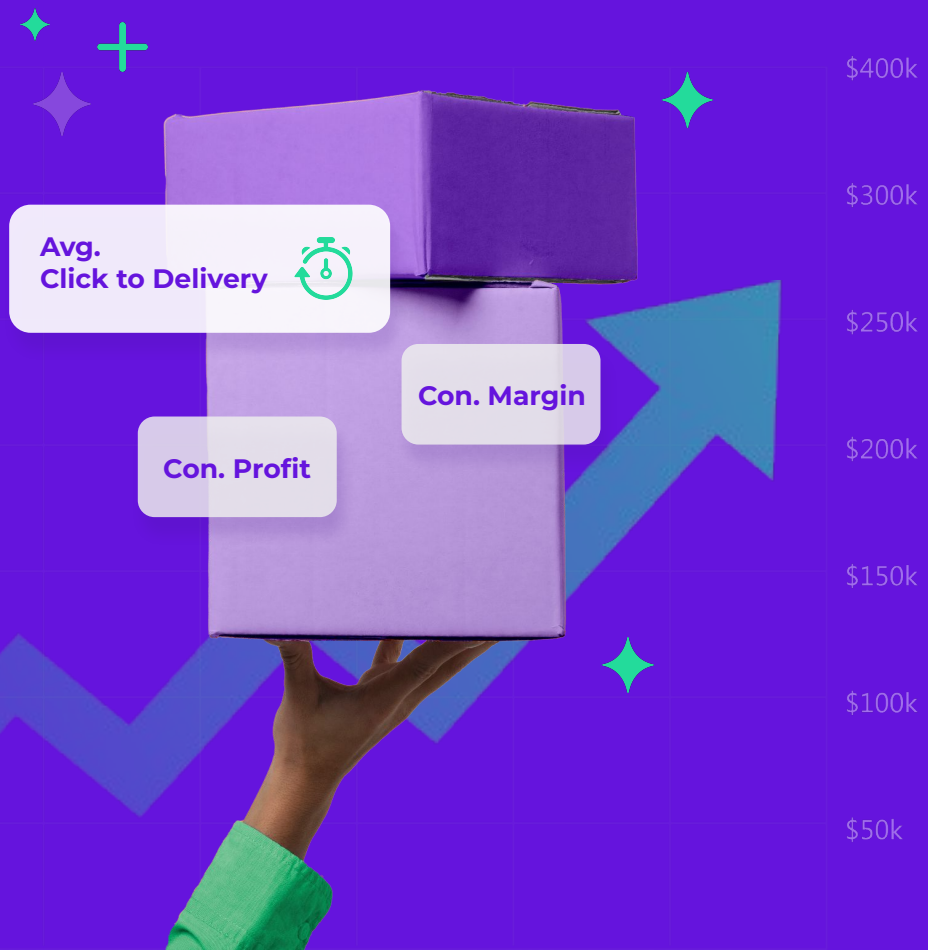
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Nailing eCommerce Shipping:

A Profit-Focused Analysis



Introduction

Shipping is the crucial intersection where the online and offline worlds meet.

It’s much more than just another expense - it's the final touchpoint with your customers, where promises are fulfilled, and loyalty is earned or vice versa.

Since Amazon set a very high shipping standard, many online businesses find it challenging to compete and offer the expected delivery services, as it can be quite costly.

Introduction

This benchmark report dives into the world of shipping costs across different industries.

We'll break down the avg. cost per order, how much of an online store's total expenses pie goes to shipping, how much it bites into profitability, and what customers are actually paying.

What We Tested

We've analyzed **2 million orders** from our unique database, zooming in on our five big industries:

Clothing and fashion, Electronics, Beauty,
Jewelry and accessories, and Home and garden.



KEY FINDINGS

01 Clothing and fashion have the highest percentage of their revenue (12.73%) spent on shipping.

02 Electronics have the highest avg. shipping cost per order ($10.60), but only 3.18% of their total revenue goes toward shipping.

03 The U.S. avg. click-to-door shipping time is 4.87 days.

04 85% of Shopify merchants choose not to use an alternative shipping service.

Industry Shipping Costs Benchmarks

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Shipping can go a long way for an eCommerce business.

In 2023, 62% of online shoppers (*) revealed they would abandon a purchase if free shipping wasn't offered, highlighting the undeniable influence of shipping strategies on consumer choices.

IN THIS CHAPTER:

+01 We will dive into the composition of shipping costs, exploring the distribution of expenses between businesses across different industries.

+02 Check out each industry's biggest profit drainers and how much they take from their profit pie.

+03 Break down how much businesses are typically paying and the extent to which customers share the burden.

1 Breaking Down Fulfillment Costs

Fulfillment costs include shipping and handling, along with other expenses that businesses may track to assess their profitability and the actual cost of package delivery.

Unraveling these elements can be instrumental in optimizing your shipping strategy.

That’s why flexibility in calculating shipping fees is much needed.



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How Do Our Customers Allocate Their Fulfillment Costs?



Shipping **87.9%**



Product handling **5.4%**



Other Handling **4.3%**



Other fulfillment expenses **2.5%**

Some businesses categorize warehouse management costs as 'Operational Expenses', others label them as 'Other Fulfillment Expenses', while others add them as custom fulfillment costs, to gain a precise breakdown of their shipping costs.

'Other Handling Costs' may include expenses such as wrapping paper.

2 Avg. Shipping Costs Per Order

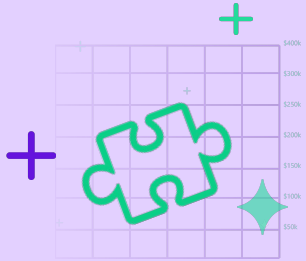
When it comes to shipping, some industries bear a larger burden than others.

Electronics have the highest average shipping cost per order, possibly due to their fragility, while beauty products feature highly efficient and cost-effective shipping, with the lowest average cost per order.

This seemingly small cost difference is significant when scaled up to millions of monthly orders.

Which Industry is Paying More to Ship?





But this is just one piece of the puzzle.

High shipping costs don't necessarily mean lower profitability.

Let’s take a look at the avg. profit margins from shipping for these industries

(our calculations don’t include marketing costs and OPEX).



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Which Industry Leads in Shipping Profit Margins

Industry	Avg. Profit Margin from Shipping
Clothing & Fashion	65.8%
Health & Beauty	64.9%
Electronics	63.7%
Jewelry & Accessories	62.0%
Home & Garden	61.5%

Shipping Costs in Light of Total Revenue

Monitoring trends in your shipping costs helps identify sudden fluctuations in profitability due to changes in shipping prices or carrier operations.

This monitoring enables online businesses to turn their shipping strategies into profit-generating tools.

As we can see, electronics, which had the highest average shipping costs now stands robust with only 3.18% of its total revenue going towards shipping.

How Much Is Shipping Eating Your Revenue?

A Look Across Industries



This brings a different perspective on cost optimization strategies.

Is the electronics industry doing something extraordinary? Let's dive deeper.

How does shipping carve into your bottom line?

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Striking the Balance in Customer Charge Rates

As we scrutinize how businesses manage their shipping expenses, it is apparent that there is a strategy for how costs are passed on to customers.

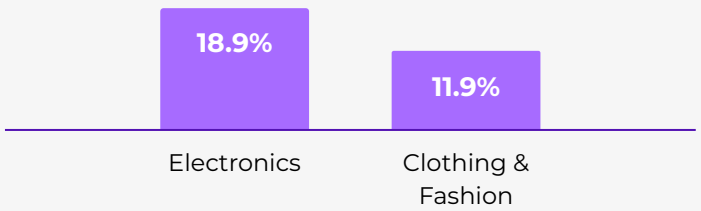
Some shops drop most of the shipping expenses on their customers and some prefer to bear the costs of shipping to increase sales and hopefully be more profitable overall.

Let’s see how our shops distribute their shipping costs.

Who Bears the Shipping Cost – Customer or Shop?

Industries Where Customers Absorb Shipping Cost

Customer's Extra Shipping Cost Percentage



Industries Where Shops Absorb Shipping Costs

Shop's Shipping Cost Absorption Percentage



Splitting shipping costs between the store and your customers is a delicate balancing dance between customer affordability and business profitability.

Use the industry data provided to refine your shipping strategy.

Assess your current approach and consider whether a revision could enhance both customer satisfaction and your bottom line.

BeProfit Profit Analysis and Optimization

BeProfit empower eCommerce brands to optimize their shop for profit first.

By uncovering your biggest profit drivers and drainers, we enable you to maximize every profit opportunity, and fulfill your profit potential.

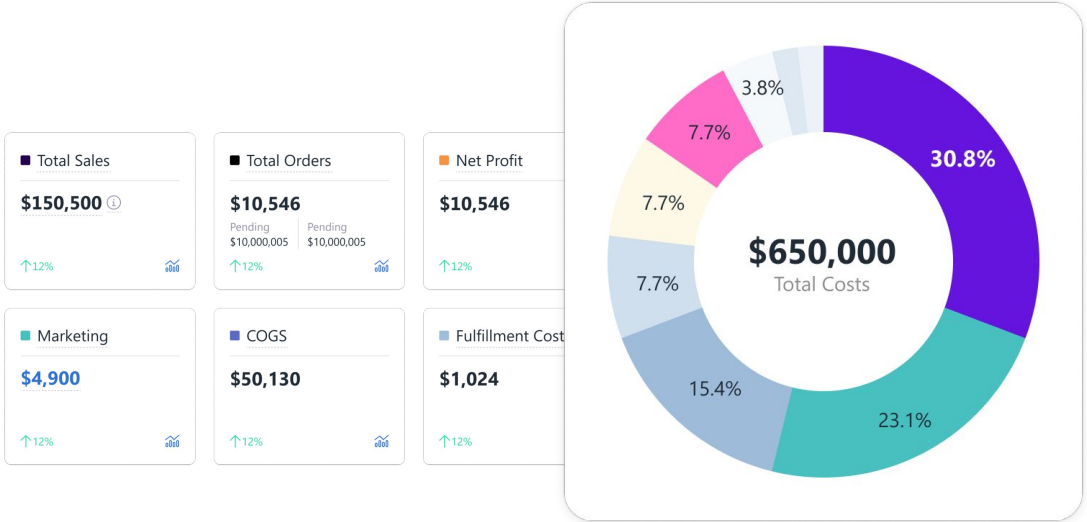
Visit a Demo Store

Our Impact

After 3 Months

+24%
Contribution Profit

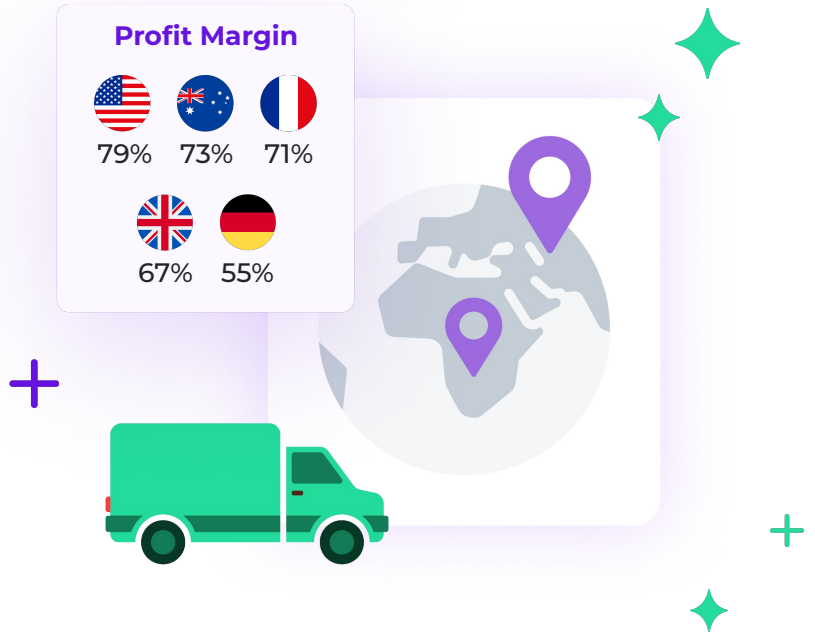
+20%
POAS



3 Profit Margins Across Different Shipping Destinations

Shipping worldwide is an exciting venture.

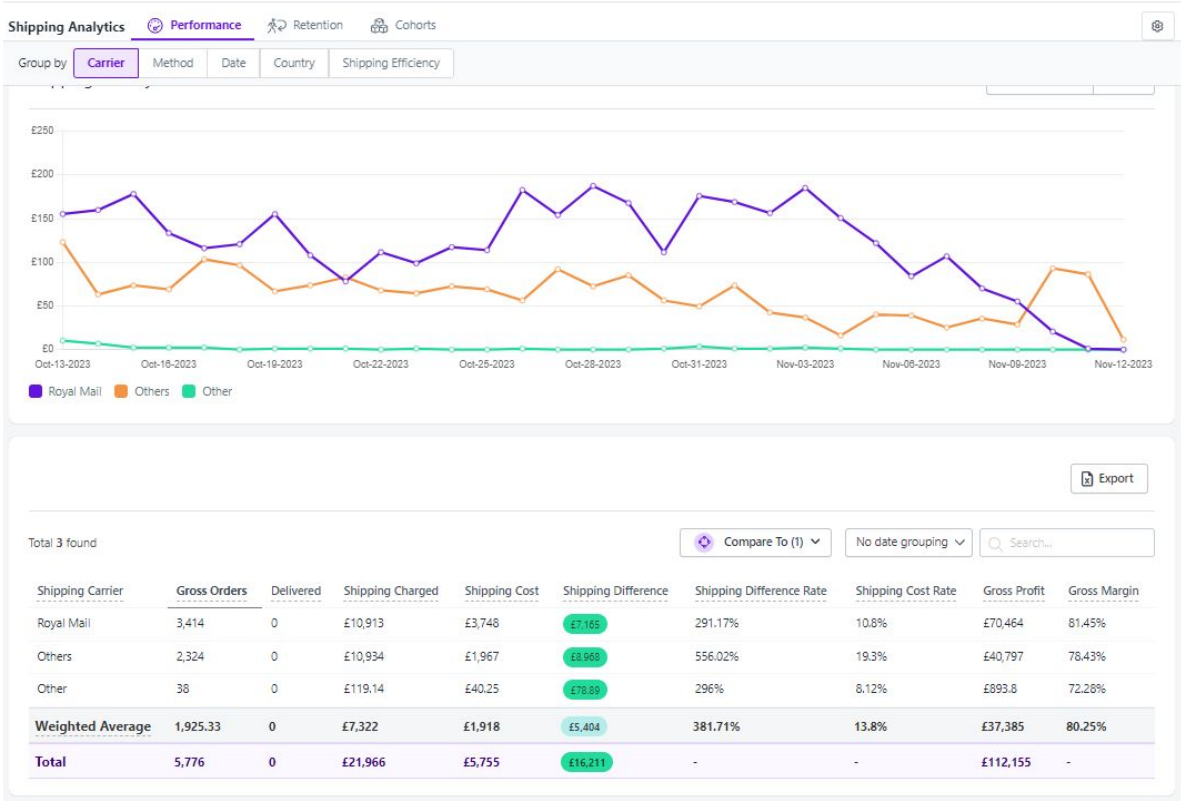
It increases your audience and potential money making but it can also harm your profitability if you're not on top of your financial shipping data.



To stay on top of their most and least profitable shipping methods and carriers, countries, and see the impact of shipping on LTV, AOV, retention and other metrics, we offer eCommerce brands the following reports



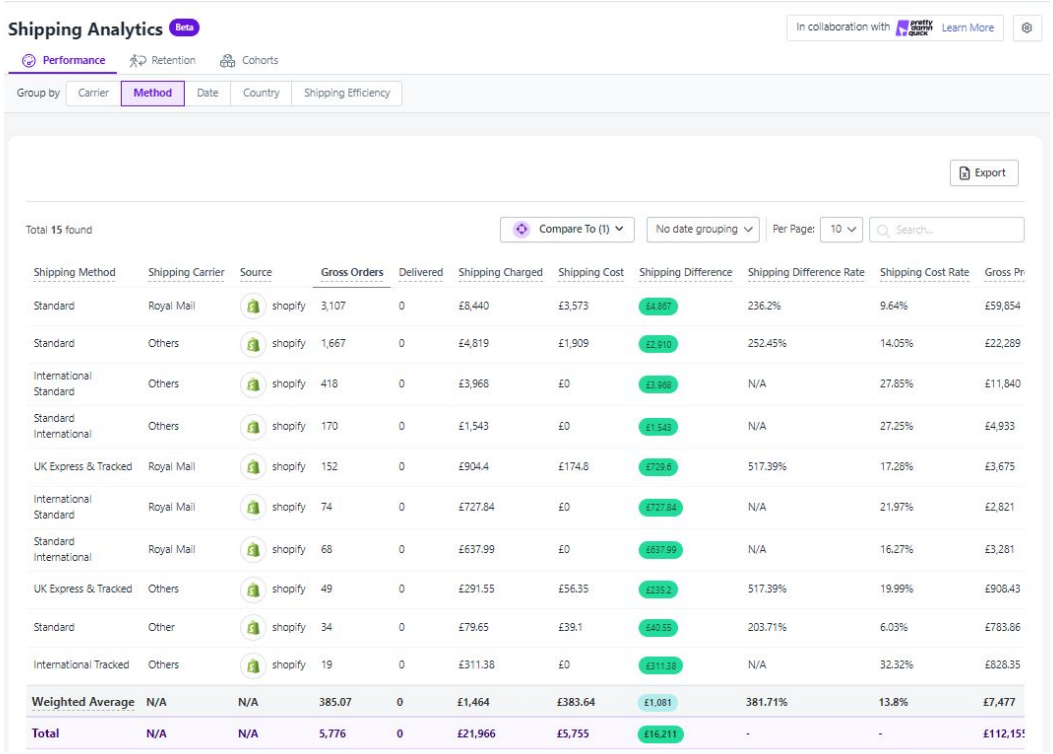
Shipping Profit Analysis by Carrier



Shipping Carrier	Gross Orders	Delivered	Shipping Charged	Shipping Cost	Shipping Difference	Shipping Difference Rate	Shipping Cost Rate	Gross Profit	Gross Margin
Royal Mail	3,414	0	£10,913	£3,748	£7,165	291.17%	10.8%	£70,464	81.45%
Others	2,324	0	£10,934	£1,967	£8,968	556.02%	19.3%	£40,797	78.43%
Other	38	0	£119.14	£40.25	£78.89	296%	8.12%	£893.8	72.28%
Weighted Average	**1,925.33**	**0**	**£7,322**	**£1,918**	£5,404	**381.71%**	**13.8%**	**£37,385**	**80.25%**
Total	**5,776**	**0**	**£21,966**	**£5,755**	£16,211	-	-	**£112,155**	-

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Shipping Profit Analysis by Shipping Method



Shipping Analytics Beta

In collaboration with pretty green quick Learn More

Performance | Retention | Cohorts

Group by: Carrier | Method | Date | Country | Shipping Efficiency

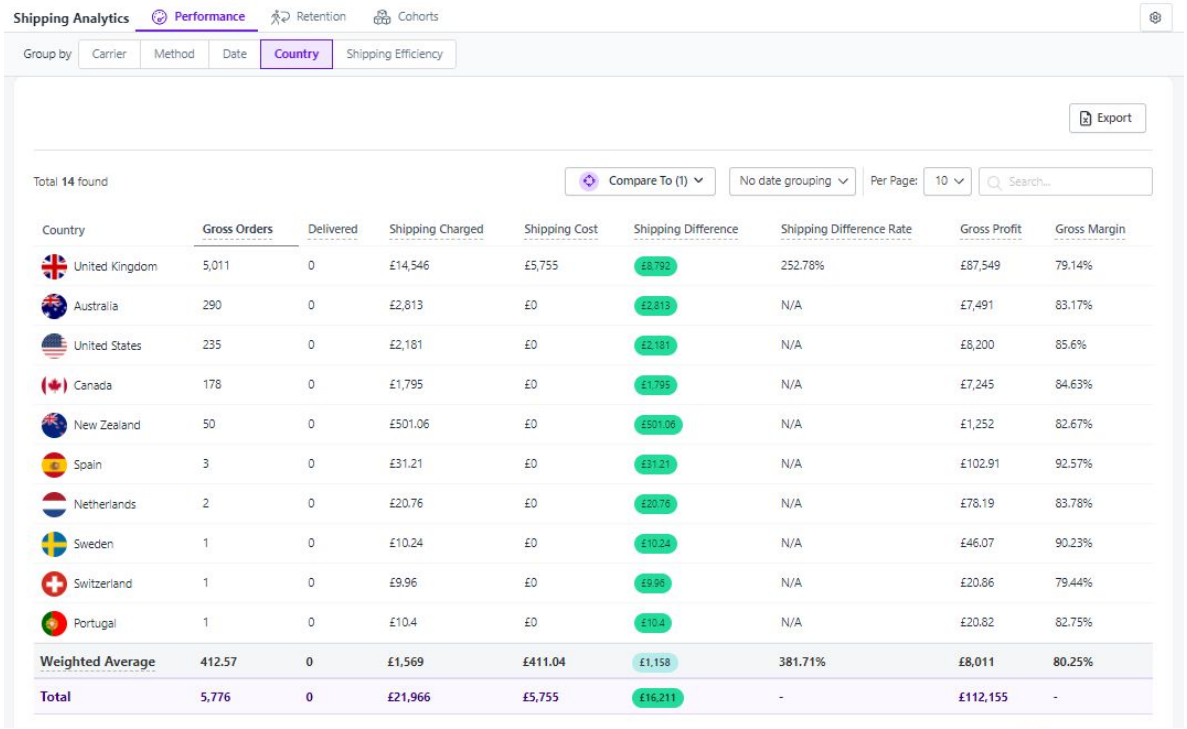
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Shipping Method	Shipping Carrier	Source	Gross Orders	Delivered	Shipping Charged	Shipping Cost	Shipping Difference	Shipping Difference Rate	Shipping Cost Rate	Gross Pr
Standard	Royal Mail	shopify	3,107	0	£8,440	£3,573	£4,867	236.2%	9.64%	£59,854
Standard	Others	shopify	1,667	0	£4,819	£1,909	£2,910	252.45%	14.05%	£22,289
International Standard	Others	shopify	418	0	£3,968	£0	£3,968	N/A	27.85%	£11,840
Standard International	Others	shopify	170	0	£1,543	£0	£1,543	N/A	27.25%	£4,933
UK Express & Tracked	Royal Mail	shopify	152	0	£904.4	£174.8	£729.6	517.39%	17.28%	£3,675
International Standard	Royal Mail	shopify	74	0	£727.84	£0	£727.84	N/A	21.97%	£2,821
Standard International	Royal Mail	shopify	68	0	£637.99	£0	£637.99	N/A	16.27%	£3,281
UK Express & Tracked	Others	shopify	49	0	£291.55	£56.35	£235.2	517.39%	19.99%	£908.43
Standard	Other	shopify	34	0	£79.65	£39.1	£40.55	203.71%	6.03%	£783.86
International Tracked	Others	shopify	19	0	£311.38	£0	£311.38	N/A	32.32%	£828.35
Weighted Average	**N/A**	**N/A**	**385.07**	**0**	**£1,464**	**£383.64**	**£1,081**	**381.71%**	**13.8%**	**£7,477**
Total	**N/A**	**N/A**	**5,776**	**0**	**£21,966**	**£5,755**	**£16,211**	**-**	**-**	**£112,15**

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Shipping Profit Analysis by Country



Shipping Analytics | Performance | Retention | Cohorts

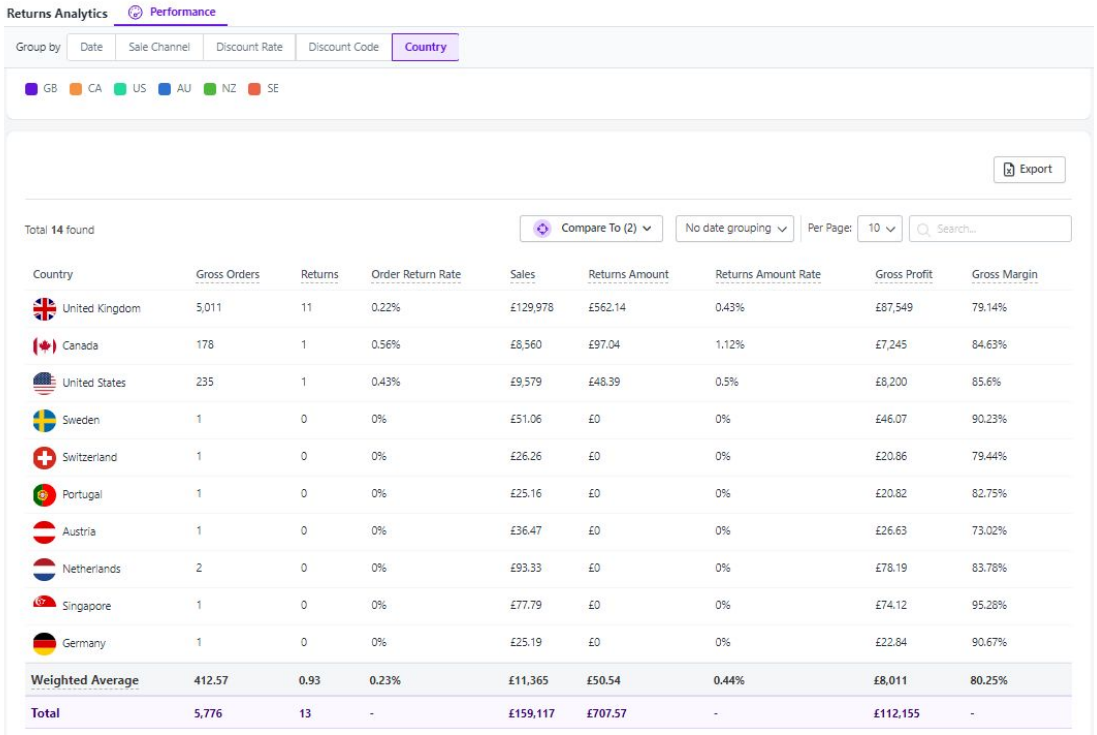
Group by: Carrier | Method | Date | **Country** | Shipping Efficiency

Export

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Country	Gross Orders	Delivered	Shipping Charged	Shipping Cost	Shipping Difference	Shipping Difference Rate	Gross Profit	Gross Margin
United Kingdom	5,011	0	£14,546	£5,755	£8,792	252.78%	£87,549	79.14%
Australia	290	0	£2,813	£0	£2,813	N/A	£7,491	83.17%
United States	235	0	£2,181	£0	£2,181	N/A	£8,200	85.6%
Canada	178	0	£1,795	£0	£1,795	N/A	£7,245	84.63%
New Zealand	50	0	£501.06	£0	£501.06	N/A	£1,252	82.67%
Spain	3	0	£31.21	£0	£31.21	N/A	£102.91	92.57%
Netherlands	2	0	£20.76	£0	£20.76	N/A	£78.19	83.78%
Sweden	1	0	£10.24	£0	£10.24	N/A	£46.07	90.23%
Switzerland	1	0	£9.96	£0	£9.96	N/A	£20.86	79.44%
Portugal	1	0	£10.4	£0	£10.4	N/A	£20.82	82.75%
Weighted Average	**412.57**	**0**	**£1,569**	**£411.04**	**£1,158**	**381.71%**	**£8,011**	**80.25%**
Total	**5,776**	**0**	**£21,966**	**£5,755**	**£16,211**	-	**£112,155**	-

Return Analysis by Country, Sales Channel, Discount Rate and Coupon Code



Country	Gross Orders	Returns	Order Return Rate	Sales	Returns Amount	Returns Amount Rate	Gross Profit	Gross Margin
United Kingdom	5,011	11	0.22%	£129,978	£562.14	0.43%	£87,549	79.14%
Canada	178	1	0.56%	£8,560	£97.04	1.12%	£7,245	84.63%
United States	235	1	0.43%	£9,579	£48.39	0.5%	£8,200	85.6%
Sweden	1	0	0%	£51.06	£0	0%	£46.07	90.23%
Switzerland	1	0	0%	£26.26	£0	0%	£20.86	79.44%
Portugal	1	0	0%	£25.16	£0	0%	£20.82	82.75%
Austria	1	0	0%	£36.47	£0	0%	£26.63	73.02%
Netherlands	2	0	0%	£93.33	£0	0%	£78.19	83.78%
Singapore	1	0	0%	£77.79	£0	0%	£74.12	95.28%
Germany	1	0	0%	£25.19	£0	0%	£22.84	90.67%
Weighted Average	**412.57**	**0.93**	**0.23%**	**£11,365**	**£50.54**	**0.44%**	**£8,011**	**80.25%**
Total	**5,776**	**13**	**-**	**£159,117**	**£707.57**	**-**	**£112,155**	**-**

See all the ways shipping impacts your profitability

Book a Demo

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4 Top and Least Profitable Countries for Shipping from US

We've analyzed 50,000 of the most recent orders, taking into account different shipping carriers.

This data offers a comprehensive look at profitability across various destinations, combining insights from all shipping providers.

The next slide shows what the data revealed about shipping from the US.



Profit Margin by Destination

Top Profit Margin Destinations for Shipping from US

Luxembourg	75.9%
Oman	74.8%
Brazil	74.2%
United States	73.5%
Dominican Republic	71.8%
New Zealand	70.9%
Greenland	70.4%
Italy	70.0%
Brunei	69.9%
Isle Of Man	67.5%

Lowest Profit Margin Destinations for Shipping from US

Kuwait	16.2%
Algeria	18.8%
China	19.8%
Taiwan	19.8%
Uzbekistan	22.3%
Azerbaijan	24.0%
Thailand	28.5%
Vietnam	28.7%
Albania	31.0%
Bulgaria	32.9%

5 Analyzing the Impact of Different Shipping Platforms on Profits

Selecting an optimal shipping platform for your business has a direct impact on your operational efficiency and profit margins.

And it’s not a one-time mission.

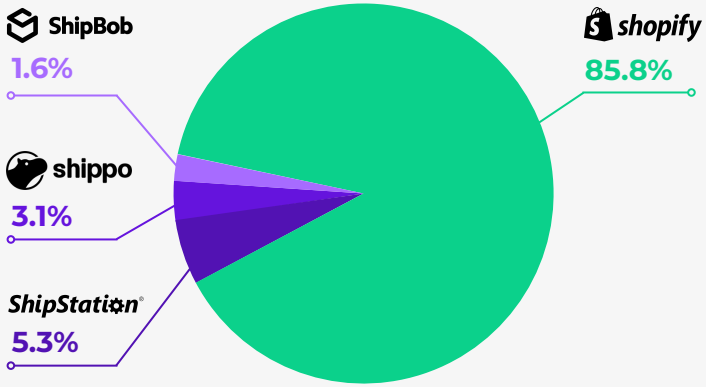
Things change, that’s why It's essential to monitor how each platform affects your bottom line in real-time and revise trends in your shipping costs every once in a while.



In this chapter, we're going to break down the most popular shipping platforms among our customers and see how they impact their profitability.

What are the Most Popular Shipping Platforms?

Given that our analysis predominantly involves Shopify shops, it's logical that Shopify Shipping is the chosen platform for a majority, with 85.8% of merchants opting for it.



Others (Shiphero, Easyship, Shipping Easy, Shipmondo, Shiphawk, Shipwire): < 1% each

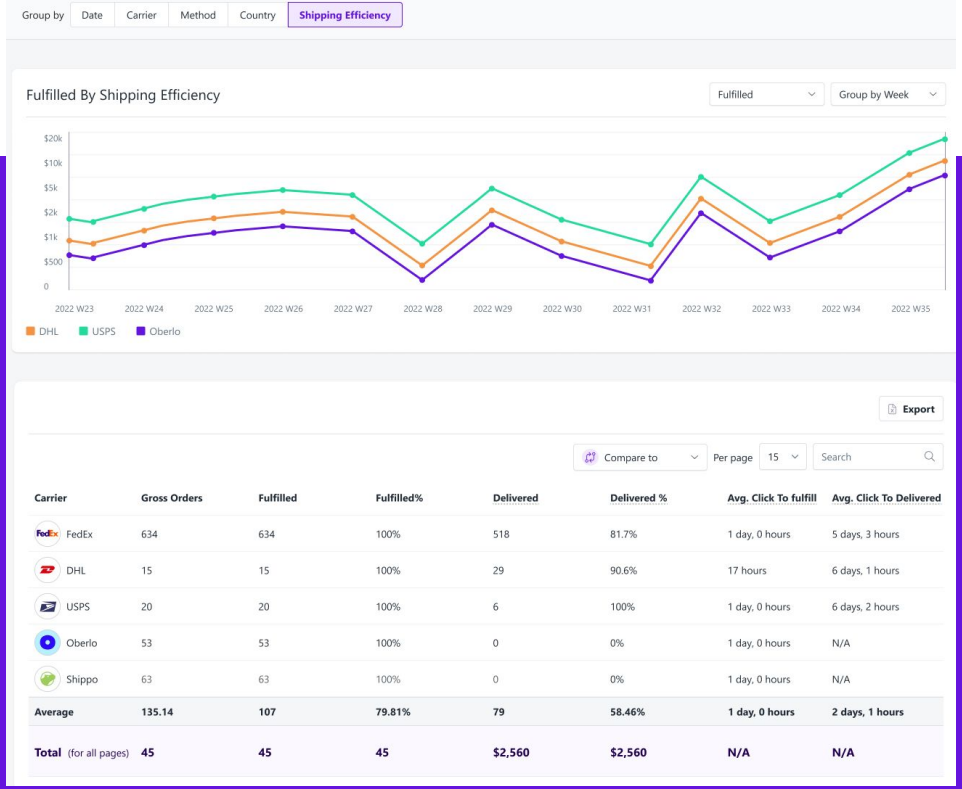
Which Carrier is The Most Efficient?

The eCommerce world thrives on instant gratification. Shoppers want to click, buy, and have their products delivered yesterday. How does your business measure up when it comes to shipping times?

Monitoring your carrier's efficiency can be significant to your business, helping you build trust in your brand and enlarge your loyal customer base.

This is What BeProfit's Shipping Efficiency Report Looks Like

Get access to data about your shipping efficiency: book a demo or start free.

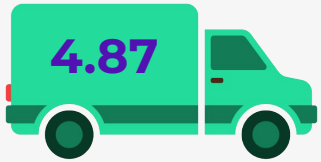


Carrier	Gross Orders	Fulfilled	Fulfilled%	Delivered	Delivered %	Avg. Click To fulfill	Avg. Click To Delivered
FedEx	634	634	100%	518	81.7%	1 day, 0 hours	5 days, 3 hours
DHL	15	15	100%	29	90.6%	17 hours	6 days, 1 hours
USPS	20	20	100%	6	100%	1 day, 0 hours	6 days, 2 hours
Oberlo	53	53	100%	0	0%	1 day, 0 hours	N/A
Shippo	63	63	100%	0	0%	1 day, 0 hours	N/A
Average	**135.14**	**107**	**79.81%**	**79**	**58.46%**	**1 day, 0 hours**	**2 days, 1 hours**
Total (for all pages)	**45**	**45**	**45**	**$2,560**	**$2,560**	**N/A**	**N/A**

Let's take a close look at the avg. shipping times and how optimizing shipping speed can drive your profits upwards.

Benchmarking Your Shipping Times Against The U.S. Avg.

This golden nugget comes from PrettyDamnQuick, our partners, together we provide you with game-changing insights that'll turn you into a shipping master.



The average click-to-door time for U.S. brands is 4.87 days

Expert Insight: The Winning Trio for Shipping Excellence

Avi Moskowitz, CEO at PrettyDamnQuick, points out three critical factors:

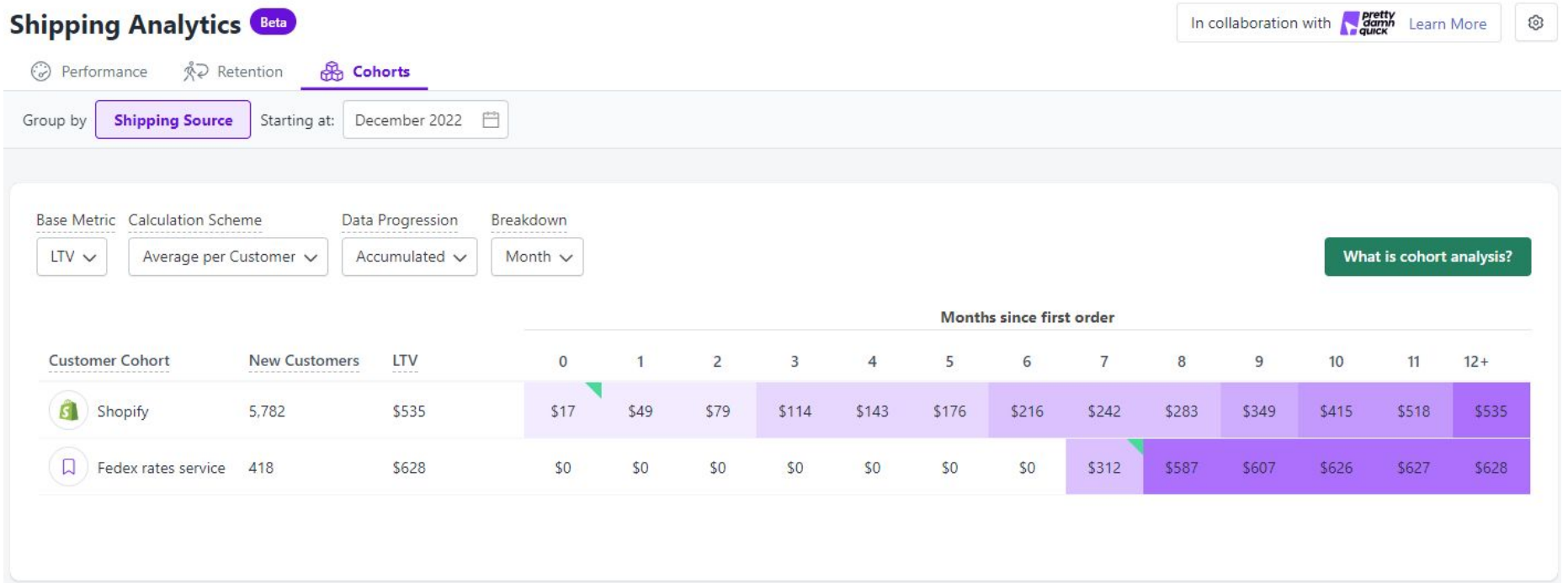


1. **Win customers in your local geography first**. Offer local customers personalized shipping options such as 'same-day or next-day delivery.'
2. **Use a multi-carrier platform**. Customers desire a variety of shipping options, such as 'free,' 'express,' and 'overnight,' to give them control and flexibility over when they'll receive their order.
3. **Show a precise delivery promise in checkout**. Include specific 'Arrives By' dates on each shipping option so customers know when they will receive their orders.

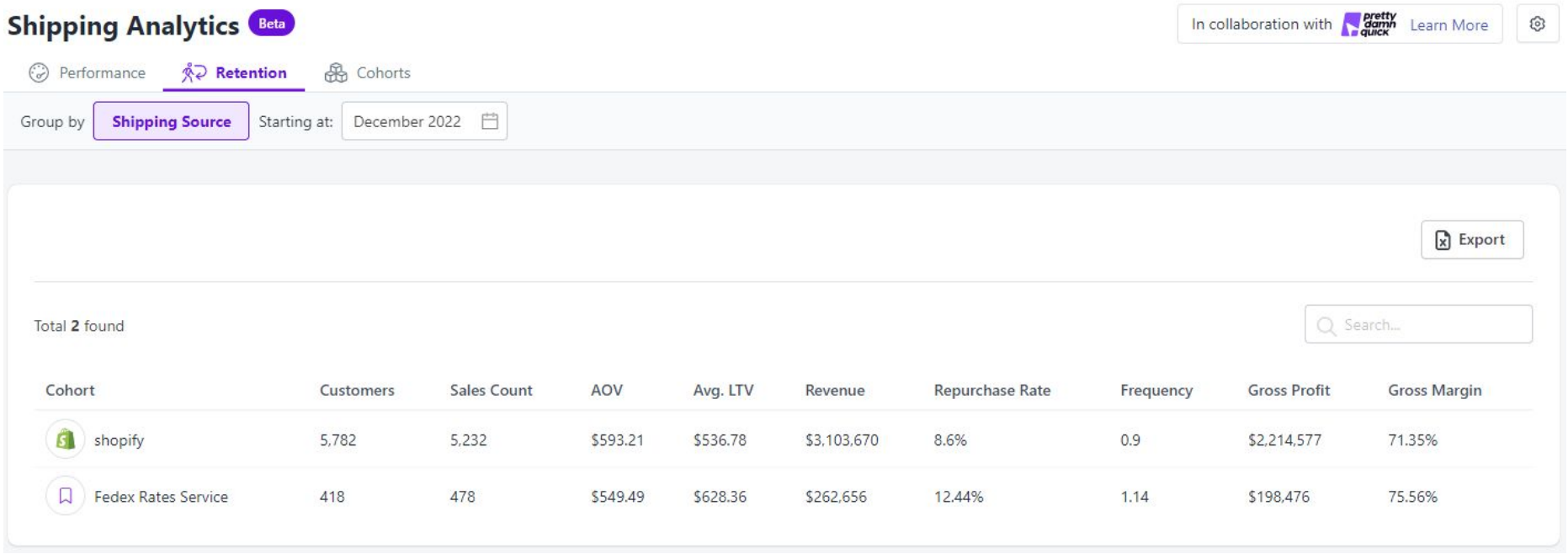
Our collaboration with PrettyDamnQuick gives eCom businesses access to all key shipping metrics they need to monitor.

On top of the reports presented earlier, we offer three types of metrics to analyze your shipping profitability - performance, retention, and cohort.

Shipping Cohort Report



Shipping Retention Report



This means you can have a full grasp of how shipping times impact your profitability and customer loyalty, without breaking a sweat.

Get access to all these metrics and more

Book a Demo Today

Start a Free Trial



BeProfit

Turn Shipping into a Profit-Boosting Strategy with BeProfit

Choosing your shipping delivery options is an important strategic move. It's not just about satisfying customers; it's about fostering repeat business, driving larger purchases, and boosting your bottom line.

BeProfit's comprehensive reports allow you to monitor trends in your shipping delivery, and assess how your shipping options impact profitability, and their efficiency.

Be on top of your revenue, expenses, and profit up to the moment.

Book a Demo Today | **Start a Free Trial**

BeProfit

Our Impact

After 3 Months

+24% Con. Profit

+20% POAS

5-10 Weekly Hours

Our Brands

+1000

Profit-first Optimized Merchants