



2022 Holiday Readiness Guide

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

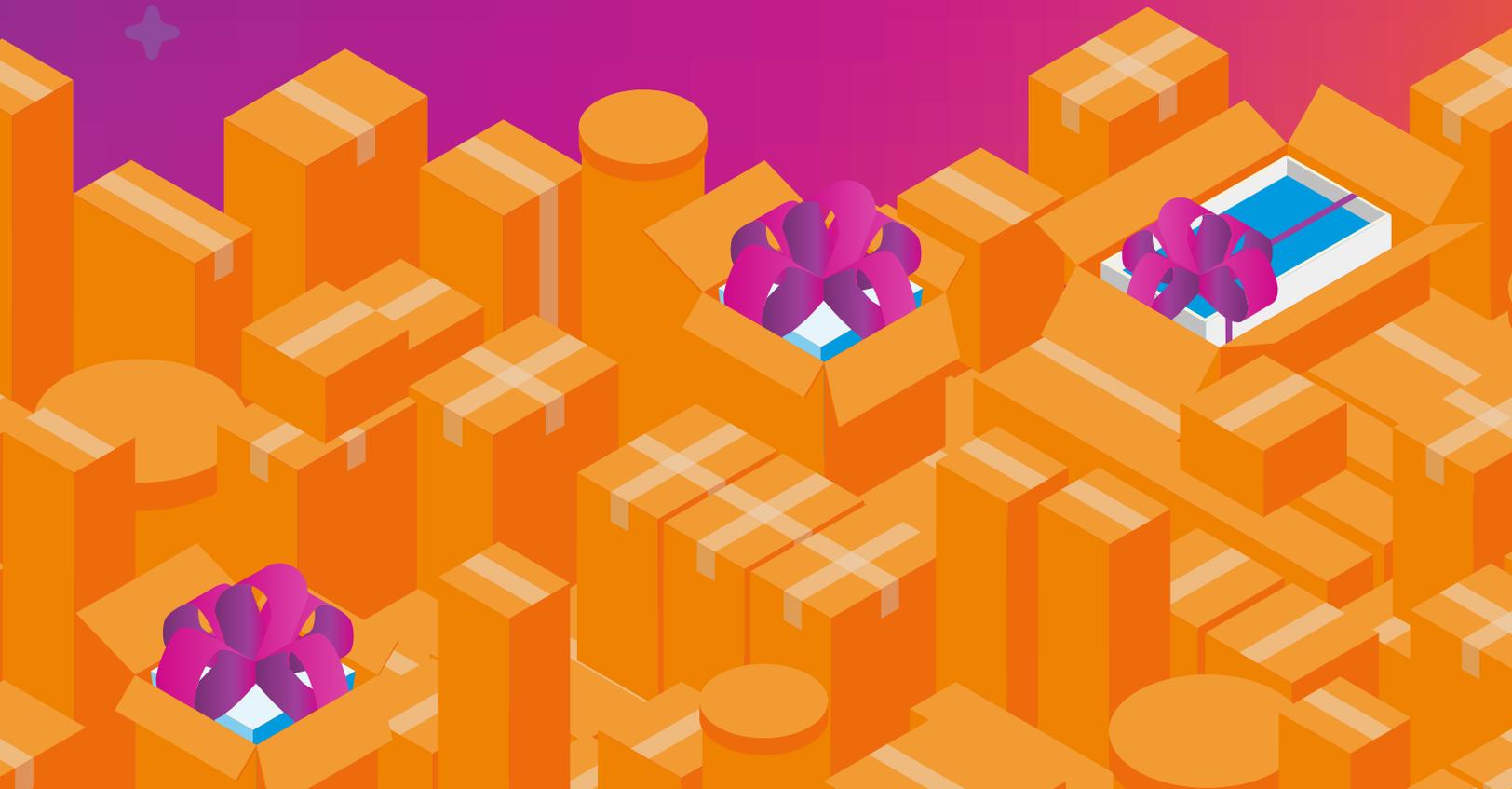


Table of Contents



Introduction

Welcome Ecommerce Retailers	2
------------------------------------	----------

Tips, Tricks and Best Practices

Black Friday and Cyber Monday	3
--------------------------------------	----------

The Evolution of Consumer Expectations	4
---	----------

5 Shipping Strategies to Maximize Results for the Current Consumer Mindset	5
---	----------

Keeping It Green	6
-------------------------	----------

Handling Holiday Returns	7
---------------------------------	----------

Shipping Options and Cart Conversion	8
---	----------

Tasty Holiday Ecommerce Nuggets	9
--	----------

A Multicarrier Approach to Shipping	10
--	-----------

Peak Season Surcharges	11
-------------------------------	-----------

Holiday Deadlines	12
--------------------------	-----------

Is it Time to Outsource Fulfillment?	13
---	-----------



Welcome Ecommerce Retailers

Pitney Bowes, along with our partner DesktopShipper, welcomes you to the holiday shipping season, the busiest time of the year for ecommerce retailers. The last two years have undoubtedly been some of the most chaotic times in ecommerce. From COVID-19 store closures, to supply chain issues, to the massive ecommerce growth, retailers have been constantly scrambling to keep up with consumer demands. This year, we're entering an uncertain economic period, with many financial experts predicting a recession. It's a challenging time for retailers (and consumers) as inventory challenges were resolved just in time for a reduction in consumer spending.

This guide is designed to help you meet customer delivery and returns expectations by providing you with data, projections and best practices used by the most successful B2C and D2C ecommerce retailers. We hope you use this guide to plan for the season ahead and even find some nuggets to help engage with existing and new customers.

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

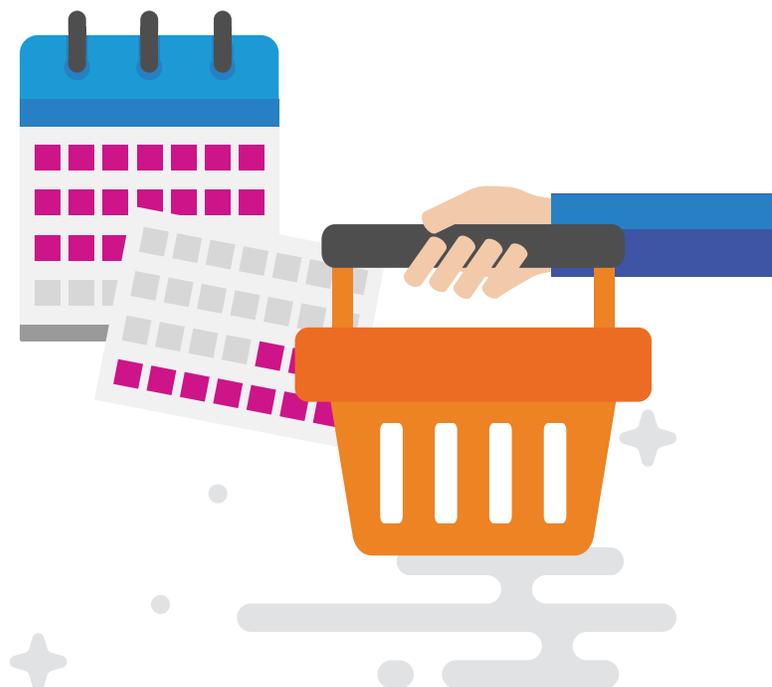


Black Friday and Cyber Monday

In the last few years, retailers have stretched out Black Friday and Cyber Monday, which are historically two of the busiest days for ecommerce orders. The thought is that this trend will continue in 2022. We've already seen a second Amazon Prime Day (October 11 and 12) where Amazon encouraged consumers to shop for their holiday gifts early.

The expectation is that many sales will run from Thanksgiving through the holidays with a large percentage of the transactions being online. REI, one of the largest outdoor retailers, recently announced they will close their stores, distribution centers, activity centers, call centers and headquarters every Black Friday and that they will pay their employees to spend time outdoors.

<https://www.rei.com/newsroom/article/rei-co-op-announces-permanent-commitment-to-optoutside-movement-closing-stores-on-black-friday-for-good>



The Evolution of Consumer Expectations

Amazon set the bar for consumer expectations years ago by offering fast and free deliveries for almost everything purchased online. Retailers, and many consumers, know that shipping is never fast and free. As a retailer, you're in a tough position as you need to manage delivery costs, but you also need to meet your customer's delivery expectations. Should you bake the cost of free delivery into the cost of the item, or do you take a loss on shipping costs? Here are some things to think about with much of the concepts based on Pitney Bowes BOXpoll™ data:

Simply providing
FAST AND CHEAP SHIPPING
is not the be-all and end-all of providing
a positive customer experience.

Companies that
GUARANTEE DELIVERIES will
**BUILD CONFIDENCE,
INCREASE CONVERSIONS
& BEAT "FAST" SHIPPING**
with most consumers.

A GOOD, ACCURATE,
BRANDED TRACKING EXPERIENCE
allows retailers to engage with shoppers
throughout the entire post-purchase journey.

Based on your products and even where your consumers fall on the age spectrum, you may want to revisit your **SHIPPING SERVICE OFFERINGS**. There may be cost savings, price adjustments or service enhancements you can make to find a better balance between **keeping freight costs low** while also meeting **what the customer defines as a "fast" delivery**.

5 Shipping Strategies to Maximize Results for the Current Consumer Mindset

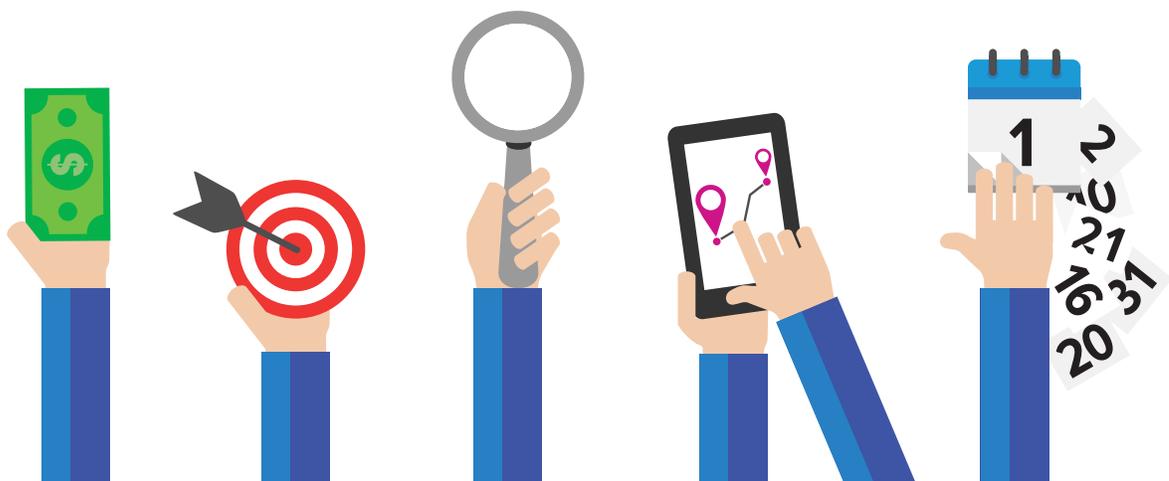
1. Fast and cheap shipping is still important to consumers, but fast may be both too fast and not fast enough. And charging for shipping is ok (sometimes).

2. Age and other demographics can influence consumers' definitions of what makes for "fast" delivery. This is something to take advantage of, as there are potential cost savings with more flexible delivery options.

3. Consumers want a seamless tracking experience. Savvy retailers are using estimated delivery dates (EDDs) as a strategy to increase conversions and repeat purchases.

4. Self-serve is a good thing in consumers' minds. The ability to track and process returns online creates a positive customer experience and reduces the customer support resources that retailers need to maintain.

5. Although it happens only once a year, peak season needs to be on the mind of retailers year-round. The large carriers have become aggressive with peak surcharges and limiting capacity. Retailers need to build their mix of carriers beyond the big two.



Keeping It Green

Creating and implementing sustainable business practices within your logistics operations can be challenging, time-consuming and expensive. At Pitney Bowes, we've been focused on minimizing our impact on the environment for over 40 years. We've reduced our energy consumption, fuel consumption and plastic usage by optimizing our operations.

For many ecommerce retailers, understanding your customers' sentiments on sustainability can help with sales and retention. Here are some recent results from a Pitney Bowes BOXpoll™ survey:



36%

of consumers are willing to pay to offset the carbon footprint of a shipment.

39%

are willing to pay for tangible action by the retailer to reduce their carbon footprint.

Gen Zers are **\$7.38** on average

willing to pay to offset the carbon footprint of their order. More than one-third of Gen Z and Millennials are less likely to shop from an online retailer that doesn't use recyclable packaging.

<https://www.pitneybowes.com/us/blog/sustainability-2022.html>



What's the takeaway? While building a green shipping and returns policy into your business is the right for the environment, it can be expensive and time-consuming. Understanding your customer segments and their thoughts on sustainability is a great way to help direct your green shipping practices.

Handling Holiday Returns

Retailers are in an unenviable position on returns. It's recommended that they implement a convenient returns policy to inspire loyalty and make it easy for customers to return their orders. Unfortunately, a convenient returns policy often opens the door for customers to take advantage of it.

Returns can also be an expensive business proposition. In the inaugural Retailer Survey from Pitney Bowes, we found that returns cost an average of 21% of the order value.

<https://www.pitneybowes.com/us/blog/returnament-round-1.html>

As retailers continue to get squeezed by a tough labor market, inflation, continued supply chain challenges and higher customer acquisition costs, they need to figure out ways to lower the transportation cost of returns and lower the processing cost of returns. Creating and implementing a solid returns strategy can help lower customer acquisition and retention costs while not significantly hurting your bottom line.

Here are 6 tips for businesses, to help you prepare for AN INFLUX OF HOLIDAY RETURNS:

- 1. Create a clear returns policy:** This includes not burying your returns policy on your website. Let customers know the full returns process from beginning to end.
- 2. Allow for multiple label options:** Not everyone has a home printer. Give customers label options, like providing them with a QR code they can bring to a carrier location. Upon scanning, a label is generated and printed.
- 3. Give your customers multiple drop-off locations** (i.e., Post Office, UPS Store, parcel locker, etc.).
- 4. Provide your customers with a retailer portal** or carrier website to schedule a home pickup.
- 5. Make exchanges convenient:** Even though online exchanges are relatively rare, make them convenient for your customer.
- 6. Make refunds fast:** A recent Pitney Bowes BOXpoll™ survey found that consumers prefer store credit on carrier acceptance over waiting 7–10 business days for a refund back to their credit cards.

Shipping Options and Cart Conversion

Friction kills cart conversions. Overwhelming consumers with too many shipping options can cause them to spend too much time thinking, leaving the door open to abandoned carts. But failing to offer enough shipping options prevents 'appointment purchasing' (when a customer needs a product by a certain date). Here are some ideas around shipping times and options to help boost cart conversion:

We recommend an average of one shipping option per days to delivery (i.e., transit time),

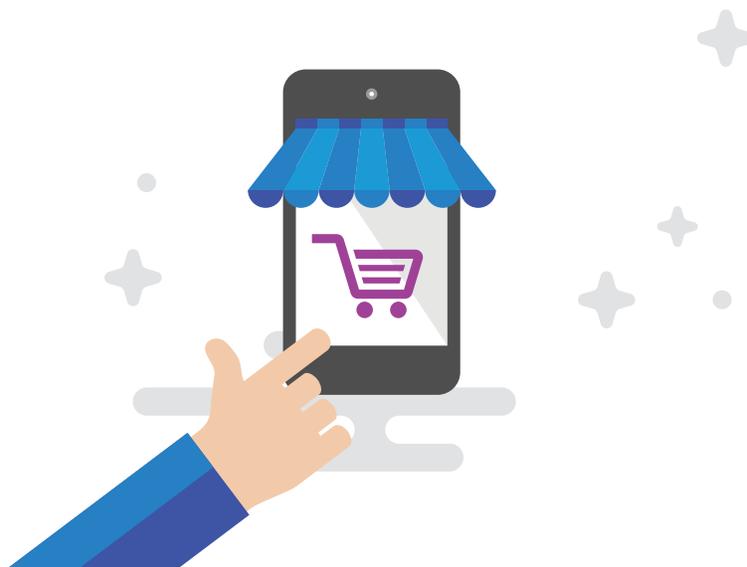
meaning a customer who needs a product in a certain number of days has an obvious choice.

If you're offering free shipping, keep the delivery time to under 7 days.

57% of consumers will likely look for another website if free shipping takes longer than 7 days.

Be precise with your estimated delivery dates.

A one-week range for estimated delivery is going to hurt cart conversion.



Tasty Holiday Ecommerce Nuggets

The growth in mobile ecommerce continues,
AS 2022 SALES ARE PROJECTED TO SURPASS

\$430 BILLION.

<https://www.statista.com/statistics/249855/mobile-retail-commerce-revenue-in-the-united-states/>



90%
of Millennials

84%
of Gen Xers

53%
of Baby Boomers

USE MOBILE ORDERING,
according to Zebra Technologies.

14th Annual Zebra Global Shopper Study, Page 5,
https://connect.zebra.com/shop2022vs_us_en



Buy now, pay later
(BNPL)

had great success in 2021. But this year,
IT IS PREDICTED THAT IT WILL DECLINE.



Buy online, pickup in-store
(BOPIS) or curbside pickup,
will remain relevant,

ESPECIALLY RIGHT BEFORE CHRISTMAS.

Adobe predicts it will peak from December 22 to 23
at 35% of all online orders.

<https://blog.adobe.com/en/publish/2020/01/14/adobe-analytics-helps-retailers-bridge-online-shopping-and-physical-stores>

A Multicarrier Approach to Shipping

How can you use a multicarrier approach to avoid the global carriers cornering you into paying extra costs while still maximizing your volume discounts and overcoming the challenges of carrier diversification?

The first step is to focus on establishing the services and delivery capabilities that align with your specific parcel program goals – not on your discount. Look closely at your service mix and package characteristics, focusing on things like how your volume shifted from ground to air. And where your packages are going (i.e., a zone-by-zone breakdown).

By not focusing on your discount or carriers first, you can start to see how to leverage the strengths of carriers beyond FedEx and UPS®. A structured multicarrier approach provides cost, flexibility, delivery improvements and service protection.

5 Advantages of a MULTICARRIER SHIPPING STRATEGY:

1. Delivery Improvements:

Creates an ideal speed and delivery options for your customers, which also balances shipping cost with delivery expectations.

2. Flexibility:

Enables you to shift volume where and when it makes sense for national, regional and cross-border delivery needs.

3. Cost:

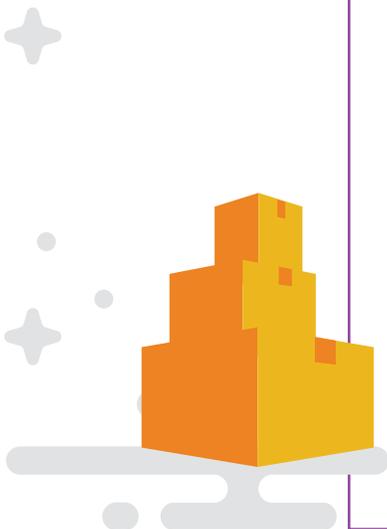
Mitigates against the cost impact of accessories, surcharges and extra fees while maximizing your volume discount.

4. Service Protection:

Ensures operational capacity by not having all your eggs in one basket.

5. Potential Revenue Growth:

Opens new international markets with the right mix of shipping services to more than 200 destinations.



Peak Season Surcharges



Peak season means peak surcharges. Large-scale holiday events, such as Black Friday and Cyber Monday, generate significant consumer demand and, consequently, an increase in the need for shipping services during these events.

In recent years, carriers have operated at near full capacity during the fourth quarter, therefore increasing labor costs. Over the last few years, almost all carriers have imposed a Q4 surcharge to offset the bulk of deliveries they must handle during this season. Let's look at the peak surcharges announced by carriers:

USPS PEAK SEASON SURCHARGES (EFFECTIVE 10/2/22 THROUGH 1/22/23)			
USPS COMMERCIAL RATES	WEIGHT (LBS.)	ZONE 1-4	ZONES 5-9
Flat Rate Boxes and Envelopes: \$.75 increase	0 – 10	\$0.25	\$0.80
0 – 10 lbs: Zone 1 – 4 increase \$.25; Zone 5 – 9 increase \$.80	11 – 25	\$0.75	\$2.80
11 – 25 lbs: Zone 1 – 4 increase \$.75; Zone 5 – 9 increase \$2.80			
26 – 70 lbs: Zone 1 – 4 increase \$3.00; Zone 5 – 9 increase \$6.50	26 – 70	\$3.00	\$6.50
First-Class Packages: 1 – 15.999 oz: Zone 1 – 4 increase \$.25; Zone 5 – 9 increase \$.40	1 – 15.999 oz.	\$0.25	\$0.40

FEDEX PEAK SEASON SURCHARGES*		
SURCHARGE NAME	SERVICES AFFECTED	SURCHARGE PER PACKAGE, EFFECTIVE DATE
Peak – Additional Handling Surcharge	U.S. Express Package Services,	\$3.45 (Sept. 5 – Oct. 2)
	U.S. Ground Services, International Ground Service	\$6.55 (Oct. 3 – Jan. 15)
Peak – Oversize charge	U.S. Express Package Services,	\$39.5 (Sept. 5 – Oct. 2)
	U.S. Ground Services, International Ground Service	\$68.75 (Oct. 3 – Jan. 15)
Peak – Ground Unauthorized Package Charge	U.S. Ground Services, International Ground Service	\$385 (Oct. 3 – Jan. 15)
Peak Surcharge	FedEx Ground Economy Package Services	\$1.50 (Oct. 31 - Nov. 27, Dec. 12 – Jan. 15) \$2.50 (Nov 28. – Dec 11.)
Peak – Residential Delivery Charge	FedEx Express and FedEx Ground U.S. domestic residential packages (excluding FedEx Ground Economy and FedEx One Rate packages)	Based on the shipper's "peaking factor" (Oct. 31 – Jan. 15)

UPS PEAK SEASON SURCHARGES*						
	>105% to 125%	>125% to 150%	>150% to 200%	>200% to 300%	>300% to 400%	>400%
UPS SurePost	\$1.25	\$1.75	\$2.00	\$2.50	\$4.25	\$6.00
UPS Ground Residential	\$1.25	\$1.75	\$2.00	\$2.50	\$4.25	\$6.00
UPS Next Day Air Residential	\$2.25	\$2.75	\$3.00	\$3.50	\$5.25	\$7.00
All Other UPS Air Residential	\$2.25	\$2.75	\$3.00	\$3.50	\$5.25	\$7.00

*based on rates published on ups.com and fedex.com as of 11/22/22

Holiday Deadlines



IMPORTANT DATES FOR 2022

USPS

First-Class Mail®
Saturday, December 17, 2022*

Priority Mail®
Monday, December 19, 2022*

Priority Mail Express®
Friday, December 23, 2022*

*These are deadlines when shipping within the 48 contiguous US states. Shippers will need to add 2 days for shipping to/from Hawaii and Alaska.

FedEx

FedEx Ground® Economy
Thursday, December 8, 2022

FedEx Ground® (All 50 states)
Wednesday, December 14, 2022

Home Delivery® (All 50 states)
Wednesday, December 14, 2022

Express Saver®
Tuesday, December 20, 2022

FedEx 2Day Freight®
Wednesday, December 21, 2022

FedEx Same Day
Friday, December 23, 2022

UPS

UPS 3 Day Select®
Tuesday, December 20, 2022

UPS 2nd Day Air® services
Wednesday, December 21, 2022

UPS Next Day Air® services
Thursday, December 22, 2022



Is it Time to Outsource Fulfillment?*

Working with a fulfillment partner unlocks numerous benefits. An external logistics partnership with one major 3PL or a network of smaller 3PLs allows you to offload your shipping and focus on other aspects of your business.

One of the most notable benefits from outsourcing fulfillment is access to faster, more affordable shipping, thanks to spreading inventory across multiple locations. Another benefit is qualifying for reduced rates with end-stage delivery services thanks to employing fulfillment providers that regularly ship in bulk. You can further cut costs through:

- Access to a wider network of warehouses and carriers.
- More resilient logistics since you'll no longer have a single point of warehouse failure.
- Better technology and order management.
- More efficient packaging, delivery options and other perks.
- Easier access to labor to meet peak sales period demands without taking on extra costs.
- A stronger ability to deliver to new geographic regions.

Although you'll have to research and invest in your 3PL, you won't have to hunt down warehouse management software, scanners, warehouse staff, pick-and-pack methodologies, storage methodologies and other major components of a strong logistics strategy — your 3PL will take all of that off your hands.



5 Steps to Shift to OUTSOURCED FULFILLMENT:

1. Determine your 3PL Requirements:

Pinpointing what you need from a 3PL will help you choose a provider (or at least make a shortlist of organizations that meet those needs).

2. Implement a Centralized Data System:

A systematic internal data management process in place before moving ensures that syncing of orders across channels, allowing you to monitor stock in all locations.

3. Test the 3PL:

Test the performance before the move so you can see how data is pushed and pulled from different systems.

4. Slowly Sell Through Your In-House Stock and Shift to 3PL:

Slowly shifting inventory to your new 3PL ensures you're not left with the extra expense of slow-moving inventory.

5. Track Progress:

With any major transformation, it's important to track progress. Make sure your new 3PL is meeting your customers' delivery and returns expectations.

*Content provided by Flxpoint, a DesktopShipper partner.



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

3860 SE Naef Rd #68369
Portland, OR 97268
503.331.4000
www.desktopshipper.com