

2021 Holiday Readiness Guide

A partnership between Pitney Bowes and DesktopShipper to provide ecommerce retailers with practical holiday information and make logistics easier.

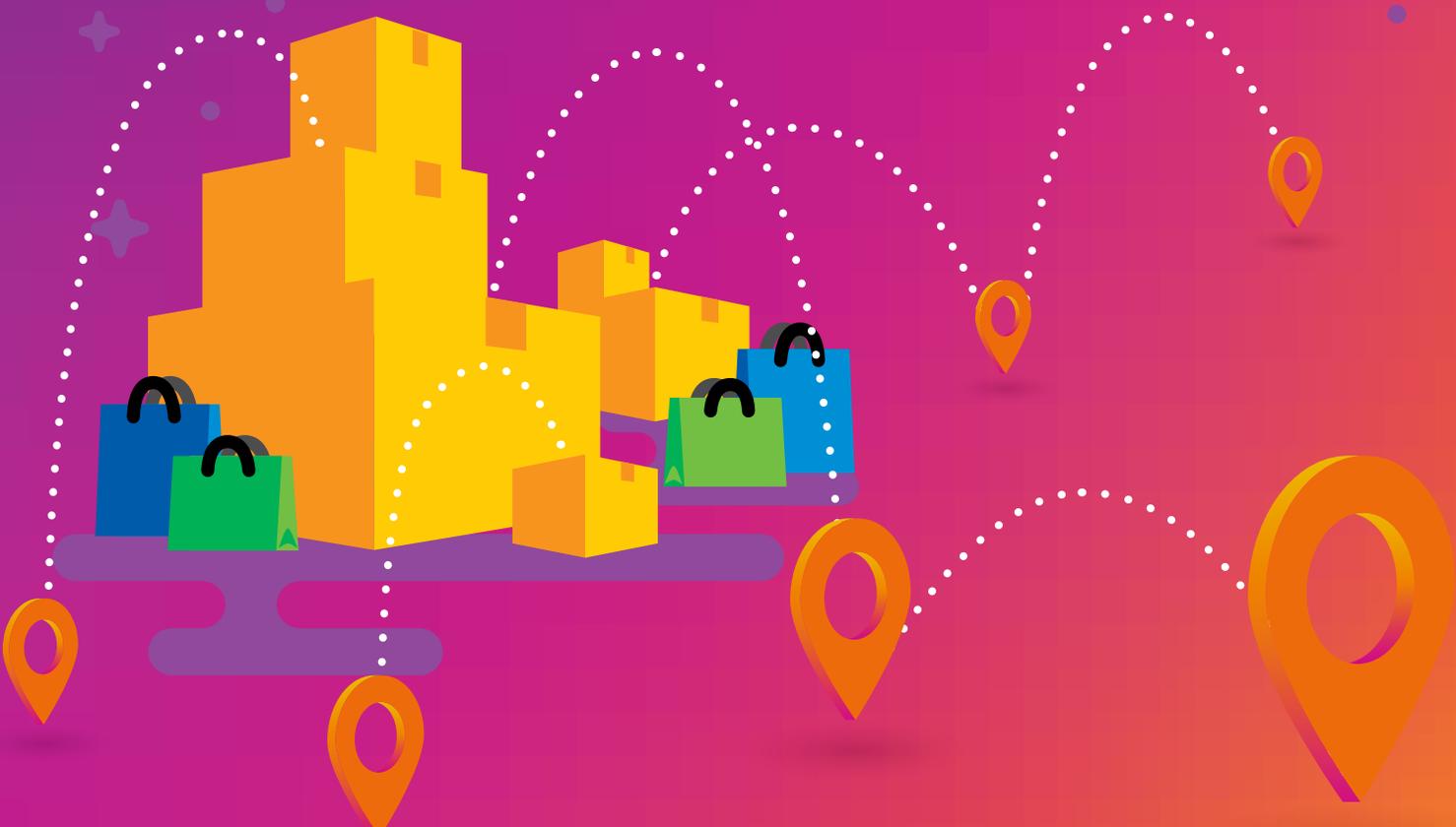


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Welcome Ecommerce Retailers

Pitney Bowes, along with our partner DesktopShipper, welcomes you to the busiest time of the year. Due to COVID-19, 2020 saw one of the largest jumps in year-over-year ecommerce transactions. While physical stores have reopened, expectations are that we'll still see a sizable increase in 2021 online holiday sales versus 2020.

Supply chain issues could be disastrous. We've already been seeing labor shortages in the manufacturing supply chain, along with labor and transportation costs continuing to climb. New restrictions are also limiting the capacity and convenience of in-person shopping. It's a challenging time for retailers, and consumers, as the supply chain still lags significantly behind demand. Know that these challenges will throw a wrench into your preparations. Be prepared early, do your best to keep your inventory and supplies stocked and make sure your team is fully staffed for the increase in outbound and returns volumes.

This guide is designed to help you meet the delivery and returns expectations of your customers by providing you with data, projections and best practices used by the most successful B2C ecommerce retailers. We hope you use this guide to plan for the season ahead and even find some nuggets to help you engage with existing and new customers.

Here's to a successful and stress-free holiday.



Pitney Bowes BOXpoll™

In 2020, Pitney Bowes announced a new weekly survey designed to measure consumer sentiments on current events, culture and ecommerce logistics. Morning Consult® conducts weekly polls on behalf of Pitney Bowes among a national sample of more than 2,000 online shoppers. The surveys, and their corresponding results, are designed to help retailers listen and learn from the markets in real-time. Much of the data you'll find in this guide is pulled directly from BOXpoll. The BOXpoll survey data in this guide will help you better understand the consumer habits that impact your business.

Find more BOXpoll content at pitneybowes.com/us/blog/boxpoll.html.

Results from the full survey have a margin of error +/-2 percentage points.

Introducing BOXpoll™

A weekly consumer survey on current events, culture and ecommerce logistics.

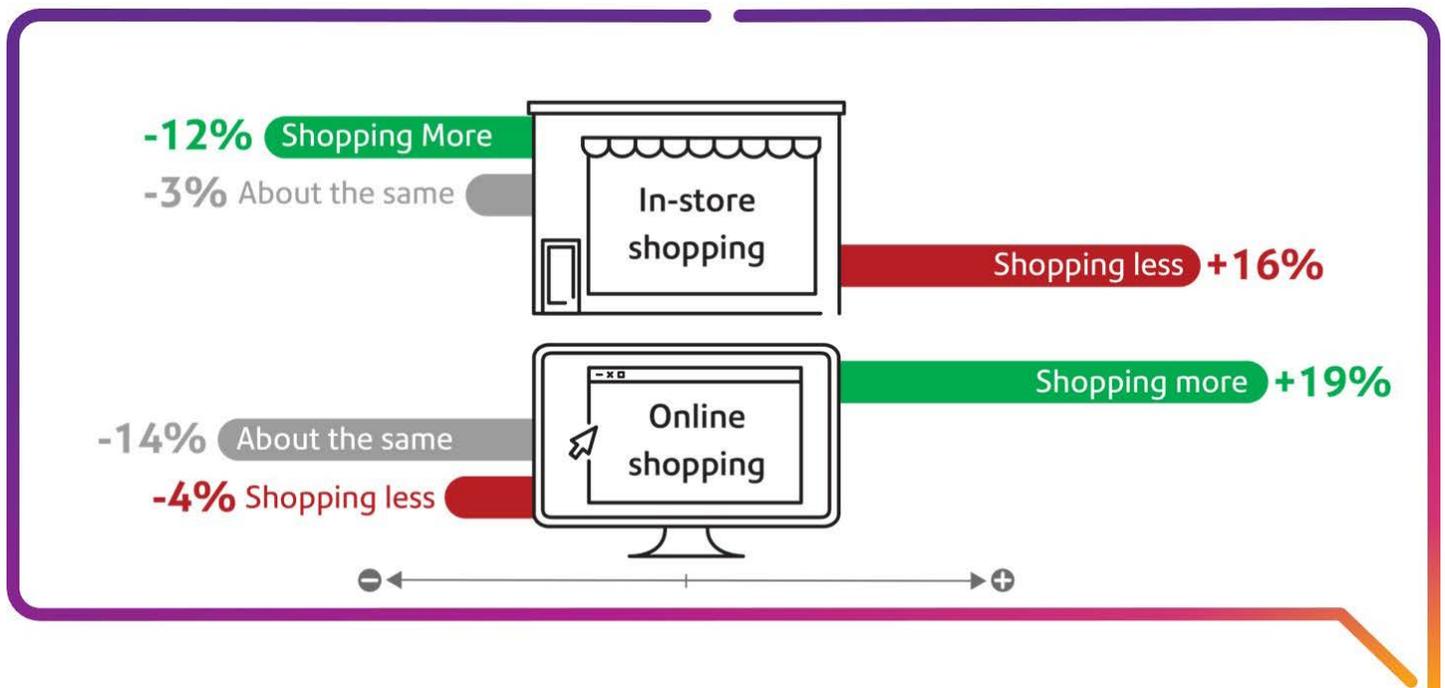
It's so this year.

BOXpoll™ Data

How will consumers adapt to shopping issues this holiday?



How is the Delta variant changing shopping behaviors?



Important Shopping Days for 2021

November

Nov. 11
Veterans Day
Singles' Day

Nov. 25
Thanksgiving

Nov. 26
Black Friday

Nov. 27
Small Business Saturday

Nov. 29
Cyber Monday

Nov. 30
Giving Tuesday

December

Nov 28 – Dec. 6
Hanukkah

Dec. 13
Green Monday

Dec. 14
Free Shipping Day

Dec. 25
Christmas Day

Dec. 31
New Year's Eve

January

Jan. 1
New Year's Day

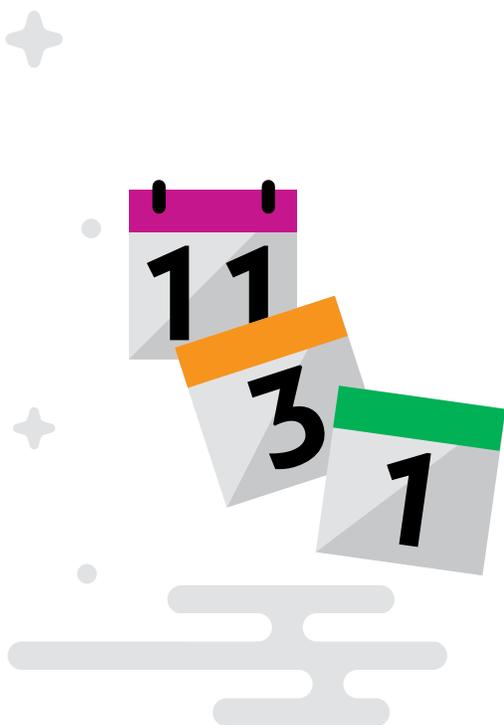
Important USPS® Shipping Deadlines*

Dec. 18
Priority Mail

Dec. 22
Priority Mail Express

Dec. 17
First-Class

*Dates are for estimated delivery before December 25. Actual delivery date may vary depending on origin, destination, Post Office acceptance date and time and other conditions. Some restrictions apply.



Key Holiday Shopping Days



November 26

Black Friday

Black Friday, the day following Thanksgiving when brick-and-mortar retailers see a massive influx of shoppers, is the kickoff to holiday shopping. Retailers launch many of their sales to coincide with Black Friday.

In 2020, Black Friday sales surged because of COVID-19. According to Adobe Analytics, consumers spent \$9 billion online.¹ That massive number is expected to increase in 2021.

More shoppers are buying through mobile devices as well. Retailers need to ensure their mobile online shopping experience is just as seamless as their traditional web browser.

Retailers should be better prepared this year than in previous years. A tapped supply chain might make it harder to source inventory, and delivery times might be longer. We recommend clearly communicating your expected delivery times, return policy and even your customer service response times on your website. And speaking of your website, make sure your technology can handle increased traffic.

November 29

Cyber Monday

According to Adobe Analytics, online shoppers spent \$10.8 billion in 2020 — up from \$9.4 billion in 2019.¹ This number is expected to climb in 2021, and once again break records.

Many stores have already announced their Cyber Monday sales. Our suggestion is to promote your discounts early and make sure you include free shipping and returns with purchases.

November 27

Small Business Saturday

Main Street took a brutal hit with COVID-19. Many stores were forced to close, and those still open are having trouble finding adequate staff. Commercial real estate firm CoStar Group estimated that 12,200 US stores closed in the last year.²

Small Business Saturday, initially created by American Express, encourages consumers to shop locally by supporting smaller businesses.

If you're a small business, participate in your local retail events. Take advantage of the resources provided to you by your local chamber of commerce. Make sure to take advantage of local social media channels, like Nextdoor or even Facebook, and create exclusive deals for your local customers.



Keys to Reducing Small Parcel Shipping Costs

1. Know Your Margins

It is essential to know your margins. Customers are more likely to purchase a product with free shipping but may cost more than other competitors selling the same product. Understanding your margins allows you to add the shipping cost to your products price to incorporate “free shipping.”

2. Understand Commercial Pricing

Every carrier/service has different pricing models. Pricing changes constantly, and we’re now seeing holiday shipping surcharges levied by all major carriers. The best thing to do is to create an account with the shipping carriers you wish to use. Depending on the shipping volume, companies offer commercial pricing to businesses, which means discounted shipping costs. Every carrier or service offers different things, and it generally depends on what you’re shipping, how often you send and where you are shipping.

3. Avoid Errors

When looking for ways to reduce costs, two of the most common shipping mistakes retailers make are shipping the wrong item (the wrong size or wrong inventory item) and shipping to an incorrect address. Take the time to double-check these two items, as it’s the shipper’s responsibility to fix the issue. Both scenarios cost the shipper time AND money. By working with a shipping solution with built-in error-avoidance features, such as DesktopShipper’s Scan Verify and Address Validation, many of these mistakes can be reduced or completely avoided.

4. Shipping Zones

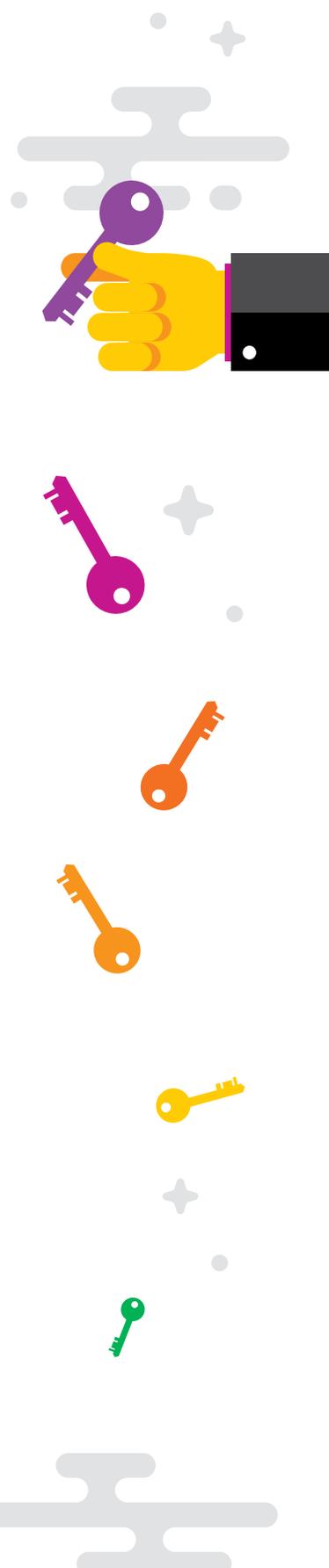
Understanding shipping zones is a key factor in establishing the cost of shipping. Though carriers determine zones differently, they are an essential part of small parcel shipping. For a USPS® shipment, the Postal Service determines zones based on mileage from the originating shipping ZIP Code. For example, a Zone 5 shipment will travel between 601 and 1000 miles. Retailers should build their shipping mix around zones, weights and delivery times to save costs.

5. Know Your Customers' Locations

Because shipping zones have a significant impact on shipping costs, knowing where your target market is based can help your bottom line. For example, if you sell surfing gear, you probably don’t want to be based in a land-locked state like Nebraska. A majority of your customers will be on the coasts, which means your items will be crossing multiple zones, costing you more money. But what if you have a target market that spans across the country? There are two options: 1) Have multiple distribution centers or 2) one distribution center in the middle of the US.

6. Choose the Right Packaging

It’s essential not to waste space when packaging shipments. Improper packaging can increase the chance of damage, the shipping cost by bumping up the dimensional weight and the cost of supplies. Two-dimensional weight shipping options offered via USPS are Cubic Pricing and Flat Rate Shipping. USPS negates the weight of packages with these options, instead focusing on the box dimensions, which greatly benefits the shipping price.



Handling Holiday Returns

Along with an increase in outbound shipments during the holidays, you'll also see a massive increase in the number of returns. 80% of customers rank returns as important to their overall order experience, with unboxing taking home the #1 ranking.³ Make sure you have a returns solution that is easy and convenient for you and your customers.

Your Returns Challenges



Keep customers happy with a great returns experience.



Manage unprecedented returns volume... that will continue through the holidays.



Lower the cost of returns while trying to manage multiple returns service providers.

Best Practices for Post-Holiday Returns

1. Make Returns Fast and Easy

Create a clear, easy-to-find returns policy that allows your customers to return their orders quickly. Also, focus on getting money back to the customer so they can shop again. The longer the customer waits, the more likely they are to spend their money elsewhere.

2. Challenge your Real Motivations

Decide if you're going to use returns as a profit center. Are you looking for near-term profit, or are you looking for repeat purchases? It's easier to market to current customers than to find new customers.

3. Make the Label Easy to Find

Even if you aren't using returns as a profit center, make sure your customer can find the returns label. There is no reason to bury your returns policy or return label on your website.



Is it Time to Go Cross-Border?

Domestic delivery and returns solutions are step one for US-based retailers. Multiple delivery options help meet consumer expectations and help drive conversions. While returns may not be ideal for a retailer's bottom line, they can increase customer retention. However, cross-border is a different scenario. Cross-border is a massive opportunity for retailers, but it can come with challenges. Here are some nuggets to help retailers decide if going cross-border is the right strategy:

1. Cross-border will make up 20+% of global online sales by 2025

By 2025 it is expected that global online retail sales will reach \$7.1T.⁴ It's also expected that \$1.6T of that number will come from global online cross-border sales. Retailers will need to be ok leaving 20% of sales on the table by not going cross-border.

2. Cross-border sales are outpacing domestic online retail sales

While domestic online sales numbers continue to grow, cross-border sales are expected to outpace domestic sales growth.

3. Buying cross-border is becoming easier

It's getting easier for cross-border consumers to buy. Comfort levels in online transactions regardless of merchant location are increasing globally, and online merchants are taking advantage of this comfort by offering their products in a global context. Many of them are leveraging technologies and services to make the buying experience feel local and authentic. Through technology, retailers can easily accept different currencies as payment and even build translations into their websites to make the cross-border buying experience feels very similar to a domestic one.

4. US goods are in high demand in major markets

US goods are in high demand across the world, including in many of the largest global economies. The US is a top 3 origin for consumer purchases in over 16 "major" economies. International consumers are interested in apparel, footwear and toys, according to a recent BOXPoll™ survey.



Cross-Border BOXpoll™ Results

% of consumers who make online purchases from the UK multiple times per month.



Consumers who purchase cross-border online from the United States

Buy online from the US	At least once per month (NET)	Multiple times per month	About once per month	Less than once per month	Never
	25%	7%	18%	20%	55%
	24%	7%	17%	53%	24%
	18%	4%	14%	46%	36%
	18%	4%	14%	46%	36%
	17%	6%	11%	26%	57%
	16%	6%	10%	34%	50%
	8%	2%	6%	24%	68%

The Right Shipping Mix



Large retailers typically don't need to search for carriers as they'll come knocking with discounts to gain your business. But smaller retailers may not have the same leverage. Retailers of all sizes should analyze all shipping data to find the best carrier(s) options. We want to debunk a common misconception in shipping: You can't work with more than one carrier. In fact, we encourage you to work with more than one carrier. It is not just to get the best deal on pricing, but to find the best carrier for your customers and your company. Not every service will match with every business — There are a massive amount of delivery services of every size that can fit with any niche market. We've taken a look at the three largest carriers to find some of their strengths. Remember, profitable retailers will want to ship their products through a mix of many carriers.



- No delivery surcharges to residential addresses
- Delivery to every address, every day
- Free daily package pick-up
- Free packaging
- Free Saturday, and sometimes Sunday, delivery



- Same-day or next-day delivery
- Better pricing for heavier shipments
- Day specific delivery
- Many services provide delivery guarantee
- Used often for guaranteed overnight delivery



- Same-day or next-day delivery
- Better pricing for heavier shipments
- Shipments over 70 pounds
- Many locations for drop off or pick-up

Tips for Finding the Right Carrier Mix

1. Review your Carrier Bills

Both FedEx® and UPS® provide weekly bills in a CSV format that can be sorted by class of service, billed and actual.

2. Understand Minimums

Private carriers like FedEx and UPS have a one-pound minimum contract exclusion. This means you receive less of a discount if the net charge is below the Zone 2 minimum.

3. Use Technology to Your Advantage

Find a shipping technology platform that allows you to rate shop so you can get close to an apples-to-apples comparison on your shipments.

Quick Tip:

Review your packaging — Try to use the smallest possible box while making sure your shipment is still protected.



4 Ways USPS® Can Help Year-Round

While the holiday shipping and return season is your business' go-time, USPS® has been preparing all year long. Ecommerce merchants should rely on the USPS for some, if not most, of their ecommerce deliveries. They offer competitive rates, increased technology to improve tracking and have a legal mandate to deliver to all US postal addresses in all jurisdictions.

Partner with Pitney Bowes and DesktopShipper to access USPS rates and services:

1. Up Front Pricing

The USPS doesn't charge hidden fees. This means pricing is up-front, allowing shippers to manage shipping expenses better and only pay for the following:

- Lower dimensional rates for larger, lighter-weight items
- No residential delivery surcharges
- No address correction fees
- No fuel surcharges

2. Discounted Rates

The USPS is cost-competitive for shipments five pounds or lighter. This includes items that fit in Flat Rate Boxes or shipments that are smaller and denser.

Additionally, with many different mail classes to choose from, the USPS provides cost-effective options for all shippers — from the small online retailer to the larger warehouse shipper.

3. Sunday Delivery

In many large metropolitan areas, Sunday delivery is available at no additional fee.

4. Delivery and Tracking

The USPS has made large investments in tracking technology, putting them on par with private carriers. From Priority Mail Express™ to Media Mail®, there is a mail class to meet every customer's shipping expectation. Some perks of the USPS delivery and technology include:

- Real-time tracking
- Free Saturday delivery
- Free Sunday delivery to metropolitan areas
- Free package pick-up
- The only carrier to deliver to PO Boxes and APO/FPO addresses



7.3 billion

In 2020, 7.3 billion pieces were shipped through the USPS – more than a billion more than 2019.⁵

New Again for 2021 Peak Season Surcharges

2020 saw a shift from all major carriers as they temporarily increased prices during the holiday season. As always, retailers need to invest in finding the right shipping mix and consider these temporary price increases. To do so, look at parcel weight, zone and shipment dimensions, service level based on delivery objections and whether the parcel is being delivered to a residential or commercial destination. Let's look at each carrier's pricing plan for the holiday season:

Peak Season Surcharges By Carrier



- Starting Oct. 4, prices raised for packages that require extra handling or unauthorized for ground network
- Per-package surcharge for ground shipments from Nov. 29 to Dec. 12
- Customers shipping more than 25,000 packages/week will be charged for residential packages shipped between Nov. 1 and Jan. 16



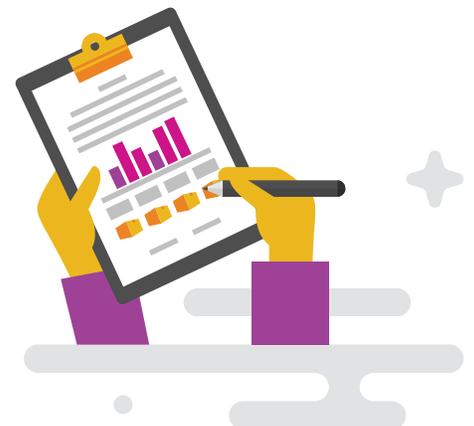
- Surcharges added between Oct. 31 and Jan. 15 for larger shippers
- \$1.15 surcharge per package for UPS Ground or UPS SurePost
- Rates could be higher based on volume



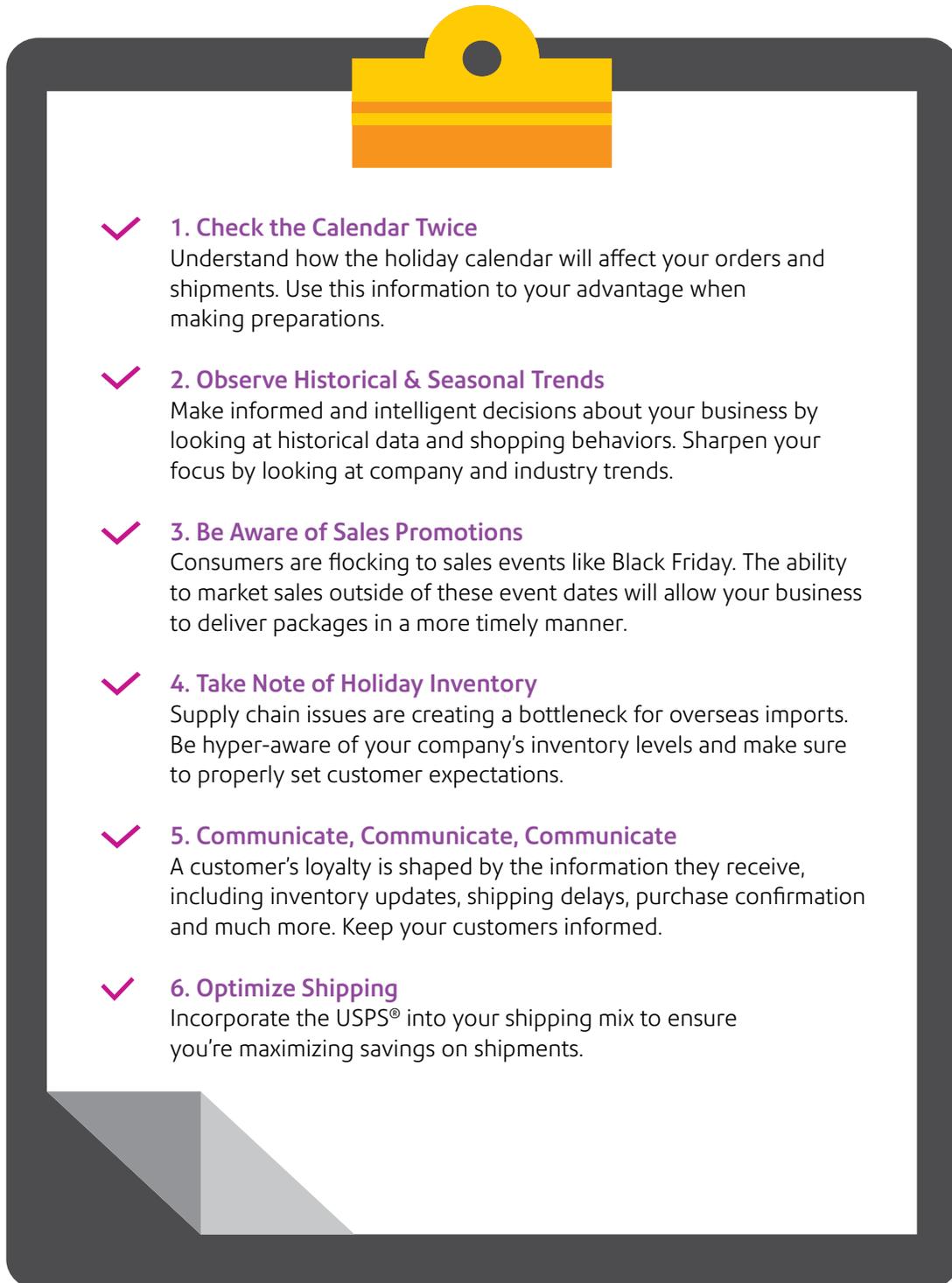
- Surcharges begin Oct. 18 and run through Dec. 27
- Surcharges range from \$.24 to \$1.50 per package
- Priority Mail Express™ Flat Rate Envelope will increase \$1.50 per shipment
- Priority Mail Regional Rate prices are increasing \$.40 per shipment

Quick Tip:

We advise retailers to revisit their shipping mix consistently to ensure they're utilizing each carrier in the most efficient way possible. Using multi-carrier shipping software simplifies this process.



The Ultimate Holiday Checklist to Take Q4 by Storm



About Pitney Bowes

Pitney Bowes is a global shipping and mailing company that provides technology, logistics, and financial services to more than 90 percent of the Fortune 500. Small business, retail, enterprise and government clients around the world rely on Pitney Bowes to remove the complexity of sending mail and parcels.

Pitney Bowes

3001 Summer Street
Stamford, CT 06926-0700
www.pitneybowes.com/delivery

About DesktopShipper

DesktopShipper provides cloud and on-premise shipping software solutions to businesses globally. With highly adaptable and cutting-edge shipping technology, DesktopShipper allows companies of all sizes to rate-shop between a large selection of carriers, automate custom business rules and integrate with various ecommerce platforms. Since 2004, DesktopShipper's mission has been to give shippers the power to succeed in a constantly evolving industry. DesktopShipper strives to support, assist and help customers seek the information needed to succeed in the online retail industry.

DesktopShipper

PO Box 68369
Portland, OR 97268
www.desktopshipper.com

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1. Adobe, "5 e-commerce trends for 2021: What we learned from the 2020 holiday season," 2021.
 2. CoStar Insights, "2020 sets new record as retailers announce plans to close more than 11,100 stores," 2021.
 3. Pitney Bowes, BOXpoll data, 2021.
 4. Oberlo, "Global ecommerce sales," 2021.
 5. USPS Corporate Communications, "Postal Facts 2020 Companion," 2020.