

Whitepaper: **3 tips for smart logistic choices with marketplace sales**



Whitepaper

3 tips for smart logistic choices with marketplace sales

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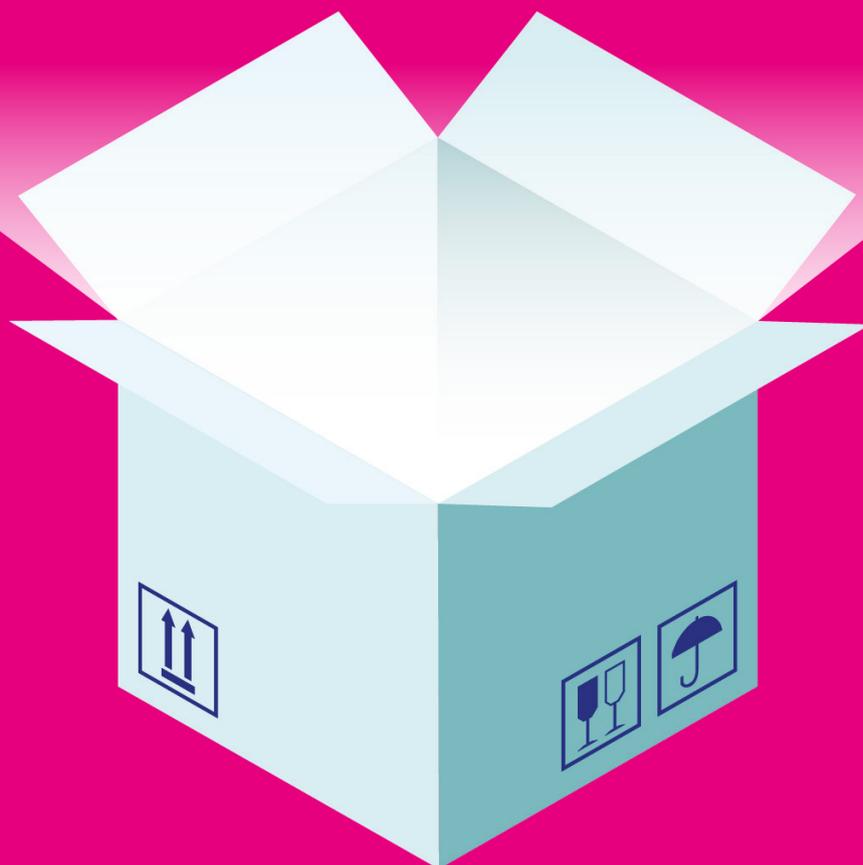
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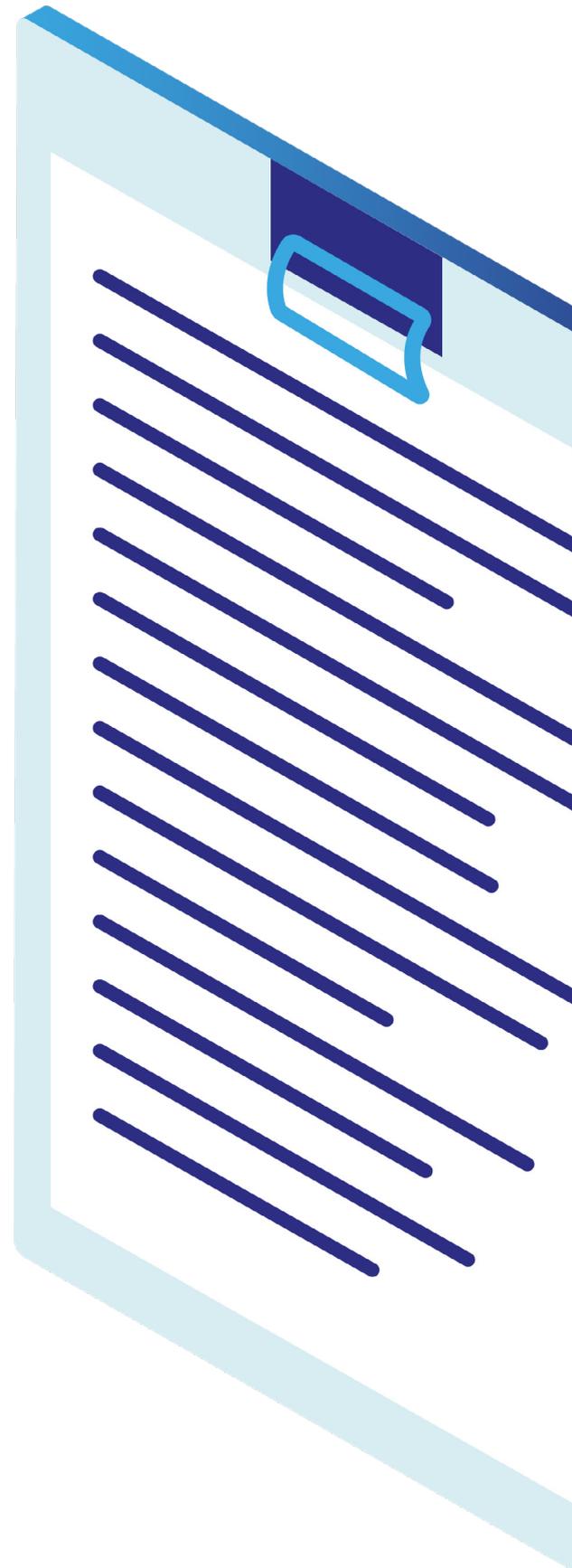
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Introduction

Increasing your reach and revenue is the reason to start selling via marketplaces. However, it is important to remember to make smart choices so your profit increases as well. The logistic processing of your orders is a subject that requires careful consideration when selling via marketplaces. What kind of influence cut-off times have, the optimisation of delivery times and choosing between doing the logistics yourself or whether you should outsource them. In this whitepaper we will dive in deeper into these questions and we will be happy to give you some tips!



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Tip #1 **Assess the influence of cut-off times**

When inserting your products onto a marketplaces such as Amazon.com, you will be asked to attach a delivery time to the product. This delivery time is interdependent to when the order is being placed. The cut-off time is the maximum time an order can be accepted and at which you can guarantee the desired delivery time.

Example:

When the offer says: "Order before 14:00 and the package will be delivered the next day", your cut-off time is 14:00 o' clock. Orders that are place after 14:00 will not be delivered the next day, but the day after that one. Factors that decide your cut-off time are for instances the pick-up times of your logistics partner (e.g. DHL), and the picking time necessary for the processing of the order.

[Research conducted by Beslist.nl](#) indicated that there is a peak in orders around 21:00 o'clock on Wednesday evenings. It is very likely that the consumer likes to receive their order before the weekend. A cut-off time of 18:00 o'clock and a delivery time of 1-2 working days, can make the customer choose for a another webshop, to ensure that the order will be delivered before the weekend.

By improving the cut-off time , you can improve your delivery time and minimize the risk of your customer shopping elsewhere. In turn you will increase your conversion rate.



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Tip #2

Optimising your delivery time

Depending on the time an order is placed, the delivery will automatically be prolonged. This often results in that the delivery time is a lot longer than initially indicated, which in turn affects the conversion rates.

The influence of the weekend

The weekend is of great influence to the delivery time. When you have a delivery time of 2 working days, this

will increase up to 5 when the order is placed over or right before the weekend. This affects the conversion enormously and thereby your sales. In the table below we have illustrated the delivery times and the influence of the weekend. The fundamental idea of the table is that orders are being processed every workday and that no deliveries are being made on Monday's.

Delivery times with a delivery of '2 days':

Day of order	day of delivery	Number of days
Monday	Wednesday	2
Tuesday	Thursday	2
Wednesday	Friday	2
Thursday	Tuesday	5
Friday	Tuesday	4
Saturday	Wednesday	4
Sunday	Wednesday	3

Day of order	Day of delivery	Number of days
Monday before 14:00 p.m.	Tuesday	1
Monday after 14:00 p.m.	Wednesday	2
Tuesday before 14:00 p.m.	Wednesday	1
Tuesday after 14:00 p.m.	Thursday	2
Wednesday before 14:00 p.m.	Thursday	1
Wednesday after 14:00 p.m.	Friday	1
Thursday before 14:00 p.m.	Friday	1
Thursday after 14:00 p.m.	Tuesday	5
Friday	Tuesday	4
Saturday	Tuesday	3
Sunday	Tuesday	2

Would you like to know which delivery times apply to you?

[Check it with our delivery time calculator!](#)

Being smart with delivery times

The weekend has a major impact on your delivery times, which causes a 24-hour delivery to become a 4-day delivery. Fortunately every other merchant that doesn't outsource the logistics via the marketplace will be having the same issues.

In deciding which provider pops up in the salestab, the marketplace takes into account the delivery time of a product. Because the marketplace assumes that no orders will be delivered over the weekend, it is up to you to provide a more accurate delivery time for the weekend than the one you usually would have. There is no reason to ship over the weekend.

Example:

Usually you have a delivery time of "ordered today before 16:00, delivered the next day". On Fridays after the maximum cut-off time of the marketplace (for instance at Amazon.com this is 21:00 o'clock), you adjust the delivery time to "ordered today before 21:00, delivered the next day". The proposition in terms of your regular delivery time improves, while you don't have the order any sooner, because it is the weekend. On Mondays before 16:00 you will obviously need to set your delivery time to the standard settings.

Automatically adjusting your delivery times

With EffectConnect you will be able to control your delivery time accordingly as aforementioned in the example. Thus you can optimise your delivery time in an automated fashion.

Do the platforms allow this?

You are not doing anything that is not allowed, but you are toying the algorithm of the marketplace. At a certain point they will identify this behaviour and take action. Up until that time, just enjoy the benefits ;-)

Improving delivery times

When a merchant does the logistics himself, in other words ships the products from his own warehouse to the consumer, there are a few things you can do to shorten your delivery times:

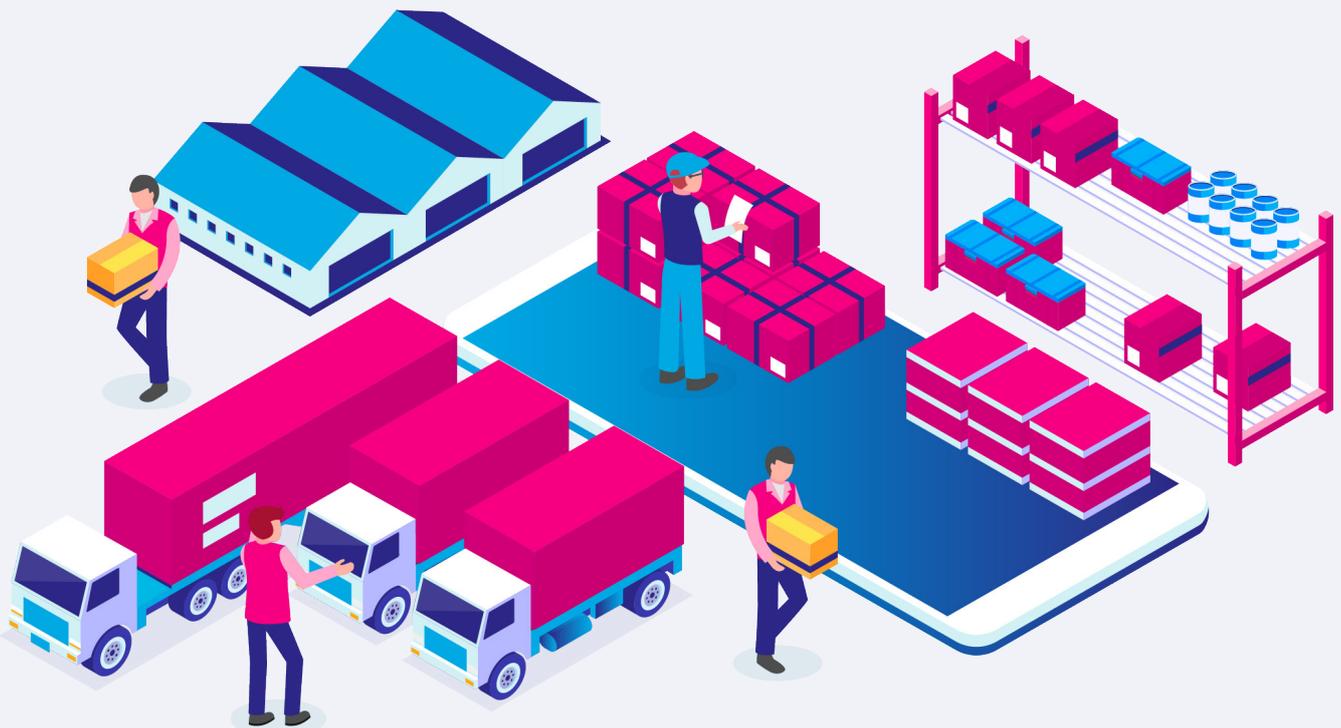
Ensure a smooth picking process

When you start to process your own orders, you have the control to accept these at a later time and have them packed in time for the pick-up moment of your logistic partner (e.g. DHL).

You can process orders more rapidly by:

By automatically importing the orders from the marketplace to your back office.

Optimising your picking process by working with a WMS (Warehouse Management System), to ensure a smooth picking process.



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Tip #3 **Assess whether out-sourcing logistics is a good idea**

Outsourcing your logistics can be a big step, but also have a large and positive impact on your sales. It is important to explore what the logistic partner's specialties are, which services are provided besides the shipment of the products and what the costs are for shipping and storage.

The costs of having a warehouse

Merchants often compare the shipping costs of a fulfillment party to their own shipping costs and thus think that shipping the product themselves is a cheaper solution. This is however an unfair comparison, therefore we have summed up all the costs you will have when shipping from your own warehouse.

Costs of a warehouse:

1. The rent of the warehouse
2. Costs for managing the warehouse:
 - a. Staff (having a later cut-off time has a direct influence on personnel costs)
 - b. Utility costs
 - c. Insurance and alarm
 - d. Purchase and maintenance of scaffolds, pick- and pack equipment, forklifts and other materials
 - e. Packaging

6. Shipping costs per order

7. Returns. This is the most expensive process due to all the time invested in checking the product for discrepancies, deciding what to do with it, booking it back into the system and taking care of the pay-out.

This is how you calculate the precise costs per package:

Count up the costs of 1, 2 and 4 on a yearly basis and divide this by the amount of orders. Add the outcome to the shipping costs per order. With this calculation you will have an accurate depiction of the cost of doing the logistics from your own warehouse.

Costs for external fulfillment

When working with an external fulfillment partner for the dispatch of your orders, then you are enjoying the benefits of not having to deal with all of the costs that come with having your own warehouse.

Advantages:

1. Maximum cut-off time (often before 23:59 p.m., guaranteed next day delivery).
2. Not having to worry about the logistic process, even at peak hours.
3. Set up for international deliveries, so it is prepped for expansion.
4. Returns are being taken care of.
5. Insurance for products/shipment is often standard incorporated in the costs.

Costs for external fulfillment:

1. Costs per shipment, including pick and pack.
2. Costs for storage and impact.

The costs for the actual shipping and the handling of the shipments will be calculated down to the price per package by fulfillment parties. The costs for impact and storage are dependant on the way you ship your products, the time they are stored in the warehouse and the type of product





Sell efficiently via marketplaces?

EffectConnect is known for her excellent support service, which is rated by customers with a 9.3. You can link your webshop via EffectConnect to several marketplaces, both in the Netherlands as throughout Europe.

“The team of EffectConnect is always at your disposal, the swift service is a joy to work with. If you are looking for a reliable and stable party, then this is the best solution.”

Jan Willem van der Sterre - UV-Fashions

Curious how much time you can save by automating the process?

[Contact us](#)

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