

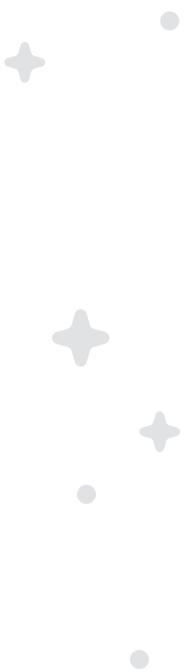


# 2020 Holiday Readiness Guide

Providing retailers of all sizes with practical information to help optimize operations during the 2020 shipping season.



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# Welcome Retailers — A Preface About COVID-19

The holiday shipping and return season is the most important time of year for your business. From October through mid-January, there is immense pressure to meet the demands of your consumers. They want on-time delivery, updated and consistent tracking information, an easy-to-navigate returns process, free or inexpensive shipping and competitive pricing. However, as a retailer, you're expected to provide all of these deliverables while also maintaining profit margins.

To help you prepare for this upcoming holiday season, we have compiled important shopping and shipping dates, tips, tricks and best practices. 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.

We also want to acknowledge the massive shopping shift created as a result of COVID-19. While online shopping has been increasing year over year, the closures of physical stores have caused an unprecedented surge to ecommerce. Previously, online shopping during the 2020 holiday season was supposed to be larger than ever. Now, all delivery expectations and volume projections have been re-adjusted with the anticipation of surpassing the previously forecasted numbers.

**Here's to a successful and stress-free holiday!**



# The Impact of COVID-19 on Ecommerce Deliveries and Returns

Pitney Bowes, with the assistance of Morning Consult, surveyed 2,200 US adults between March 30, 2020, and April 16, 2020, to see if attitudes had changed regarding deliveries and returns. Not surprisingly, online shopping tendencies increased, but consumers also became less sensitive to the speed of delivery. Nearly half of consumers believe their purchase habits have permanently changed due to COVID-19.



of US consumers who shop for toys/hobbies/gifts used to prefer to shop in-store, but now prefer online.



of US consumers shopping for clothing say the speed of delivery is not important to them now.



of respondents are tracking their orders daily, a decrease of 11% from pre-COVID-19 times.



of Gen Z are tracking their packages multiple times a day.



of respondents have signed up for non-food subscription boxes as a result of COVID-19.



of respondents have decided against purchasing online because of physical drop off returns.

# Important Shopping Days for 2020

## November

**Nov. 11**  
Veterans Day  
Singles' Day

**Nov. 26**  
Thanksgiving

**Nov. 27**  
Black Friday

**Nov. 28**  
Small Business Saturday

**Nov. 30**  
Cyber Monday

## December

**Dec. 1**  
Giving Tuesday

**Dec. 10 – Dec. 18**  
Hanukkah

**Dec. 14**  
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. 20**  
Priority Mail

**Dec. 22**  
Priority Mail Express

**Dec. 19**  
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.

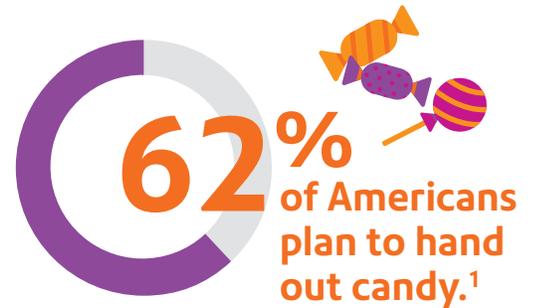


# Highlighting Halloween

## Trick or Treat

Consumers kick off Q4 by shopping for their Halloween preparations including, costumes, decorations and candy. Halloween sales are a leading indicator of how strong the holiday shopping season is going to play out, according to Forbes.

With COVID-19, parents still expect their children to celebrate but will plan to do so safely. Large candy manufacturers, like Hershey, aren't so sure. Fearing less demand, this year, they've moved up their displays two to four weeks earlier to try to expand their Halloween sales window.



## Halloween Spending

The National Retail Federation (NRF) reported that Halloween spending dipped in 2019 from 2018. In 2019, retail spending was \$8.8 billion, with around 172 million people spending \$86 each. Spending in 2020 is expected to bounce back up to \$92.12 per person.



## Dressing up the Dog

People love to dress up their pets. About 18% of NRF respondents said they planned to dress up their pets in a costume this Halloween. Not surprisingly, pumpkins and hot dogs were the most likely costumes to be purchased.

# Key Shopping Days in November

## November 11

### Singles' Day

Singles' Day, an "anti-Valentine's Day" shopping event that began in China, is quickly growing in the US. Deals are available for numerous items from larger retailers — not just those based in China.

As a merchant, take advantage of this first gift-buying opportunity. We suggest clearing out some inventory before Black Friday or Cyber Monday by enticing consumers with Singles' Day offers.

## November 27

### Black Friday

Black Friday is the first massive shopping day of the holiday season, but in recent years, it's become more of a cyber week. Studies from Qubit and Shopkick show that up to 44% of respondents plan to shop online more than last year due to COVID-19 concerns.

In 2019, online sales rose more than 19.6% over the previous year, according to data from Adobe Digital, as sales hit \$7.4 billion. An initial survey from Shopkick shows that 23% of respondents expect to spend less in 2020 than last year — most likely due to uncertain economic times.

Merchants need to 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 you're able to handle the increase in traffic.

## November 30

### Cyber Monday

According to Adobe Analytics, online shoppers spent \$9.42 billion in 2019 — close to a 20% jump from 2018. This number is expected to climb in 2020.

With many customers expected to be remote during Cyber Monday, there is an expectation for online shopping volumes to continue spreading throughout Cyber Week. Still, retailers should prepare for a high volume of shoppers on Cyber Monday.

## November 26

### Thanksgiving

Even prior to COVID-19, many large retailers announced that they would be closing their stores on Thanksgiving Day. These announcements have expanded since March with Target Best Buy, Dick's Sporting Goods and even Walmart announcing that their stores will be closed. Of course, this will just push sales online.

As a merchant, figure out which strategy works for you, your customers and your employees to go full steam ahead.

## November 30

### Small Business Saturday

Main Street has been hammered by COVID-19. In July, the House Small Business Committee reported over 110,000 small businesses had closed permanently and nearly 70% expect the pandemic to have a permanent impact on their business.

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 events. Take advantage of the resources provided to you by your local chamber of commerce. Take advantage of local social media channels, like Nextdoor or even Facebook, and create exclusive deals for your customers.



# Key Shopping Days in December

## December 14 Green Monday

Lesser known than Cyber Monday, Green Monday is just as powerful. It's the second biggest day for online holiday shopping. For merchants that sell green goods, think about running a promotion such as free shipping or 10% off on select items. Merchants can also promote their green initiatives via email or website to help boost sales.

## December 19 Super Saturday

Super Saturday is the last opportunity for procrastinators to finish their holiday purchases, as shoppers will head into local brick-and-mortar stores to pick up last-minute gifts.

As a merchant, we suggest following the success of many online retailers by offering next day expedited shipping ahead of the holidays.

## December 14 Free Shipping Day

Created in 2008 by the founders of Freeshipping.org, Free Shipping Day has become a favored commercial holiday. On this day, thousands of merchants offer free shipping to their customers. We highly recommend that merchants take full advantage and prepare for this day.



# Mastering the Post-Purchase Experience

Even when you've made a sale, the post-purchase period is still a valuable opportunity for merchants to show clients a branded experience. Use this as additional time to convert buyers into loyal customers through the following efforts:

## 1. Get Inventory Closer to the Consumer

By getting inventory closer to the consumer, you're able to reduce delivery time and shipment costs, thus creating a better consumer experience. If you're a larger merchant, opening a second, or possibly third distribution center is one way to get inventory closer to the consumer. Using 3PLs is another effective method. For smaller merchants, using drop shippers can also reduce the delivery time for many of your orders.

## 2. Pick the Right Carrier, Every Time

Deploying a multi-carrier strategy has many benefits — from faster delivery to better tracking to cost optimization. To better understand how you can leverage all carriers, understand what items you're shipping (such as weight, size and item cost) and where you're shipping them (such as residential or commercial addresses).

## 3. Communicate

Waiting for a package to arrive can be the hardest part for consumers. That is why it's better to over-communicate information about a package location and its expected arrival time. If a customer returns an item, communicate when their package is accepted and when they can expect their money back.

## 4. Make Returns Easy

Consumers want to find a merchant's return policy with ease. Make your returns process clear, easy and straightforward because this interaction might be your last with a consumer.

## 5. Don't Forget International Consumers

93% of retailers are operating globally or have plans to go cross-border, according to the Pitney Bowes Annual Online Shopping Study. Merchants that are considering future cross-border opportunities should think about fraud and compliance, conversion optimization, marketing, post-purchase customer care and logistics when planning.



# How Retailers Can be Successful Online

## 1. Optimize Your Website

The holiday season is the time to boost keyword campaigns. Optimize your site, streamline your order process and make sure that your search functionality is fine-tuned. It's also essential to ensure it's as easy as possible for customers to find, order and return items on your platform. Try creating call-out promotions that draw the visitors' eyes to specific products to spark sales.

## 2. Promotions and Campaigns

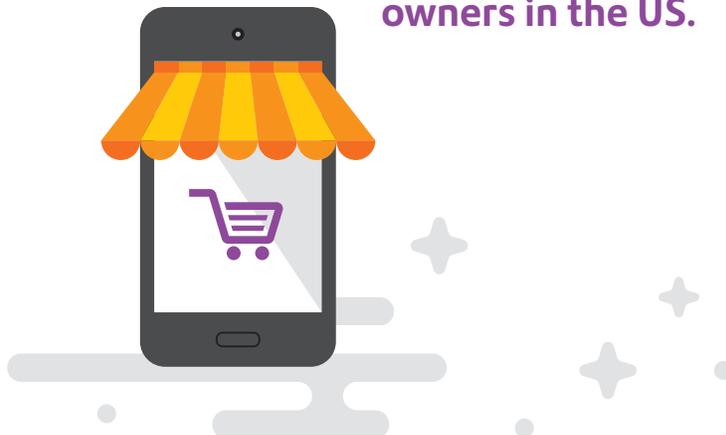
Create targeted emails to promote your store items with the customer data that you've been capturing all year. Try best practices in your email strategy, including customizing the "from" line, using clear subject lines, personalizing your offers and creating a strong call to action. Always remember to capture additional data so that you are in a better position for future promotions and campaigns.

## 3. Go Mobile

Statista expects over 275 million US consumers to own smartphones by the end of 2020. The average ecommerce order on an iPhone is close to \$120. If your site isn't optimized for the mobile experience, then you are missing out on sales and engagement. Even a simple mobile site can significantly boost your bottom line during the holiday season.

There are

**275 million** smartphone device owners in the US.



# 6 Keys to Holiday Season Success

## 1. Offer Free Shipping and Same-Day Delivery

Customers want their orders as fast as possible, even if delivery is free. Getting that item to your customer in 2–3 days means you'll be meeting their expectations. Offering them the option of same-day delivery is even better.

## 2. Offer Guaranteed Delivery

Find a carrier that will guarantee delivery dates and/or times. Shipping partners like Pitney Bowes provide a 3-day guarantee delivery, meaning you can get a refund on the cost of shipping if your package isn't delivered in three days or fewer.

## 3. Use Stores for Fulfillment

Among high-growth domestic retailers (25%+ revenue growth), 64% use brick-and-mortar stores as fulfillment centers, according to the Pitney Bowes Annual Online Shopping Study. The study found that only 55% of low growth retailers (<10% growth) do.

## 4. Sell Subscription-Based Services

The growth of subscription-based services has been immense. From razor blades to pet products, subscription-based services provide recurring revenue and plenty of opportunities for up-selling. 65% of high growth retailers have subscription-based services versus 25% for low growth retailers.<sup>3</sup>

## 5. Understand the Value of Insurance

Knowing which shipments of yours tend to get lost, stolen, damaged or miss-delivered will allow you to better leverage parcel protection services. Look for a partner that will provide competitive rates, quick turnaround on payment and a simple claims process. Parcel Protection from Pitney Bowes is one of the most straight forward parcel insurance programs on the market.

## 6. Think about Financing and Capital

Make sure you have enough capital on hand to handle your high growth periods. Pitney Bowes offers a multitude of ways to fund your merchant account, from credit card, to ACH, to a line of credit.



# 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. Another focus should be 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

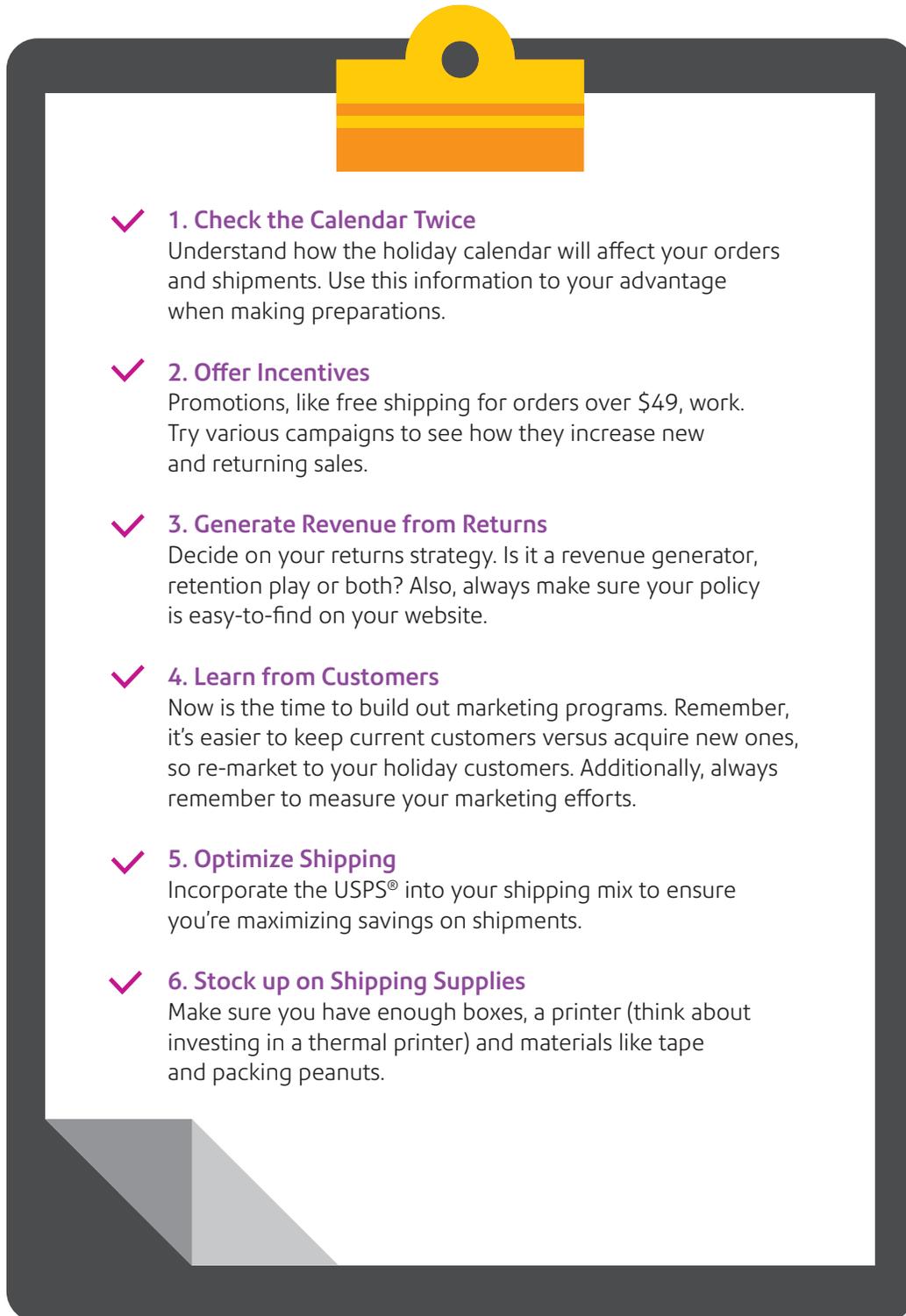
Decide if you're going to use returns as a profit center. Are you looking for near-term profit, or are you looking for repeat purchases? It's easier to market to current customers than to find new customers.

## 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.



# The Ultimate Holiday Checklist



# Finding the Right Shipping Mix

The three major parcel carriers in the US (USPS®, FedEx and UPS) all provide a different level of service, cost and expertise. Who you decide to partner with in 2020 and beyond will likely be a mix of all three. When deciding, retailers need to understand their shipping needs and customers' shipping expectations. Try looking at parcel weight, zone and shipment dimensions, service level based on delivery objections and whether the parcel delivery is to a residential or commercial destination. Let's look at each carrier's strengths:



- 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



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

## 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. The USPS offers competitive rates, increased technology to improve tracking and has a legal mandate to deliver to all US postal addresses in all jurisdictions.

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

### 1. No Surcharges

The USPS doesn't charge shippers hidden fees or surcharges. 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 that are 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

The USPS has committed to expand Sunday package delivery to meet the needs of online retailers. 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 that meets 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

### 2020 Holiday Peak Shipment Example

Ground Shipping	UPS	FedEx	USPS
2 lb Zone 2	\$8.65	\$8.89	\$8.44
DIM	139	139	166
10 x 10 x 10 Box	\$11.84	\$10.98	\$10.55
Residential delivery surcharge	\$4.10	\$4.65	\$0
Delivery area surcharge	\$5.40	\$4.40	\$0
Ground fuel surcharges	\$1.41 (6.50%)	\$1.34 (5.75%)	\$0
Address correction fee	\$17.00	\$17.00	\$0
<b>Total cost</b>	<b>\$39.75</b>	<b>\$35.22</b>	<b>\$10.55</b>

 **6.2 billion** In 2019, 6.2 billion pieces were shipped through the USPS.<sup>4</sup>

# Peak Season Surcharges

With a surge in residential deliveries, FedEx, UPS and even the USPS® have all announced seasonal peak surcharges. The surcharges are implemented to cover increased operating costs. These price increases should encourage all retailers to revisit their shipping mix and even their “free shipping” promotions. Most of these surcharges take effect in early October.

## Peak Season Surcharges By Carrier



- FedEx SmartPost - \$1 per package surcharge from Nov. 2 to Nov. 29
- SmartPost surcharge increases to \$2 per package from Nov. 30 to Dec. 6 and back down to \$1 from Dec. 7 to Jan. 17, 2021
- Additional handling surcharge of \$4.90 per package for US Express Package Services, US Ground Services and International Ground Service from Oct. 5 to Jan. 17, 2021
- A large package surcharge of \$30 began on June 8



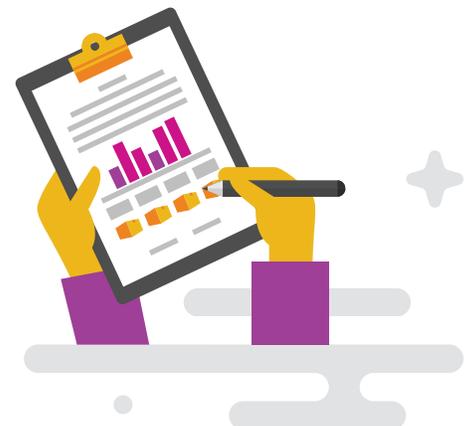
- UPS Ground Residential - \$.30 per package surcharge from May 31 to Nov. 14
- UPS SurePost - \$.30 per package surcharge from May 31 to Nov. 14
- A large package surcharge of \$31.45 from May 31 to October 3
- Larger volume shippers will see increases of \$1 to \$4 per package between Nov. 15 and Jan. 16, 2021



- 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 on a consistent basis to ensure they're utilizing each carrier in the most efficient way possible. Using multi-carrier shipping software simplifies this process.



## About Pitney Bowes

The world of commerce is changing every day. Today, the buying and selling of goods and services takes place in a borderless, hyper-connected world. To navigate and succeed in this complex world — a world with billions of transactions and zero tolerance for error — you need precision and accuracy. These are the skills of a craftsman, and the proven skills of Pitney Bowes, the Craftsmen of Commerce.

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1. National Retail Federation, "Retail holiday and seasonal trends, Halloween," 2020.
  2. Emily Eberhard, "How the pandemic may affect holiday shopping," Think with Google , July 2020.
  3. Pitney Bowes, "Annual Online Shopping Study 2019," 2019.
  4. USPS Corporate Communications, "Postal Facts 2020 Companion," 2020.

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