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The Beginner's Guide to Ecommerce Shipping and Fulfillment

The Beginner's Guide to Ecommerce Shipping and Fulfillment

by Thea Earl [Getting Started](#)

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You put a lot of effort into making sure your customers have a great experience. You approve the images, you tweak your store, and you write the emails, all with the goal of leaving your customers happy.

But when it comes to shipping, it can feel like you're handing your brand over to a stranger.

With some thought and planning, however, it doesn't have to feel that way—which is a good thing, because shipping is a key part of your business. It's the point where a customer finally experiences your product in person, and it can also represent a major expense in your business, depending on your shipping strategy.

That's why it's so important to map out a defined shipping strategy. Since the world of shipping and fulfillment can seem complex when you're not familiar with it, we've got an overview of everything you'll need to know to make the best choice for your business.

We'll go over some of the basics of shipping your products and help demystify this complicated topic. We'll talk about setting your shipping strategy, packaging, provide resources and links to popular carriers, look at tracking and insurance, balancing shipping costs with profitability, how Shopify can help you streamline your shipping, and apps to help make it all easier.

We'll cover:

- [Shipping strategy 101](#)
- [Shipping rates and methods](#)
- [Calculating shipping costs](#)
- [Packaging and marketing](#)
- [Packaging options](#)
- [Insurance and tracking](#)
- [Customs declarations and forms](#)
- [Business accounts](#)
- [Labelling your packages](#)

- [Using a fulfillment warehouse](#)
- [Shopify Shipping](#)



Streamline and save with Shopify Shipping

When you ship with Shopify Shipping, you get access to pre-negotiated rates with carriers in the US and Canada, and you can manage your entire shipping process in one place.

[Get started with Shopify Shipping](#)

Shipping strategy 101

There are some basics that set a foundation for the rest of your shipping. While you can come back and change each of these later on, as you learn more, these are the key decisions and steps that make up your high-level shipping strategy.

- **Your shipping rates and methods.** Are you going to pass the full cost of shipping on to your customers, or will you offer free or flat-rate shipping to absorb some or all of the cost? By the end of the post, you'll have more information on how to make this choice for your business.

- **Product weights.** To streamline the process, measure and update the weight of each product you sell. Having that information set up will help you get a good sense of your total costs, and pass along accurate prices to your customers.
- **Choose your preferred packaging.** While there's more to be said about what kind of packaging is right for your products, once you've selected it, you can add that information to Shopify so you can calculate accurate shipping prices.
- **Source your packaging.** You can order free packaging from USPS, UPS, or DHL, or invest in branded packaging if that's part of your strategy.

Set your shipping rates and methods

Before you can ship products, you'll first need to decide your pricing strategy for shipping. There are several common methods, but your choice should always be informed by the underlying financials of your business.

Offer Free Shipping

Offering your customers free shipping is one of the best ways to reduce shopping cart abandonment. However, as you might suspect, shipping is never free. Someone always has to pay. To make free shipping work, you have a few options.

- 1 Increase product prices to cover costs for shipping (customer pays).
- 2 You pay the full price of shipping out of your margins (you pay).
- 3 Increase prices of products slightly to cover partial costs of shipping (you and your customer pays).
- 4 Offer a discount code to certain customers for free shipping.

Additionally, you can also try offering free shipping on a minimum order amount. This strategy can help offset the costs of shipping by helping to increase your average order size, but you're still the one paying for it out of your margins.

Charge Real-Time Carrier Rates

Another effective shipping strategy is to charge real-time carrier rates for shipping. Ecommerce platforms like Shopify integrate in real-time with various carriers like USPS and Canada Post (among others) to generate shipping options and live pricing from various carriers. This allows your customers to choose and pay for the exact service they want.

Charge a Flat Rate

The last popular option is to offer flat rate shipping. The best practice for this option is to try and make sure that you don't drastically undercharge or overcharge your customers. Flat rate shipping works best when you have a fairly standard product line of items that have similar sizes and weights. Flat rate shipping tends to become complicated and less effective if you sell a wide variety of products with different sizes and weights.

Use this free shipping calculator

Try our Shopify Shipping calculator to figure out your shipping costs and create a strategy that increases sales and goes easy on your bottom line.

[Access the shipping calculator](#)

Calculating shipping costs

All shipping couriers base shipping rates on a variety of factors including:

- Package size
- Package weight
- Origin country
- Destination country

Plus additional shipping options like tracking and insurance.

It can be difficult to compare services exactly as they all offer slightly different options, and every business will have their own unique variables.

Below we have compiled a list of shipping calculators to some of the largest and most popular shipping couriers so that you can begin comparing pricing and options. If you're based in the US or Canada, you can pay for USPS, UPS, DHL Express and Canada Post shipping through Shopify and receive pre-negotiated rates. [See example rates here.](#)

- [USPS - Shipping Calculator](#)
- [Canada Post - Shipping Calculator](#)
- [UK Royal Mail - Shipping Calculator](#)
- [Australia Post - Shipping Calculator](#)
- [UPS - Shipping Calculator](#)
- [FedEx - Shipping Calculator](#)

Consider your margins

To be successful at ecommerce, you always need to keep an eye on your profit margins. Because shipping represents a significant expense for ecommerce

merchants, if you don't do your research, you could end up losing money on shipping.

Before you finalize your pricing and strategy for your ecommerce store, you should use a chart like the one below to map out all costs associated with getting your products into your customers' hands. Many ecommerce entrepreneurs are shocked by how quickly the little charges add up. Don't get caught in the same trap.

Here's a quick example of how you could calculate your total price to include the cost of shipping.

Cost of product	\$10
Packaging	\$0.50
Shipping costs	\$7.50
Customs/Duties (if you cover them)	\$0.00
Credit card fee	\$2.50
Profit margin	50%
Total price	\$30.75

Packaging and marketing

As the world of ecommerce develops so do the expectations of customers who buy online. Years ago, packaging and shipping was simply a way to receive a product purchased online, but more and more people are looking for shipping, packaging and presentation as part of the ecommerce experience.

This expectation means that for many businesses, outside of selling commodities, competing effectively means going above and beyond to impress

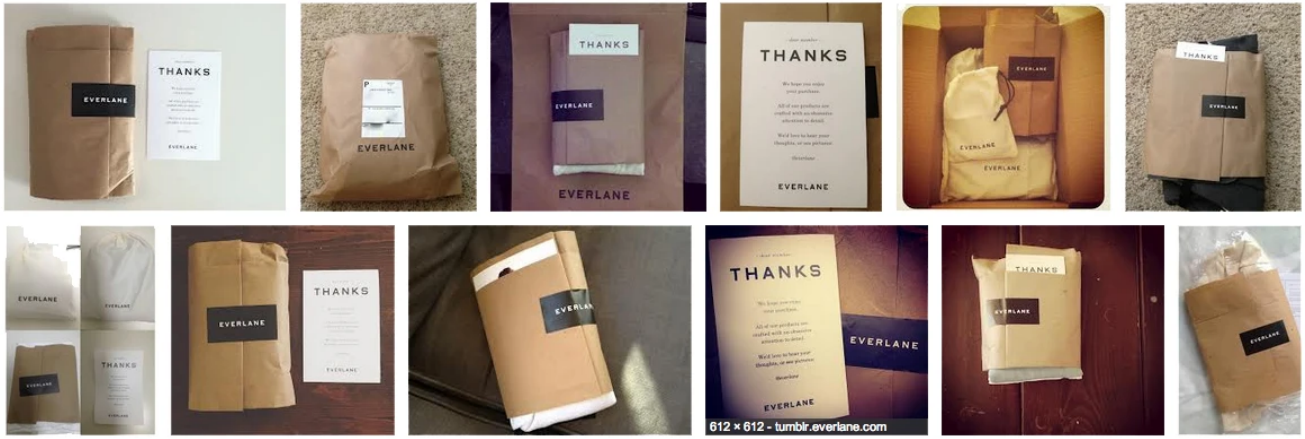
customers and exceed their expectations by delivering an experience, not just a product.

Your packaging and presentation can be an effective way to set yourself apart. Consider Trunk Club. Trunk Club is a monthly subscription service that sends men a custom curated selection of men's clothes and accessories each month. You can see from their packaging below that their customer unboxing experience is very central to their overall brand experience.



Trunk Club does such an exceptional job, that customers even make unboxing videos on YouTube which further amplifies Trunk Club's reach through word of mouth marketing.

Everlane is another great example of someone that uses their packaging as a marketing channel. Items from Everlane arrive wrapped in craft paper with an Everlane sticker and a thank you note that encourages people to share a photo of their purchase on social media.



In a world where sealed factory bags and a black-and-white order receipt are considered standard, it's the small details like this that go a long way in making an exceptional impression on customers.

Today, some of the most successful and interesting brands are those using packaging to deliver an unboxing experience that goes beyond the product.

Consider how you can provide a better customer experience through your packaging, and how you can use packaging as an extension of your brand.



Free Guide: Shipping and Fulfillment 101

From deciding what to charge your customers, to figuring out insurance and tracking, this comprehensive guide will walk you step-by-step through the entire process

Get the free reading list

Packaging options

Before you can ship your products, you'll need to package them for safe transport. So what options do you have? There are a few common options for packaging including boxes or envelopes (padded or unpadded). For many businesses and products, you'll a box as well as some other packaging materials to safely ship your products.

[Arka](#) and its [Shopify app](#) offer blank and custom packaging materials including boxes, mailers, package tissues, tape, and stickers.

Another option is Shopify Plus merchant [The Packaging Group](#). Shop around for the best options and pricing for your products.

You may also want to try thinking outside of the box (no pun intended) and look at other packaging options. For example, poly mailers can be a great way to mail products that don't need a lot of structure or cushioning, like clothing.

Poly mailers offer multiple benefits. They're lightweight, which reduces your shipping costs, and they can adjust to different volumes and weights depending on what's included in the order. For example, the same size of poly mailer could accommodate one pair of socks, or five, and you wouldn't be overpaying on packaging weight or dimensions for the single pair.



Some other large packaging suppliers you may want to consider are [ValueMailers](#), [Fast-Pack](#) and [eSupplyStore](#). Additionally, many carriers like USPS, DHL, and UPS offer free packaging in different types and sizes.

Keep it light and small

Because the cost of most shipping options is based on size and/or weight, do your best to keep your packaging as small as possible. This will not only help you save on your shipping costs and what your customer paid for shipping, but will also keep packaging costs from eating away your profit margin.

Depending on your business and product line, you may want to consider carrying a variety of package sizes and packaging materials.



Most people would consider the packaging for the product above to be excessive. This is exactly what you're trying to avoid as it inflates shipping costs dramatically.

Insurance and tracking

Depending on what you're selling and its value, shipping insurance and tracking can offer a great deal of security. With most carriers, insurance and tracking is relatively inexpensive and provides you recourse should one of your packages get lost or damaged. Some shipping services like UPS and USPS Priority Mail offer complimentary coverage for up to \$100, and that coverage can be up to \$200 in some cases.

Learn More: [Everything You Need to Know About ePacket Shipping](#)

Consider purchasing insurance on big-ticket items so that, in the rare cases when a package does get lost, you'll be covered. Keep in mind that some shipping services have insurance already built into the price, so consider this when you are comparing various courier prices.

Customs declaration and forms

If you're shipping outside of your own country, you'll need to include the proper customs documentation. These are available online through Shopify or at your local post office or shipping retail location. These forms tell the customs officers at the country of import what is in the package, how much it costs, and whether it is a gift or merchandise.

Check with your country's postal service to find out exactly which forms you'll need to attach to your package. These forms should be completed honestly and clearly to prevent your package from getting held up in Customs.

Tariffs, taxes and duties

If there are any additional customs fees due when a package reaches its destination, your customer will be responsible for them at the time of delivery. It's always a good idea to make sure to include this information in your [shipping policy page](#) so customers aren't surprised by unexpected fees.

Here's an example of how one store prominently displays information regarding additional charges on their shipping policy page to ensure customers are aware of possible charges:

***IMPORTANT:** We cannot guarantee that you will or will not be charged any customs taxes or duties. Any customs or import duties are charged once the parcel reaches its destination country. These charges must be paid by the recipient of the parcel. *This applies only to International and Canadian Orders.*

Customs declaration information

For more information on customs declaration and the required forms and policies, please see the resources below:

- [USPS Customs Information](#)
- [UPS](#)
- [DHL Express](#)
- [Canada Post Customs Information](#)
- [UK Royal Mail Customs Information](#)
- [Australia Post Customs Information](#)

Business accounts

Once you have decided on the carriers you want to use, consider setting up business accounts. Business accounts offer a variety of services including discounts, better expense tracking, and a whole host of online tools to more efficiently manage the shipping aspects of your business. For USPS, UPS, DHL Express services in the United States and Canada Post services in Canada, sign up through [Shopify Shipping](#) for preferred rates and discounts.

- [UK Royal Mail Online Business Account](#) - An online business account with Royal Mail will help you save time by managing all your shipping expense and invoices all in one place.

- [Australia Post Business Credit Account](#) - A Business Credit Account with Australia Post will allow you to charge many of the common services directly to your account for better management of your expenses.

Labelling your packages

Once you have figured out your presentation, packaging, carrier, and costs, you'll need to determine how you want to label your packages. Many new ecommerce entrepreneurs start off by writing the ship-to and return addresses on the package by hand. Although this can be a great way to start, it tends to be time consuming, tedious, and not scalable as your business grows.

That's where Shopify Shipping comes in. You can print and pay for multiple shipping labels directly in Shopify.

Here's how it works.

- From your orders list, select all the orders you're ready to ship.
- Preview each shipment, including the carrier, shipping service, and package. Adjust or fill in any missing information as needed.
- Buy all of your shipping labels in one click, then print them as a single PDF.

You can print your labels on plain paper using any printer, or to save even more time, you can upgrade to a [thermal label printer](#) to print directly on self-stick labels.



Using a fulfillment warehouse

A fulfillment warehouse can help automate and handle the shipping for you. When you choose to work with a fulfillment warehouse, you will store your inventory at one of their warehouses. Depending on their level of integration with your shopping cart, when an order comes in your fulfillment partner will automatically be forwarded the order to pick, pack, and ship the purchase order on your behalf.

There are a number of advantages to using a fulfillment warehouse including:

- Cheaper shipping rates. Because fulfillment warehouses ship such large quantities for multiple vendors, they receive cheaper shipping rates. They're also integrated (usually) with all of the major shipping logistics and 3PL companies, giving you easier access to the widest range of shipping options.
- Shorter shipping times. Strategically choosing your fulfillment partner and the warehouse to store your inventory means you can store your inventory closer to the bulk of your customers.

Fulfillment warehouses aren't for everyone, though. There are several disadvantages as well that you need to consider.

- Branding experience. Generally, if you use your packaging presentation as part of your branding experience, like Trunk Club, you'll be hard pressed to find a fulfillment warehouse that will work with that level of dedication and customization for your brand.
- Additional costs. Although you will likely receive better shipping rates working with a fulfillment partner, there are other rates that need to be paid including what are commonly referred to as 'pick and pack fees' as well as warehouse storage fees. If you feel like you're ready to work with a order fulfillment warehouse, there are several that have fantastic integrations with Shopify including Shipwire, Fulfillrite, Fulfilio (AU), and a host of others.

Shopify Shipping

As you can tell by now, shipping can be tough. Deciding what to charge for shipping, then figuring out how you get it to your customer. There are so many decisions to make along the way. That's why we've given you a leg up with Shopify Shipping.

Best rates, right away

Businesses in North America automatically get access to pre-negotiated shipping rates with all of the top shipping carriers—UPS, USPS, DHL Express, and Canada Post. Normally you would need to get your own account with each of these carriers and negotiate your own discounts (often based on your previous shipping volume). But if you're just starting out, business costs are already high, and the last thing you want is to pay high rates for shipping.

With these rates in hand, you now have options. You can use these rates to show exact shipping costs at checkout, passing on savings to your customers. You can also use these rates with Shopify's built in label printing. This means every time you fulfil an order, you can print out the corresponding USPS, UPS, DHL Express, or Canada Post shipping label, saving yourself a trip to the post office, a visit to another website, or paying a third party to print labels.

Schedule pickups when you need them

Dealing with a stack of orders is both a blessing and a curse. It's exciting you've made all of these sales, but now you need to get them to your customers. Instead of ordering an Uber, driving through traffic, and waiting in line, you can now book a pickup for UPS or DHL Express shipments directly in Shopify. Just go in and schedule when you want a driver to arrive at your door, including same day pickups, with no minimum volume required.

Pickups are free for DHL Express shipments, and \$4 flat for UPS (retail costs start at \$5.80 and can include surcharges).

Shipping is a fundamental part of your ecommerce business

Shipping is definitely a challenging aspect for any ecommerce business. Every business will have their own unique challenges they need to work through and overcome to develop the best and most efficient shipping strategy. Like many aspects of building your new ecommerce site, it will take time and tweaking to determine what works best.

Understanding all the variables and evolving your shipping strategy with your growing business is vital to its long term health and success. So once you think you have it figured out, don't let it go stale. Reevaluate every six months to make sure you're delivering the absolute best possible service and experience for the best possible price to your customers.

Thank you to Mike McGuire and Desirae Odjick for their contributions to this post!

About the author

Thea Earl

Thea Earl is a Product Marketer at Shopify, focused on making logistics simple, efficient, and approachable for entrepreneurs.



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Great information thanks

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Denita Brown · a year ago

This was EXTREMELY helpful!

2 ^ | v · Reply · Share ›



Lynda Parker · a year ago

Thanks for the information and I hope I can just make it all work. I thought with Shopify everything would be shipped from the supplier and all the shipping is included in the price of the goods we are selling on our e-commerce store

1 ^ | v · Reply · Share ›

1 ^ | v · Reply · Share ›



Maria Antoine · a year ago

Hello, Thea Earl. Thank you so much, very helpful ,Trying to figure shipping is a fist full.try the packaging first. Thank you.

1 ^ | v · Reply · Share ›



Universal Relocations · a year ago

It is very informative post Thanks for sharing with us.

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Shipper Flex · a year ago

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jason_brwd · a year ago

\$30.75? Wheres that extra .25 come from?

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American eBox · a year ago

Let's not forget the importance of returns management as a very important part of any successful e-commerce business.

American eBox is a full service e-commerce logistics company specializing in returns management.

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InstantShip Inc · a year ago

For eCommerce firm it is essential to deliver the product safely & without getting any kind of glitches and at Instant-Ship Inc we provide best solutions as your business requires...else the guide seems very informative.

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CoolStory Bro · a year ago

Hi, I want to be able to allow my customers to purchase shipping insurance during checkout, is this possible?

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Amrit Singh Chawla · a year ago

Really a helpful article for those who want to proceed their career in this field. This field can also be one of the greatest platform for those who are thinking of which business is more profitable.

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Kayode Adams · 9 months ago

Can I get the services of a shipping carrier that fulfills orders and delivers to customers

worldwide, from Poland?

I'm looking at integrating that service on a Shopify store.

^ | v · Reply · Share ›



Kara Subido · 2 months ago

Hello! For an enjoyable and more reliable US online shopping and shipping, make sure to check the following: 1) Shop on websites that offer free shipping to avoid additional costs; 2) Consider the weight of the products you purchased; 3) Select a courier like Johnny Air Plus; 4) Calculate cost of shipping from the US to the Philippines and settle the payment. Lastly, wait for your package to arrive at your doorstep.

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Kartz Hub · a month ago

very nice information

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22 Awesome T-Shirt Templates and Mockups for Your Clothing Line

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What Should I Name My Online Store?

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