Getting Shipping Right
For Crowdfunding Companies
Overview

1. Crowdfunding Lifecycle
2. Packaging Matters
3. The First Shipment
4. eCommerce Shipping Strategies
Crowdfunding Life Cycle

1. Crowdfunding Campaign
2. Produce First Product Batch
3. Ship to Initial Backers
4. Setup eCommerce Store
Setting up your campaign

Don’t overpromise perks
• Physical perks means customization that needs to go into the picking, packing, packaging, and shipping
• Multiple shipment sizes increases cost and fulfillment time
• Consider simpler perks like discounted pricing, or something digital

Do your research before supporting international customers
• How would you handle overseas backers for your first shipment? How much do you charge them? Any customs risks?
• Would customers be willing to pay the extra shipping costs and be willing to wait?
Packaging Matters

Carriers bill based on speed, dimension, weight & distance

Dimensional Weight = \frac{L \times W \times H}{139}

L = Length in inches
W = Width in inches
H = Height in inches

Get estimate shipping costs for your product & perks

What’s your box size?
Where are your top 3 most popular cities?
Where will you be shipping from?

Distance is calculated in zones, based on your originating address
Dimensional Weight

DIM weight is calculated based on the box dimensions and a dimensional factor: \( L \times W \times H / \text{Dimensional Factor} \)

FedEx DIM weight calculation 2017: \( L \times W \times H / 139 \)

<table>
<thead>
<tr>
<th>Box Dimensions / DF</th>
<th>( 9 \times 10 \times 10 / 139 )</th>
<th>( 10 \times 10 \times 10 / 139 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensional Weight (rounded to the next highest weight)</td>
<td>7 pounds</td>
<td>8 pounds</td>
</tr>
<tr>
<td>Cost (when shipping within 150 miles)</td>
<td>$8.81</td>
<td>$9.47</td>
</tr>
</tbody>
</table>

Consider options such as a polymailer (plastic envelope liking things) or flat rate boxes (where it’s a few set sizes and it’s a flat rate to send anywhere)
Shipping the First Batch

• Verify addresses: Wrong addresses are expensive
  • People may have moved – address correction by carriers can cost over $10/shipment or simply not possible
  • Send an email prior to shipment to confirm addresses, and use address verification tools to make sure locations are inputted correctly

• Use consolidators to keep shipping costs low
  • UPS Mail Innovation, DHL eCommerce, FedEx Surepost, etc.
  • Much cheaper, delivery estimate: 6 – 10 business days, last mile via USPS

• Utilize tracking information to get backers excited
  • Example: VNYL sends music records. When the shipment is marked “delivered”, they automatically add the music to the customers’ Spotify playlist.

• Ship the first batch yourself
  • Helps learn about the specifics of shipping (actual cost of shipping, how long it takes to pick and pack, cost of labor) and help with negotiation with fulfilment warehouses as you scale.
eCommerce Shipping
Shoppers care about shipping

6 of 11 selections are shipping-related

What information or options are most important to you when going through an online check-out process? Please select all that apply. (UPS 2014)
Shipping is the #1 reason for cart abandonment

- Shipping costs made the total purchase cost more than expected: 58%
- I wanted to get an idea of total cost with shipping for comparison: 57%
- I was not ready to purchase, wanted to save the cart for later: 55%
- My order value wasn't large enough to qualify for free shipping: 50%
- Shipping and handling costs were listed too late in the process: 37%

When shopping online, have you ever placed items in the shopping cart or basket but then left the site without making a purchase? Please select all that apply and identify the top reason. (UPS 2014)
What shipping options can you offer?

... without it coming directly out of your margins
1. Use flat shipping fees

Keep shipping costs predictable for customers at the very beginning of their purchase.

$10 SHIPPING
Take advantage of $10 shipping for the month of April! Order any amount of wine and we will ship it to you for $10. If you reorder any of the wines in your shipment within 30 days you will get an extra 5% discount on those wines.

Flat shipping as a marketing promotion or coupon.

$5 SHIPPING - $99 MINIMUM ORDER
USE PROMO CODE DURING CHECKOUT 36SPRING

Flat shipping for a minimum order.
How to calculate flat shipping fees

Take the average of typical orders going to your most popular destinations.

= $58/10
= $5.80
2. Offer free shipping

Great marketing tactic and a great way to drive sales.

Many ways to provide free shipping without taking it out of your margins:

▸ Free shipping for every purchase
▸ Free shipping for purchases over a certain $ value
▸ Free shipping on specific items

According to a survey by UPS, up to 50% of shoppers will choose a slower transit time to qualify for free shipping, and 83% of them are willing to wait an additional two or more days to get free shipping.
Free shipping for every purchase

Calculate an appropriate flat fee, and add shipping costs to directly to the price of your items.

Keep in mind: This option is best for more expensive and unique items where customers are less cost sensitive.

▸ Example: generic phone case

Original price $10 + shipping fee $5 = $15

*That’s a 50% price increase! Customers are likely to just be looking for something cheap. This sharp price increase can drive them away.*
Free shipping for purchases over a certain order value

Easy way to increase average order value.

93% of customers take actions to qualify for free shipping.

58% of whom added items to their cart to qualify for free shipping.

On orders $75+, FREE Shipping to the US.

Free shipping for U.S.-based customers on any orders over $80. Orders are shipped via USPS Priority Mail, and typically arrive within 1-3 business days.

Don't forget to remind customers of free shipping during checkout!
Provide free shipping as an option at checkout

Adding a free shipping option during checkout, even if the delivery time is longer, will convert more customers at checkout.

- 50% of customers will choose a slower transit time to qualify for free shipping.
- 83% of customers will wait an additional 2 days or more to receive free shipping.

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>USPS</td>
<td>Free</td>
<td>6-8 business days</td>
</tr>
<tr>
<td>UPS Ground</td>
<td>$6</td>
<td>3-5 business days</td>
</tr>
<tr>
<td>Expedited</td>
<td>$25</td>
<td>2 business days</td>
</tr>
<tr>
<td>UPS Signature</td>
<td>$10</td>
<td>3-5 business days</td>
</tr>
</tbody>
</table>
3. Give customers shipping options

Different customers have different needs. Especially important for specialty items (for gifts or events).

Amazon does a great job at this:

• Especially note how they put the actual delivery date
4. Communicate shipment ETAs & tracking info ASAP

Customers start calculating transit times the moment they click “buy”.

69% of customers expect to receive a tracking number within 24h of when they click buy.
Customers are surprisingly patient ... but they need to be updated proactively updating customers can save you from an influx of support tickets.

7 Days is average time shoppers are willing to wait for delivery.

Pro-actively updating customers can save you from an influx of support tickets.
Shipping Recap

Shipping is one of the most important, yet most overlooked influencer of purchasing behavior. It can cause cart abandonment, but it can also be your best sales tool:

1. Flat shipping fee = predictable shipping costs from the beginning.
2. Free shipping = great way to increase sales as a business.
3. Give shipping options = catering to diverse customer needs around transit times.
4. Communicate shipment tracking information pro-actively.
   - Customers start calculating transit times the moment they click “buy”.


About Shippo

WE’RE THE BUILDING BLOCKS OF SHIPPING
Combine our API and dashboard as needed. We provide the tools to power all shipping scenarios.

MULTI-CARRIER API
A reliable, scalable API allows to build native shipping solution within your platform.

EASY-TO-USE DASHBOARD
Shippo’s dashboard helps businesses fulfill orders with simplicity, speed, scale and accuracy.
Questions?

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