Lojistic®

SAVVY SHIPPING

5 Step Guide For

Beauty, Cosmetic, Grooming

And Personal Care Suppliers & Retailers







Put Your Shipping Operations in the Spotlight

The cost of shipping is a critical factor in profitability for many business types. For beauty, cosmetic, grooming and personal care suppliers/retailers, being a savvy shipper and effectively managing shipping costs is paramount to future success in the industry.

Despite the impact shipping costs have on profitability, we've observed many companies within the industry overlooking (or ignoring) some factors that notably influence the cost of shipping.

Free UPS + FedEx Audit >>

Let's look at current industry trends before we dive into the 5 Steps to Savvy Shipping.

Bye Brick and Mortar. Hello Online Sales.

Like so many other industries, beauty, cosmetic, grooming and personal care suppliers/retailers are feeling the effects of the global pandemic.

In-store restrictions (and closures) have forced businesses to prioritize online sales. In some cases, that has meant adopting new business models, hiring new staff with new skills and adopting new technology to ensure that customers have an exceptional user experience when purchasing online.

While predictions vary, it's estimated that online sales will increase by $10B industry-wide [lumping together beauty, cosmetic, grooming and personal care] by 2023. That's incredible growth! It also means that businesses who optimize their shipping stand to gain a substantial advantage over competition.

Beauty, cosmetic, grooming and personal care suppliers and retailers, in particular, have seen a major spike in online sales over the past few months. The increase in online sales means an increase in shipping volume. This also presents an increased chance of costly shipping errors.

Become a savvy shipper. Protect your bottom line by maximizing the profit margins on every shipment.



5 Steps to Savvy Shipping

1. How much are you paying in surcharges and fees?

The reality is, it's impossible to purge all surcharges and fees from your UPS or FedEx invoices. UPS and FedEx are both for-profit businesses, so they'll capitalize on any opportunity for additional revenue. Both carriers use analytics to determine when and where surcharges and fees should be applied to maximize profits. Both carriers have used the recent increased demand on their supply chains to justify higher fees and to stop guaranteeing the services they're providing their customers.

Carrier price increases often go unnoticed, unchallenged or unchecked by the shipper. Especially when they're introduced seemingly at random. Without the right technology, shippers don't have the ability to see just how much all of those surcharges and fees impact their bottom line.

The good news? Some of the surcharges and fees can be avoided, or even refunded to your account. The Lojistic platform can help. **Your Lojistic account** automatically identifies all surcharges and fees, and in some cases, can take corrective actions on your behalf. In other cases, the platform will provide you with the information you need to make the appropriate operational changes.

What are the most common surcharges and fees for beauty, grooming, cosmetic and personal care industry?

1. Residential Surcharges
2. Address Correction Fees
3. Delivery Area Surcharges

Do you see these fees and surcharges on your UPS/FedEx invoices?

How do I know if I'm doing "good" with the surcharges and fees I'm paying?

Every shipper is different. The product you sell, the area you serve, your business model and much more all factor into how much you'll pay for any given shipment. If you've recently seen a spike in residential deliveries, your invoices may be littered with residential delivery surcharges that weren't there before.



5 Steps to Savvy Shipping

In general, the most efficient shippers tend to keep their surcharges and fees around 15 - 20% of their total shipping cost.

Do you know what percent of your total shipping costs are related to surcharges and fees?

The answer to that question is probably “NO.” Most businesses don’t have an easy way to quantify how much they’re paying in surcharges and accessorial fees or what percentage of their total shipping costs are surcharge/accessorial-related. That’s because tracking of all the various surcharges and fees (and how they individually impact profitability) is fairly challenging without Lojistic.

Create your free Lojistic account to track the surcharges and accessorial fees that your carrier is charging you. >>



5 Steps to Savvy Shipping

2. How often are you selecting NOT-optimal service levels?

The service that you select (ie. ground, overnight, etc.) obviously has a big effect on how much you pay for shipping. The quicker you want your product in your customers' hands, the more it's going to cost. That's pretty straightforward. But do you know how often you've paid for an express air service (costly) when a ground service (less costly) would have guaranteed the same delivery day...or even faster?

Savvy shippers have their service level selection dialed in. Packages are sent by the most cost-effective service level, without sacrificing...and in some cases exceeding...customer expectations.

Additionally, knowing your effective discount for each carrier service level can be very enlightening and helpful when evaluating what to charge (or not charge) online shoppers for shipping (more on this below).

3. How does your packaging impact your profitability

UPS and FedEx invoice their customers based on the greater of "dimensional weight" or "actual weight." Dimensional weight is essentially a means of determining the amount of space a package occupies. Actual weight is the number of lb/kg on a scale. Although everyone's packaging and products are unique, what you might pay in dimensional weight will likely differ from a competitor.

You can easily calculate dimensional weight on the Lojistic website with our handy **DIM Weight Calculator**. Additionally, with a free **Lojistic account**, you'll be able to see exactly how much dimensional vs actual weight is costing your business. With this information in hand, you may be able to take corrective action to avoid future profit-eating shipping practices. This insight alone has saved some industry suppliers and retailers a significant amount of money.

Create your free Lojistic account to see how many of your shipments are being billed based on DIM weight vs actual weight. >>



5 Steps to Savvy Shipping

4. How do you know when to choose UPS and when to choose FedEx?

UPS and FedEx are responsible for delivering more than 80% of the small parcels shipped globally. The two carriers share many similarities, and sometimes, it's challenging to differentiate between the two.

Both carriers offer customized rates based on a shipper's unique characteristics. If you use UPS and FedEx, having the ability to look back and compare the two against each other will enable future cost savings. You'll know which carrier is more competitive on pricing, depending on what, where and when you're shipping.

Don't have an easy way to historically compare UPS and FedEx? With Lojistic you do. Use compare mode within the Lojistic platform to get the clarity you need. Evaluate side-by-side comparisons of UPS's and FedEx's performance and pricing with a variety of filters. Then, apply those insights to ship with the best carrier.

5. What is your "effective discount" rate?

UPS and FedEx contracts are complex by design. What you actually pay to ship your products may be substantially more than what you expected to pay based on your "contract discount." This is why knowing the difference between "contract discount" and "effective discount" is so valuable. If this sounds confusing, that's because it is!

There's a lot of potential profit buried within your shipping contract. Lojistic can help you extract those savings.

Create your free Lojistic account
to see how much you stand to gain >>



The Savvy Shipping Solution

Apply the 5 steps listed in this white paper to improve one of the most fundamental aspects of your business: the cost of getting your products to your customers. The first step toward becoming a savvy shipper is setting up a free Lojistic account. It takes less than a minute.

Once your account is set up, you'll have free and unlimited access to the Lojistic platform.
Become a savvy shipper. Send costs packing.

Create your free Lojistic account today! >>

Want more insight into how you can become a savvy shipper? Check out these additional resources

UPS & FedEx – Modern Day Oligopoly
Learn the similarities and differences of the two big carriers
Read the blog post >>

Shipping Price Increase History
Each year, UPS and FedEx roll out costly price increases to small-parcel shippers
Download the white paper >>

In Parcel Shipping, Size Matters
Learn more about dimensional weight vs actual weight
Read the blog post >>



Need Help? Contact Us Today!

Lojistic
3200 Park Center Drive, Suite 500
Costa Mesa, CA 92626

Tyler Hazen
tyler@lojistic.com

(949) 398-6454

https://www.lojistic.com/