Building a Winning E-Commerce Logistics Strategy

A beginner's guide to mastering e-commerce shipping solutions for small and medium-sized businesses

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Promises delivered®

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Shipping and delivery challenges:
Navigating customer expectations

Whether you run an e-commerce shop, a subscription service or a combination of brick and mortar and online, there's always something to think about—updating your product images, debugging your online store, planning your next email campaign. While shipping happens near the end of the customer journey, it shouldn't fall to the end of your to-do list.

The last mile can be chock-full of logistical challenges—customers not home, severe weather, traffic congestion. But with the rising expectation for fast delivery in two days or less, and increased e-commerce growth spurred on by the pandemic, it's important to master this last step in your shipment's journey.

The majority of today's customers expect fast, affordable and free shipping. Studies show that 74% to 77% of online customers abandon their carts because they don't want to pay for shipping. Abandoned carts are costing online retailers between $111 billion to $136 billion USD in lost revenue annually.

Nailing a customizable shipping experience with expedited options alongside seamless last-mile delivery, the final step in the transportation of goods, is a challenge for businesses. Adopting shipping strategies that align with customer needs is quickly emerging as a dark horse differentiator for those looking to future-proof their business. The numbers speak for themselves—global market projections for e-commerce logistics are predicted to top nearly $730 billion USD by 2026. How can you ensure your strategies align with shifting customer needs?

In this guide, we'll cover effective shipping strategies and walk you through how to implement them effectively.

Discover how your delivery provider can help you build fierce brand loyalty.

Learn more

The three carrier types

Before you can get a shipment to its recipient, you'll need a carrier to move it. With so many shipping options, figuring out where to start can feel overwhelming. There's three main types of carriers: freight forwarders, freight integrators and couriers. The type you use will depend on multiple factors like how much you're shipping and its weight.

Depending on your specific shipping needs, using a combination of all three services can save you time, money and stress. That's why working with a shipping provider, like Purolator, that offers all three options is essential.

For instance, a home appliance company may want to use a freight integrator when sending out units for an entire apartment complex. However, if the appliance company just needs to ship one item for a single apartment, then a courier service will be the best option in this scenario. Here's a breakdown of the services.

Freight forwarder:

Description: A company that arranges shipments of cargo on behalf of the shipper. Freight forwarders can coordinate shipments from one country to another and ensure cargo seamlessly moves through customs, ports and all clearance checkpoints. They can coordinate shipments through multi-modes of transport.

When to use: When shipping internationally, they will coordinate by ground, sea and air. These companies often coordinate customs paperwork and make use of non-standard networks to deliver expedited transit times.

Benefit: A flexible option because of the array of vendors they work with and their cross-border expertise.

Freight integrator:

Description: A freight integrator curates the cargo's journey from pick-up and shipping to clearance and delivery within their network. Typically they have a team of specialists coordinating the logistics for the cargo to ensure the best transport and communicate with the shipper if delays arise.

When to use: When shipping large volumes within the country and internationally.

Benefit: Without any handoffs to other carriers, you can easily keep track of a shipment throughout its journey.

Courier:

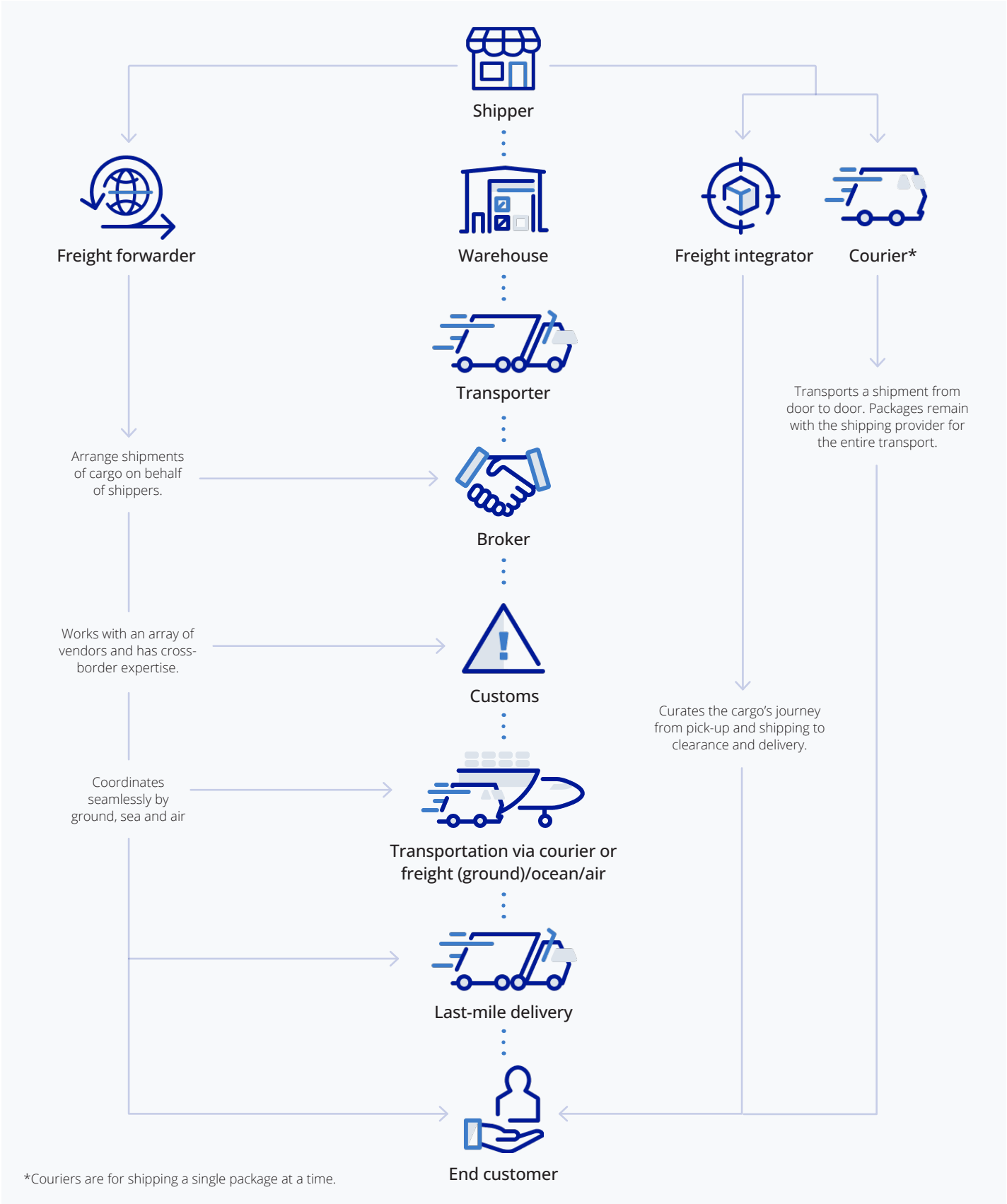
Description: Transports a shipment from door to door.

When to use: When shipping a single package at a time.

Benefit: When using a premium courier, your package will remain with the shipping provider for its entire transport, making it easy to keep track of.

For more information on freight forwarders and freight integrators, check out the **Purolator Freight® Rate Guide**, and for more information on couriers, see **Purolator's Service Guide**.

Freight forwarders vs. freight integrators vs. couriers



Explore why you need truckload (TL) and less-than-truckload (LTL) shipping in your freight strategy.

Learn more

Understanding the basics of shipping logistics

The shipping process consists of all the services required in a package's end-to-end journey—from processing orders to packing the purchased products from an online retailer, to arriving at the recipient's chosen destination. But the shipping process doesn't always end once the customer receives their order.

Reverse logistics refers to the backward movement of goods through the supply chain. Starting from the end consumer, goods are returned to the seller, processed and either resold or refurbished. Reverse logistics help to increase asset utilization, improve return on investment (ROI) and reduce losses.

Experts predict that the global reverse logistics market will reach $812.6 billion USD by 2027, making a great returns experience an essential part of a successful shipping strategy.

Ready to make your returns process simple and hassle-free?

Check out our article to learn how.

How to ship a package: shipment workflows

There are four stages to the shipping process:

Order recieving

Making sure products are in stock to fulfill the order.

Order processing

Verifying the order data is accurate, such as the delivery address.

Order fulfillment

Packing products and preparing them for shipment.

Order returns

Returning products back to the seller or manufacturer.

Five must-haves for a smooth shipping experience

1. Make shipping costs clear: Unexpected shipping costs make 55% of shoppers abandon their carts.
2. **Display expected delivery times:** Let shoppers know when they can expect their orders by highlighting how long each shipping option will take at the time of checkout.
3. Include order tracking: Offering order tracking provides customers with peace of mind and sets realistic delivery expectations, as 91% of consumers actively track their packages.
4. **Provide a solid returns service:** Since 18% of online purchases are returned, be sure to build a return service that's convenient and includes clear return policy terms and conditions.
5. Offer customizable delivery options: Allow customers to personalize their shipping experience with features like tracking visibility, delivery and pickup preferences.

Discover how personalized customer experiences enhance the buyer journey.

Learn more

Set your shipping strategy goals

A strong shipping strategy starts with a clear objective. By understanding what you want to achieve from your shipping strategy, you'll be able to set actionable targets and measure results.

Do you want to:

- Increase your average order value through promotions?
- Improve conversions through shipping options and prices that meet customer needs?
- Expand your market by shipping to new geographies?

For a quick snapshot of all these strategies, check out our **checklist for building a successful logistics strategy**.

Calculate e-commerce logistics and fulfillment expenses

Shipping costs are dependent on a variety of factors including package dimensions, weight, destination (shipping within country or international shipping), shipping service and carrier used.

Common e-commerce shipping expenses include:

Carrier cost (shipping label): The amount the carrier charges for postage to transport the package from its point of origin to its destination.

Packaging cost: The cost of the packaging that keeps the products secure such as boxes and bubble wrap.

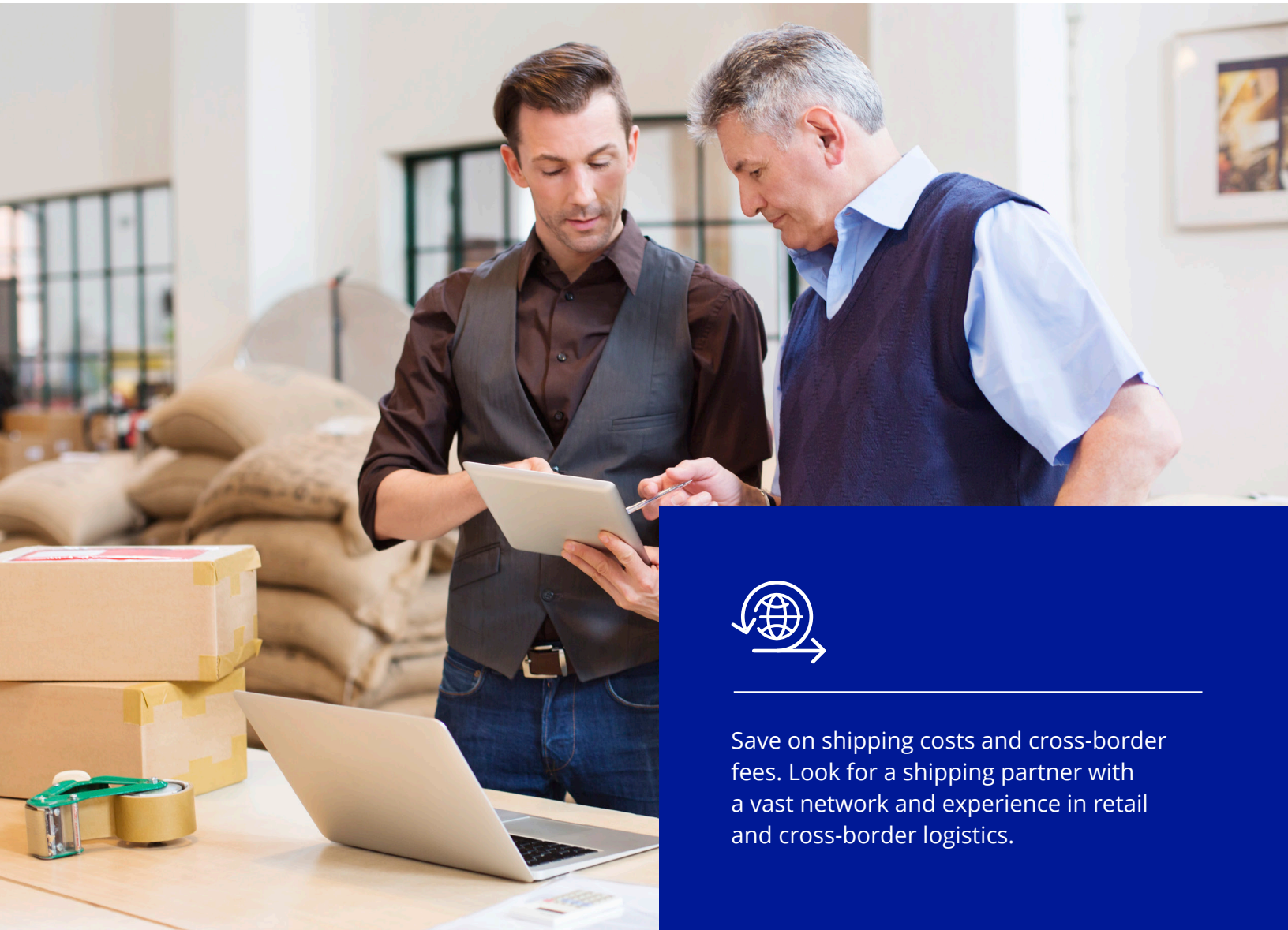
Fulfillment cost: Fulfillment process and costs can vary depending on your business model. Some of the common costs in order fulfillment are handling the product from receiving to distribution. This includes costs from warehousing, labour picking, packing and shipping the order and returns.

Before deciding how much shipping should cost your customers, you need to first understand how much shipping will cost you.

Consider the following when calculating your costs:

Package size and weight: Do you sell relatively uniform-sized products or particularly large products that don't fit in a standard rectangular box? Getting rates directly from a carrier is the best way to ensure you're getting the correct rates for customers. Make sure your products have accurate weights and dimensions so you can get the most precise rates from your carrier.

Origin country and destination: Do you only sell within your home country or to other countries? Do you have international warehouses for order fulfillment? Shipping domestically can be simple, but rates and logistics can vary, even in neighbouring countries.



Save on shipping costs and cross-border fees. Look for a shipping partner with a vast network and experience in retail and cross-border logistics.

Did you know **67% of shoppers check a return policy** before making a purchase?

E-commerce shipping policies, terms and conditions

Shipping policies are a set of terms created by a business that details how orders are shipped to the customer, spanning shipping types, order processing times and more. This is crucial information that can impact whether a customer will shop with you or not. Be sure to make essential shipping details easy to find by adding them to your website footer, banner or FAQ page.

Explore types of shipping methods suitable for your business

To best serve your online customers, you must provide an array of affordable and fast shipping options that can increase conversions and meet different customer needs. It's best to offer a combination of shipping methods so your customers can pick what's right for them.

- **Free in-store pickup:** A viable option if you have a brick-and-mortar location. Customers can pick up their order on their own schedule while skipping the delivery wait and shipment cost. Also, your business gets to avoid shipping the weight of an additional package.
- **Free shipping:** This is becoming an expectation for many customers because of new shipping services norms from e-commerce giants. While free shipping aligns with customer cost expectations and positively impacts conversion rates, it comes at a cost to the business.
- **Same-day delivery:** Same-day shipping guarantees that your order will be delivered on the same day it's purchased. If you need a contingency plan for time-sensitive goods, Mission Critical shipping is available.
- **Overnight shipping:** This option assures that customers will receive their order the next business day.
- **Two-day shipping:** Due to fast deliveries from e-commerce powerhouses, two-day shipping has become a highly requested option. Studies show that 42% of shoppers expect a two-day shipping option for every online purchase they make.
- **Flat rate:** This is charging customers the same flat rate for shipping regardless of the product purchased or order value. This method works best when you have a standard product line of similar sizes and weights. Flat rate shipping becomes more complicated and less effective if you sell a variety of products with different sizes and weights.
- **International shipping:** This option is for businesses with an international audience. This delivery method can be challenging and expensive as different countries have specific regulations, tariffs, taxes and requirements for incoming shipments. Therefore, it is important to work with experienced fulfillment partners who can help you navigate international shipping services.

79% of people are more likely to shop online when there's free shipping.

Considerations for cross-border shipping

From larger audiences to more sales and increased brand visibility, selling products internationally can be a compelling prospect. If you're interested in expanding into the international market, ask yourself the following questions before launch:

- Is there demand for your products in the target market?
- Can your products be safely shipped internationally?
- Are you informed about your target market's tariffs, taxes and duties?

If you answered "yes" to some or all of the questions above, your next step is to become familiar with the rules and regulations unique to each country.

These rules and regulations include:

Customs declaration and forms: When shipping internationally, you'll need to include the proper customs documentation. These forms tell customs officers what's in the package, how much it costs and whether it falls within the merchandise or gift category.

Tariffs, taxes and duties: There may be additional customs fees due when a package reaches its destination which the customer is responsible for. Because of this, make sure you include this information on your shipping policy website page so customers don't get surprised by unexpected fees.

Considerations for shipping labels and insurance policies

Ensure that your customers have the best customer experience with accurate shipping labels and provided insurance:

Shipping labels: Labels provide shipping carriers with important information about the origin and destination of a package. Without them, orders could be lost, mishandled or delayed, creating negative customer experiences, damaged brand loyalty and decreased sales.

Shipping insurance: This policy offers reimbursement to senders whose packages are lost, damaged or stolen in transit. If you ship expensive or fragile products, shipping insurance may be right for you.

Are you ready to export from Canada to the U.S.?

Read our article for more tips.

Ensure your shipments reach their cross-border and international destinations with **Purolator Trade Assistant** and **Digital Commercial Invoice**.

Labelling pain points and solutions

No matter what type of online business you run, you'll be dealing with plenty of shipping labels. Below are some of the most common shipping label issues you may run into and their solutions.

Pain point 1: Not having a label printer

Solution: When working with a provider like Purolator, you can create shipments on your mobile device which generate a QR code. By heading over to a Purolator retail location*, you can use the QR code to print your label. In addition, Purolator will put the label on the package and ship it to its specified location.

Pain point 2: Torn labels on the sides of packages

Solution: Providers can provide you with a labelope, which is a piece of plastic specifically designed to make your label accessible to couriers while protecting it from being damaged in transit. With Purolator, we can give you one for free when we come to pick up your package.

Pain point 3: Not being able to customize labels

Solution: To represent the brand you've worked hard to develop, qualified Purolator customers who have access to an E-Ship® Server can work with providers to create custom labels with your brand's logo.

Pain point 4: Errors on the label

Solution: After spending time creating shipping labels, providers like Purolator can let you preview the label information to ensure it's correct before confirming the shipment. This can help you avoid unnecessary errors and save you from having to re-create shipments.

Pain point 5: Lack of label formatting options

Solution: As businesses sell products of different sizes, ranging from small jewellery boxes to large furniture, you need to work with a provider who can support various label sizes. When you work with Purolator, you can choose labels from 4"x6" to 4"x10" to accommodate every order.

*QR code return service is available at select Purolator locations. Please visit our webpage for more details and availability.

Considerations for tracking, exchange and return policies

The shipping process doesn't end for you once your carrier picks up an order. A great tracking and returns process needs to be part of your strategy. Studies show that 95% of shoppers who are happy with a return process will purchase from the same retailer again, while customers who had a bad returns experience are three times more likely to abandon the retailer. Ensure that you create policies about the following:

Tracking packages: It's essential for you and customers to know where shipments are at all times. Provide customers with a tracking number so they can follow their shipment and receive delivery updates.

Exchange policy: Whether it's the wrong t-shirt size or colour, exchange requests will happen. Make sure your exchange policy is easy to find so shoppers can understand how to make exchanges, what the exchange deadline is and if they will incur any costs making the exchange.

Return policy: Even if your business does everything right, not every customer will be satisfied with their purchase, making returns inevitable. That's why it's critical to create a streamlined returns process that leaves your customers satisfied and more likely to return for future purchases. Just like with exchanges, make sure that your return policy is easy to find and clearly details return fees and the return window.

Free shipping dilemma

Services from e-commerce giants have customers expecting lightning-fast deliveries for free. However, only 17.5% of online retailers offer free shipping on all orders and 65.4% offer free shipping on some of their products.

Our research found that free shipping is so compelling of an offer that 62.5% of customers cite it as the most important positive influence on their satisfaction. Besides customer convenience, free shipping comes with a plethora of benefits including increased sales, boosted individual order values, reduced abandoned shopping carts and greater customer loyalty.

Even though many customers have come to expect free shipping on online orders, it isn't a viable option for all businesses. Above all, you need to make sure that your margins are high enough to cover your shipping costs.

To make free shipping work for your business you have a few options:

- Your business pays the full cost of shipping
- Increase product prices to cover shipping costs
- Offer a discount code to certain customers for free shipping
- Provide free shipping on a minimum order amount
- Only offer free shipping in specific geographic regions

Put customers in control of their tracking experience with customizable deliveries preferences and SMS notifications when you use **Purolator Your Way™**.

Improve your packaging

Packaging is more than a way to receive a product purchased online—it's an extension of your brand and part of the e-commerce experience. Your packaging should not only be functional, but also reflect your business values.

Packaging considerations

- **Choose your packaging:** Consider the weight and fragility of your products, how the products inside will move around the package and how the package will be opened.
- **Custom packaging:** Set yourself apart from your competitors with a memorable unboxing experience that creates brand loyalty. This can be done easily through branded tissue paper and stickers to wrap the products in.
- **Eco-friendly packaging:** Shipping can create a lot of waste. If eco-friendliness is a value of your brand, incorporate sustainable elements such as biodegradable and compostable packaging.

> Did you know **60% to 70% of consumers would pay more for sustainable packaging**?

Be smart with your packaging. As the cost of most shipping options is based on size and weight, try to keep your packaging as small as possible. Not only will this help you and your customer save on shipping costs, but it will ensure that products are not tumbling within the box, and therefore decrease the chance of damages.

Depending on what you're shipping, your packaging type may change. Delicate items, for instance, might need heavier packaging like cardboard to protect them. However, for items like clothing, you can opt for lightweight packaging like poly mailers.

Also, the packaging you use affects your shipping costs and customer experience. Consider which elements you want to personalize and spend more on elements such as boxes, bags, tissue paper, tape, stickers and customized notes.

Discover how to best pack, seal and label a shipment.

Learn more

The call for sustainable shipping options

When considering how to optimize your shipping strategy, it's important to understand consumer sentiment around sustainability.

What does sustainability mean within a courier network?

Simply put, sustainable shipping refers to any way a company reduces negative environmental impacts. Some examples of this can be using biodegradable packaging, reducing negative space in boxed shipments and using eco-friendly delivery options.

This includes electric low-speed vehicles, e-bikes and alternative delivery and pickup methods like parcel lockers and Quick Stop Kiosks.

These are the top sustainability measures shoppers expect to see:

72.5%

Reduce packaging

70%

Recycled materials/products

67%

Reduced/ renewable energy

58%

Reduced shipping travel

50%

Electric delivery

Speed vs. sustainability

Did you know more customers are using their purchasing power to support businesses with sustainable initiatives? Purolator's research shows that 52.5% of customers would accept delayed delivery of up to one week for a more sustainable delivery.

of customers would pick sustainability over speed when told to choose one or the other. But nearly as many say the opposite.

of customers have placed greater importance on environmental sustainability since the beginning of the pandemic.

Pricing your sustainable deliveries

Customers have influence over the companies they shop from, and some are using their purchasing power to support companies with more sustainable initiatives.

Our research on sustainable shipping shows that approximately 41% of shoppers would be willing to pay more for sustainable delivery methods. While finding the perfect price point can be tricky, it's promising to know that many customers are willing to compromise on price to achieve sustainability.

of customers would pay more for sustainable delivery methods.

Learn more about Purolator's commitment to sustainability and the green initiatives that are changing the way shippers and consumers use our services.

Best practices for customer email content

You can positively shape customers' shipping experiences from the convenience of their inbox. Emails are an important step of the shipment communication process that helps set expectations around deliveries and communicate important information. To create a successful long-term email strategy that supports your shipping objectives, you need to leverage email marketing practices that turn subscribers into sales.

Incorporate the following email practices and types to support your shipping strategy:

- **Set goals:** Create a goal for every email you send out such as boosting sales or keeping in touch with customers.
- **Make emails skimmable:** Keep your paragraphs short, add in headers for longer emails, use bullet points when possible, bold important information, incorporate eye-catching graphics and use call-to-action (CTA) buttons.
- **Use a welcome series:** These are a great way to tell your subscribers more about your brand. They have an outstanding 86% open rate and will have some of the highest engagement rates out of any of your emails. Consider sharing your best content, such as articles and ebooks, products or providing a promotional offer.
- **Create abandoned cart emails:** Remind shoppers of what items they left behind in their carts and encourage them to complete their purchase. As high as 88% of shopping carts are abandoned before a customer completes a purchase. Businesses using abandoned cart emails can earn up to 14% of lost sales.
- **Provide offers:** The perfect email for savings-conscious customers, where you can provide offers on a particular product, a sitewide discount or free shipping.
- **Send order confirmation:** Let customers know that you received their order. Provide their order number and summarize the customer contact details, including an order summary which may include the name of the product, its size and cost. Additionally, confirm their payment method, estimated delivery time and provide customer service contact information.
- **Set up tracking emails:** Give customers peace of mind by providing a tracking number so they can see where their order is on its shipping journey.
- **Encourage reviews:** Reviews are social proof that demonstrate the trust shoppers have in your business. As 88% of customers trust user reviews as much as personal recommendations, this social proof is too great to miss out on.

Win over customers with a strategic partnership that goes the extra mile

While all the methods we outlined will help you create an effective shipping strategy, another key element in satisfying customers is your shipping partner. The shipping provider you choose plays a major role in shaping customers' experience and their perception of your business. With an experienced delivery services partner, you can meet customer expectations and propel your business' success.

With over 60 years of experience, Purolator offers superior reach, serving up to 99.9% of Canadian postal codes in addition to cross-border capabilities, multi-mode transportation, courier and freight solutions. From next-day service to parcel lockers and e-bike delivery, we provide flexible and customized shipping solutions for all of your shipping needs.

On-time shipping solutions

Choose from a suite of delivery services that meets your diverse needs across Canada and beyond:

Purolator Freight®: Deliver a large number of goods with faster transit times, high on-time performance and easy online tracking.

Purolator Express®: Guaranteed next-day delivery across Canada with multiple delivery times available to meet your service-level needs and detailed, in-transit tracking.

Mission Critical: For your most urgent deliveries, no matter where they are in the world, leverage our fastest shipping solution with best-in-class tracking visibility and 24-hour access to our Mission Critical specialists for courier and freight shipments.

Specialized services: For oversized, urgent shipping, dangerous goods, signature required services and everything in-between, you can trust Purolator to deliver your shipments.

Keep your customers informed

With **Purolator Your Way™** you can provide your customers with an easy way to track and control their deliveries. SMS notifications keep customers informed at every step of the delivery journey. From choosing their preferred delivery drop-off location to waiving the signature requirement, customers can customize their delivery preferences, even while their package is en route.

Key features of Purolator Your Way for businesses

Total visibility of shipment journey

Clear next steps for missed delivery

Photo proof of delivery

No app download required

Customizable delivery preferences

Remote signature release*

*Remote signature release is not available for shipments requiring signature by an adult or the intended recipient (such as alcohol, cannabis, certain types of pharmaceuticals/narcotics, etc. or other DG regulated items).

Manage e-commerce online returns and recapture value

An effective logistics strategy isn't complete without a solid returns process. Businesses face a variety of returns challenges that can negatively impact the customer experience including:

- Lack of flexible and customizable returns options
- Poor returns tracking capabilities
- Lack of cross-border returns experience making the process costly and inefficient
- Shortage of return information including contact information
- An overly complicated returns process

With Purolator, we can help you streamline the returns process, recapture value from returned goods and create a positive returns experience for customers. As customers want convenient return methods that accommodate their needs, streamline the return experience with our customizable solutions.

Label free returns: By using a QR code for returns, customers no longer have to worry about printing return labels at home.

Package free returns: No label, bag or box is needed to return orders, making for a quick and sustainable return.

Parcel lockers: A convenient and secure method to drop off and pick up packages 24/7.

Drop boxes: Safely and efficiently ship packages and returns at drop boxes located in buildings, lobbies or outdoors in commercial areas throughout Canada.

Kiosks: Return, pick up or send packages easily and securely.

Mobile Quick Stops: With multiple convenient locations and flexible hours, return and pick up packages in your neighbourhood.

Purolator Retail Shipping Centre: Receive full service with drop-off and pickup locations that provide package and label free capabilities.

Authorized Shipping Agents: Get Purolator services at local retail businesses which manage inbound and outbound shipping.

Optimize your returns process with Purolator's flexible services:

- **Flexible, full services:** Our facility provides return, re-ship, donate and destroy services.
- **Restock and resell faster:** Label free and package free solutions encourage customers to submit their returns sooner.
- Convenient shipping access: By 2023, 75% of Canadians will be within a 3-km radius of a Purolator drop-off location.
- **Unrivalled speed:** A reliable service means faster returns for your customers and increased brand loyalty.
- **Efficiency:** By using our kiosks, returns can be completed in less than two minutes.
- **Tracking and transparency:** We provide complete visibility throughout the returns process.
- **Sustainability:** Our industry-leading green initiatives are supported by a fleet of zero-emission vehicles.

It's time to redefine your shipping strategy

Shipping is a key factor in attracting and retaining loyal customers. With more e-commerce brands vying for consumer wallets, it's critical that you ensure your shipping strategy is seamless—from your website's shipping policy, all the way to the last mile, and any returns in between. Whether it's free shipping, two day or same day, it's important that you set customer expectations clearly across all your shipping communication channels, and follow through on your promise.

Your winning shipping strategy should be complete with clear objectives, a breakdown of logistics and fulfillment expenses, outlined shipping policies as well as packaging and email communication best practices. By creating a smooth shipping experience, you'll keep your customers coming back to you, again and again.

Looking to craft the best shipping strategy for your business?

Connect with one of our shipping experts today!

Connect with us

Purolator
Promises delivered®

purolator.com