned by the destination country
- Customs office invoking health, sanitary, or safety issues
- Labeling issues involving a certificate of origin, weight, ingredients, marks, etc. Inadequate documentation provided by the exporter
- Issues involving the import or packing regulations of the receiving country²

² Source: Privacy Shield Framework



IN-TRANSIT VISIBILITY

Tracking packages can be difficult to do domestically, but that difficulty has potential to increase when your parcels cross borders. One of the reasons that tracking packages is so difficult is that the data required for shipping is not regulated. The process of receiving data, interpreting that data, and updating your customer takes time. If your parcel is moving quickly, it may be difficult to keep up. The ability to track packages is a key part of the customer experience, so make sure you have a trusted partner who can help you maintain visibility into your parcels.

RETURNS

The more items you sell online, the higher chance a customer will want a return. This may not be a reflection on you or your product. Often, we as consumers just don't know what something is like until we touch it. Given that cross border shipping is a highly complex process, a return makes things doubly tricky. For this reason, it is important that you establish a robust return policy. For example, this policy should be something that is well thought out as to avoid any international hiccups, but something simple enough for your customer to do with ease. Consider familiarizing yourself with the international returns terms and conditions before you begin your cross border shipping operation.

COUNTRY SPECIFIC PROBLEMS

In addition to tariffs, there are other country-specific problems that your company should prepare itself for before you begin to ship internationally.

International Address Verification – Many people in the United States take our address verification system for granted. The vast majority of our addresses are uniform – address number, street name, city, state, and zip code. With that system, it makes it easy to verify an address before shipment. Many countries, however, do not have such simple systems. In fact, of the 196 countries in the world, only 50 of them maintain street-level address verification (the U.S. being one of them). That means that 146 countries don't even verify at the street level, meaning a package with a street-level error would very possibly be undeliverable, maybe even misplaced to the wrong address.



146

*countries do not maintain
street-level address
verification*

Localizing the Process – In a globalized online marketplace, there is a chance that English is not your customer’s first language, if they speak it at all. While web browsers are capable of translating web pages, they don’t translate multimedia or shipping documents. Translating your business materials into the language of your target market can improve customer satisfaction and lead to more business. It’s also important to consider the language of your customer service resources. If your customer service resources are online, make sure they are available in a variety of languages. If you have a customer service phone line, make sure your representatives can speak in a variety of languages and dialects.

Banned Goods – For a variety of reasons, different countries choose to ban different things from import. Argentina, for example, bans the importation of raw cotton, a major crop produced in the country’s Gran Chaco region. Make sure your product can legally enter the destination country before opening yourself to that market.



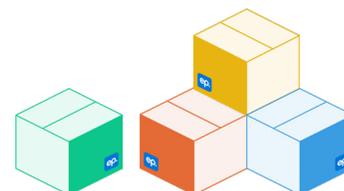
Make it “Easy” with EasyPost

If the last two years are any indication, the 2020s is the decade when global online shopping will become normalized. The best time to implement international shipping was yesterday, and the second-best time is today. While cross-border shipping is complicated, the right shipping partner can make it effortless.

EasyPost helps small businesses and enterprises alike optimize their shipping operations both domestically and internationally.

If you’re a small business, shipping internationally can seem especially daunting, as you have fewer resources to deal with the complex paperwork and potential customs issues, and the higher costs are more difficult to absorb. If you’re an enterprise shipper, on the other hand, having a plan in place to ensure you’re making the right decision at all times is crucial. At a scale of 25,000+ orders a month, one misstep can cause a dramatic domino effect and leave your team scrambling. EasyPost makes cross border shipping easier for any size business with best in class, bespoke solutions and strategic partnerships that optimize the delivery process.

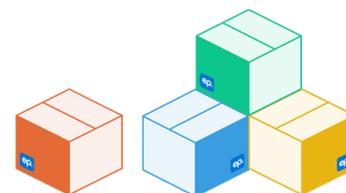
Passport Shipping is an international shipping carrier focused on e-commerce companies and 3PLs, and one of EasyPost’s expert partners to lessen the burden of shipping around the world. Passport primarily focuses on cross-border shipping and



streamlining the customer experience through digital documentation. While they do not have their own delivery network, their platform optimizes existing carriers in the delivering countries to get packages from A to B.

Another EasyPost partner designed to make international e-commerce available to businesses of all sizes is FedEx Cross Border. This service offers cost-effective and easy to deliver e-commerce packages using trusted local carriers in the destination country/territory for final-mile delivery. FedEx Cross Border through EasyPost can help retailers expand their horizons and reach customers globally.

By leveraging EasyPost's technology, businesses can streamline, automate, and gain end-to-end control of their shipping process with our suite of flexible RESTful API solutions, like the EasyPost Shipping API and Tracking API.



EasyPost's best-in-class shipping APIs provide end-to-end flexibility and more control over parcel shipping and logistics processes for e-commerce retailers, fulfillment centers, marketplaces, and enterprises. Founded in 2012, EasyPost has 200 employees and is based in Lehi, Utah.

For more information, visit [EasyPost.com](https://www.easypost.com) or email us at sales@easypost.com.