

## ShipRush Gives Shipping Advice for Small Online Retailers

By Ina Steiner, [AuctionBytes.com](http://AuctionBytes.com), March 01, 2009

Efficient shipping is critical to any ecommerce business, from the casual seller to the largest company. We checked in with Rafael Zimberoff, Product Manager at ShipRush, an eBay Certified Provider, to hear his thoughts on the USPS rate increases coming in May and some advice on shipping that you won't want to miss.

**AuctionBytes:** The US Postal Service is raising certain rates in May. An article in MultiChannel Merchant said, "The average 16% increase for standard rate parcels will mostly affect mailers that send items weighing less than 1 lb., such as apparel, toiletries or CDs/DVDs." Would you agree?

**Rafael Zimberoff :** I am not sure I buy that. First class parcels (which max out at 13 oz) will go up \$0.06 with Delivery Confirmation. Yes, Media mail and Priority are going up a bit, but they remain excellent values for up to 1 lb. From the perspective of business automation and designing promotions, predictable cost is top of mind. Up to 1 lb, the Postal Service is giving us a nice, flat rate approach that works well.

**AuctionBytes:** Are there other types of packages that will be affected by the May rate increases?

**Rafael Zimberoff :** Yes, essentially all services are going up a bit. Options like Delivery Confirmation and Signature Services are also going up. The Postal Service is continuing the trend of making the retail Post Office counter much more expensive than electronic processing. For example, the Delivery Confirmation service for First Class parcels is going from \$0.18 now to \$0.19 on May 11. A penny. But at the post office counter, this same option is going from \$0.75 to \$0.80, a rise of 6.5 percent.

**AuctionBytes:** What are some strategies sellers can employ to cope with the May rate hike?

**Rafael Zimberoff :** Number one is: Go electronic and don't use the post office counter. I know it is old news, but it applies now more than ever. Number two is: No one likes those "monthly fees" of the postage vendors, whether it is rental on a postage meter or a monthly fee from Endicia or Stamps.com. But the fact is that these services are often cheaper than using Click-n-Ship or the PayPal shipping system. For example, if sellers purchase insurance to cover their shipments, Click-n-Ship and the PayPal system may actually cost more than using systems like Endicia and Stamps.com. Number three is: Use First Class Mail to the hilt. I receive so many packages, even from large retailers, that are in a padded envelope and weigh 13 oz or less. Every one of these should go First Class Mail. Number four: Remember that nothing is free. Those "free" boxes for Priority Mail? Sites like ValueMailers and Uline will happily sell you boxes and padded envelopes. Even when you use the "free" material, you should know exactly what it would cost you to buy it yourself, and ship First Class or with a parcel carrier. Number five: It is your business to know what it costs to ship. And you should know the costs across all the carriers: UPS, FedEx, and the Postal Service. If you don't have a chart on your wall now, make one, and update it at least twice a year.

**AuctionBytes:** Someone on the AuctionBytes blog recently pointed out that sellers may not have the ability to raise their shipping charges - for example, Amazon dictates shipping charges (as it is, sellers don't get reimbursed for their full shipping costs on Ama-



zon). Aside from raising the price of the item, is there anything sellers can do so they don't lose money on shipping?

**Rafael Zimmeroff** : At least three things!

1) Build the cost of packing materials and uncovered shipping charges into the item cost. 2) Switch to selling CD's or tshirts that you can ship flat rate (just kidding!). 3) Beat up Amazon or whoever is controlling you. 4) Set up your own web store where you set the shipping rates.

**AuctionBytes**: What is the most common money-saving strategy you see sellers failing to employ?

**Rafael Zimmeroff** : Failing to use First Class parcels to the hilt. Talk about low hanging fruit... I visited a seller a few weeks ago who could put a few thousand dollars a year in his pocket by doing this. The only reason he gave not to was the "cachet" of Priority Mail. I hope that cachet pays good dividends! (Personally, I'd take the revenue.) Sellers should smartly use First Class as much as possible.

**AuctionBytes**: How much is free packaging (USPS Priority Mail packaging) really worth?

**Rafael Zimmeroff** : \$0.30-\$0.65 per shipment, generally.

**AuctionBytes**: Does anyone else offer free packaging?

**Rafael Zimmeroff** : Not for ground type service, no. For air (expensive) service: Yes!

**AuctionBytes**: Where are shipping rates going? Are UPS and FedEx any different?

**Rafael Zimmeroff** : All rates are going up. That is not going to change. The real difference is the fuel surcharge that FedEx and UPS charge, which is variable. It is low at the moment, but will go up if gas prices go up (should I say "when"?).

Another key difference is that UPS and FedEx provide \$100 of coverage for every shipment at no additional cost. This is a value the Postal Service does not provide.

**AuctionBytes**: Do you think the cost of shipping is hurting ecommerce?

**Rafael Zimmeroff** : Welllll, it isn't helping. But it isn't going away, either. High gas prices should help ecommerce overall because folks don't want to drive around as much... but clicking around gets great mpg!

I think the cost of shipping forces merchants to turn on their brains, and stare their business in the eye. And I think that is a good thing.

About the author: Ina Steiner is Editor of AuctionBytes.com and author of "*Turn eBay Data Into Dollars*" (McGraw-Hill 2006). She has a background in marketing and research in the high-tech and publishing fields.