



Product Services, Inc.



The Ultimate Guide to Subscription Box Packaging, Shipping, and Fulfillment

Whether your company is a start-up or established subscription box business, you want to make sure you are doing everything to ensure it is a success. Our ultimate guide to subscription box packaging, shipping, and fulfillment will help you optimize your subscription box business with tips on how to reduce costs without sacrificing quality.



PACKAGING

The packaging you choose for your subscription box is of utmost importance because subscription boxes create an entire buying experience for the consumer. It helps to drive your brand's image, in addition to increasing customer satisfaction because part of the excitement of a subscription box is the anticipation of unwrapping it. The design should correlate with the theme of your subscription box and enhance the customer's experience of receiving it.

Aesthetics

The value of a nicely packaged product that looks expensive and is well-designed implies to the consumer that the product is of high-quality, well-made, and has value. Imagine two packages that arrive on your doorstep for the same item, a high-end pen. The first is a plain, brown cardboard box, with no logo and just a shipping label. The other package is a high-quality material, colored box with the company's logo written in embossed gold script. Which one would you like to open?

Companies can present their product and drive home their brand through packaging to help enhance the customer's buying experience. This has an impact on revenue, as consumers associate good packaging with a good product.

Brand Identification

The packaging you choose is one way to further promote your brand. Tiffany's, the jewelry store, is one of the best examples of this with their classic light blue box with white satin ribbon. Simple, elegant, yet so effective in relating what the Tiffany brand is to the point that the packaging has become synonymous with the brand. Consumers make a purchase when a brand elicits emotional engagement such as this.

Branded Box

One of the decisions you will have to make is whether or not you invest in a branded box. Many online retailers and subscription box companies have chosen to do a custom shipping box to help differentiate their brand.

As a small company, you might be concerned with the cost of a branded shipping box, however, using a flexographic process can cut down on cost because the copy is pre-printed on the cardboard before it is made into a box. Custom boxes are manufactured to order so you can get the exact size you need.

To make the most of custom shipping boxes:

- ✓ Use them to market your brand, stand out from other sub box companies, and show you are an upscale operation.
- ✓ Pick a few box sizes. It is easier to fulfill orders with a select number of box sizes, plus you can cut down on the cost of branding the boxes.
- ✓ If you are already using custom-sized boxes, consider branding them to take your business to the next level.

A custom box can show your company's attention to detail as well as reflect your style, whether it be sleek-looking, romantic, pretty, or modern. Your box can be created to represent how your company wants to connect with your customers and what characteristics you want them to remember about your brand.

The inside of the box can be important as well. Custom packaging adds to your brand and the customer's experience with your subscription box. It might be worth the cost if it enhances the buyer's overall image of your brand.

SHIPPING

Most subscription box start-ups do not realize the complexities of shipping their boxes. Getting packages out the door requires research and planning. Without it, your company might result in overpayment for shipping and loss of sales if you cannot provide consistent, on-time delivery to your subscriber base. Managing your shipping costs effectively will directly impact your bottom line so spending the time to find the most reliable and affordable carrier is worth the effort.

If your business does not have the funds to hire a logistics manager or outsource fulfillment services, developing a set of shipping guidelines is important. As your business grows, finding a fulfillment services company might be the cost-effective solution to shipping.



Choose Your Carrier Wisely

As a small e-retailer, it is worth the time to research which carrier or carriers will work best for your shipments. With pending rate increases by UPS and FedEx, it might be the time to look at other shipping options. Since the increases are usually different based on destination location and not an overall increase across the board, you may want to use different carriers for shipments to different areas of the country, based on the cheapest rates. As your shipping volume grows, so does your negotiating power.

For small packages that do not weigh much, don't forget about the USPS. Their rates are usually the lowest for these types of packages, with delivery confirmation and tracking numbers at no cost. Be sure to look into Priority Mail, Priority Mail Flat Rate, and Priority Mail Regional Rate to find which options will be most economical. Once you have made your decision, make sure to analyze your carriers' performance.

Use a Small Business Specialist

Most carriers have a small business specialist that will work with your business to meet your shipping requirements. Discussing mode of transportation and delivery timing can help to shave off at least 30% in fees. For example, using ground services instead of air services might be better for certain sized packages instead of others, depending on weight and distance.



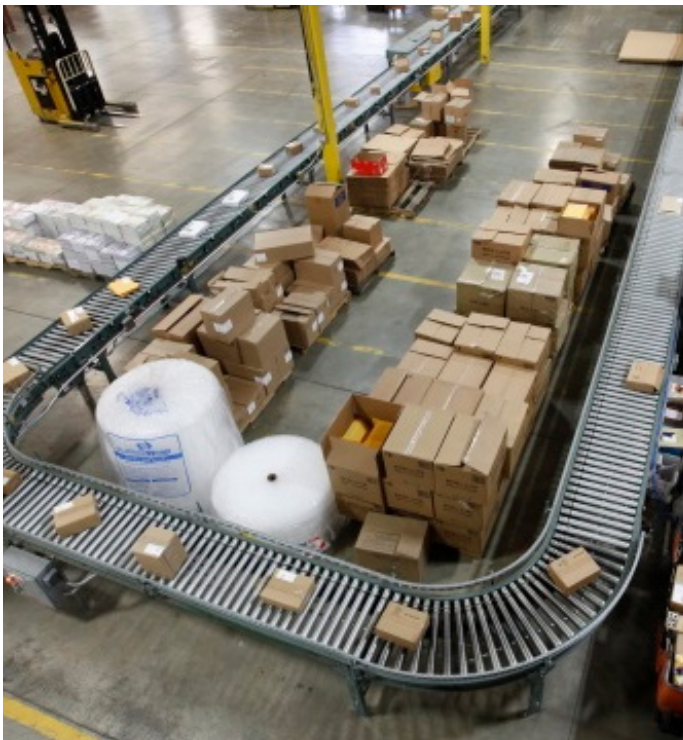
Use a Postage Meter

A postage meter is an invaluable tool for a small ecommerce business. Use it to weigh packages, determine postage charges, and print shipping labels so you are paying exactly what you should, and nothing more. Pitney Bowes, a postage meter provider, estimates small businesses can save as much as 20 percent on shipping costs by using one.

Shipping Supplies

Make sure you are using the correct size box for your products. While it may be tempting to choose a large box, but remember, you have to ship that box. In order to save on shipping costs, choose the right size box that will comfortably fit your items without too much wasted space.

Saving money on shipping supplies, especially in the beginning, is a good idea. Once you decide on the box sizes and types of packing materials you will need, purchase them in bulk to take advantage of the discounted price. If you are able to recycle any packing materials, you will also be able to save on your shipping budget.



FULFILLMENT

Once you have determined your packaging and shipping carriers, you need to consider how you will get all of your orders out the door each month. You have the option of fulfilling your orders in-house or outsourcing this part of the ordering process to a third-party.

If you are fulfilling the orders yourself, there are many software platforms to help manage your subscriber base. At shipping time every month, subscriber files can be downloaded and then coordinated with a shipping management program. This sample fulfillment schedule will provide details of how order processing is conducted every month:

- ✓ **December 10th-December 31st:**
New orders for January are accepted
- ✓ **December 20th-25th:**
Final product agreements completed
- ✓ **January 1st:**
Planned quantity decided based on number of orders that are placed before January 10th
- ✓ **January 12th-15th:**
Product should be shipped out to subscribers.

Managing Inventory

Effectively managing inventory will ensure that your subscription box company is operating at optimal levels. Forecasting inventory for upcoming months' subscription boxes is critical so the boxes are not short on items. Assessing inventory on a regular basis will ensure that you are not overstocked. Many companies purchase inventory management software that can be customized to assess the business.

You may choose to use a fulfillment center so you can focus on other aspects of your business. There are a few things you should consider when choosing one.

Location

Are you looking for a fulfillment company with one facility or multiple ones? The answer to that depends on your customer demographics. If you ship mostly to one area of the country, a fulfillment provider with quick shipping access to that area makes the most sense. If your orders come from all over, you may work best with a fulfillment provider with multiple locations.

It is also important to consider how far the locations are from you. If you are located on the east coast and your fulfillment location is on the west coast, restocking inventory is going to take a couple of days more.

Product Lines

Not every fulfillment company can handle every type of product. If you carry a specialty product that requires specific packaging or handling, find a company that has experience with this type of item. For example, food, chemical, temperature-controlled, and frozen items need special treatment. Working with a fulfillment company that can meet your specific inventory requirements will ensure you will not have regulation issues.

Integration

Another critical criteria is the technological capabilities of a fulfillment partner. Are their processes automated so the order turnaround time will be quick and accurate? You should also ask about integration with your company's current system, and what that will entail. If access to real-time data is an important factor to you, a company with access to the latest technology will be the best fit.

Cost

Of course, pricing is a consideration, particularly for small organizations and start-up companies. Fulfillment services often have add-on expenses, depending on your company's needs. Some common ones are: order processing fees, flat fees per order, storage fees, credit card transaction fees, and return fees. Once you have a quote of all of the possible costs, you can estimate what fulfillment would cost as a percentage of your business, based on a sample month's worth of orders.

Customer Service

Providing great customer service should still be a priority when switching fulfillment operations. Ask a potential fulfillment partner about the turnaround time on a support ticket, average time for resolving an issue, and who will be handling urgent issues. You want to make sure that any problems will be taken care of as quickly as possible, without sacrificing quality or your reputation.

Satisfied customers result in repeat renewals for your subscription box business, and help to build your brand reputation. The shipping, packaging, and fulfillment portions are all equally important in ensuring your business operates efficiently, and drives more sales.



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