

PACKAGE CONSOLIDATION: WHAT IT IS AND HOW IT SAVES YOU MONEY



BROUGHT TO YOU
BY





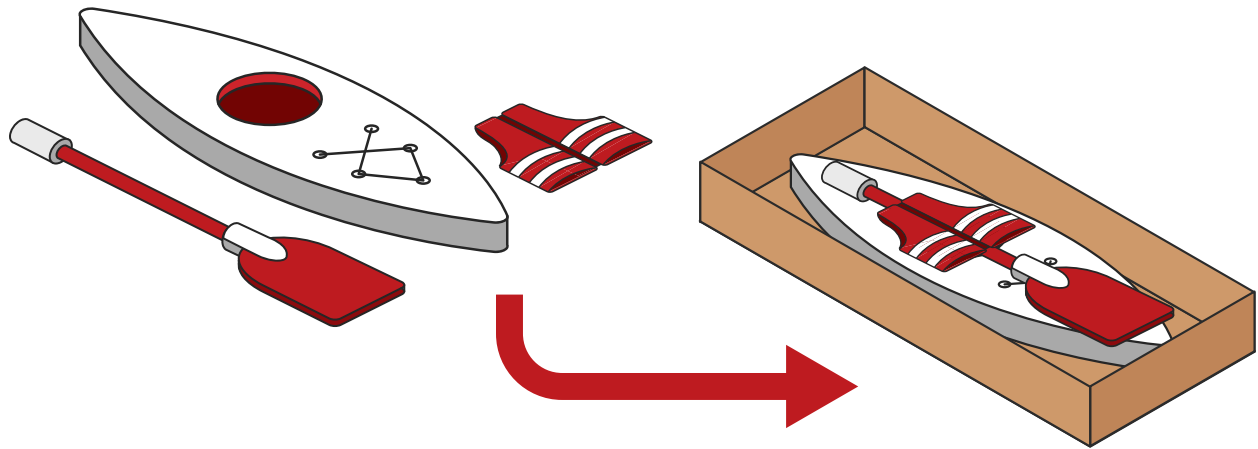
The success of your online business relies, in large part, on your [eCommerce fulfillment](#). And the success of your eCommerce fulfillment operations depends on how efficiently you pick, pack, and ship your products. Package consolidation is one way to keep your fulfillment [affordable](#).

WHAT IS PACKAGE CONSOLIDATION?

Package consolidation is shipping multiple items for one order in the same box.

For small products, package consolidation is the default option. For example, if you order three polo shirts from Lands' End, you expect them to arrive in one package. However, if you sell bulky, fragile, or heavy products, shipping multiples together isn't always the best choice.

Figuring out the best choice for your [eCommerce shipping](#) is a challenge. You'll want to run the numbers and develop a plan that keeps your [order fulfillment](#) costs as low as possible.



WHY SHOULD ECOMMERCE COMPANIES CHOOSE PACKAGE CONSOLIDATION?

Package consolidation offers some definite advantages. The most important is customer expectations.

Let's say a customer orders an inflatable kayak, a set of oars, and a life vest. If you have to ship each item separately, the customer might find it hard to keep track of their order. When items are shipped separately, they sometimes arrive on different days, leading to confusion and disappointment. Getting oars delivered but no kayak might feel like a cruel joke.

One package means one tracking number and one delightful [unboxing experience](#).

Package consolidation can also save you money on shipping. Carriers charge a set of base fees for every parcel. When you consolidate items into one box, you only pay each fee once.

“Manufacturers and suppliers can greatly benefit from understanding which of their products are commonly ordered together and consider how they might save by consolidating into fewer packages.”

– Josh Kilburn, Red Stag Fulfillment Outbound Department Manager



3 SCENARIOS WHERE PACKAGE CONSOLIDATION IS THE RIGHT CHOICE

If it sounds like a lot of trouble to consolidate your orders into single boxes, here are three scenarios that might change your mind.

YOU SELL CERTAIN ITEMS TOGETHER REGULARLY.

In the example above, you might sell the oars separately from the kayak, but almost everyone will order the oars. Many people also buy life vests. The fulfillment warehouse can help you make these standard orders easy by [kitting](#) some of your kayaks with a set of oars and a life vest. You might even want to offer all three items together in your online store.

SMALL ACCESSORIES CAN SHIP IN A BOX WITH A BULKY PRODUCT FOR FREE.

Oversized items are sometimes subject to [dimensional weight](#), or DIM weight, charges. DIM weight calculates a “weight” based on the dimensions of the package. To calculate DIM weight, carriers multiply package height times length times width and then divide by a DIM factor. If the resulting dimensional weight is greater than the package’s actual weight, you’ll be charged for the DIM weight. For these products, package consolidation can be a great choice.

For example, let’s say you sell [e-bikes](#) plus accessories. Your e-bike has an actual weight of 47 pounds but a DIM weight of 55 pounds. A customer orders a bike plus a bell, bike cap, and bike pouch. These items have a combined weight of 2 pounds. If you can fit them into the box that you’re shipping the e-bike in, you can send them for free.

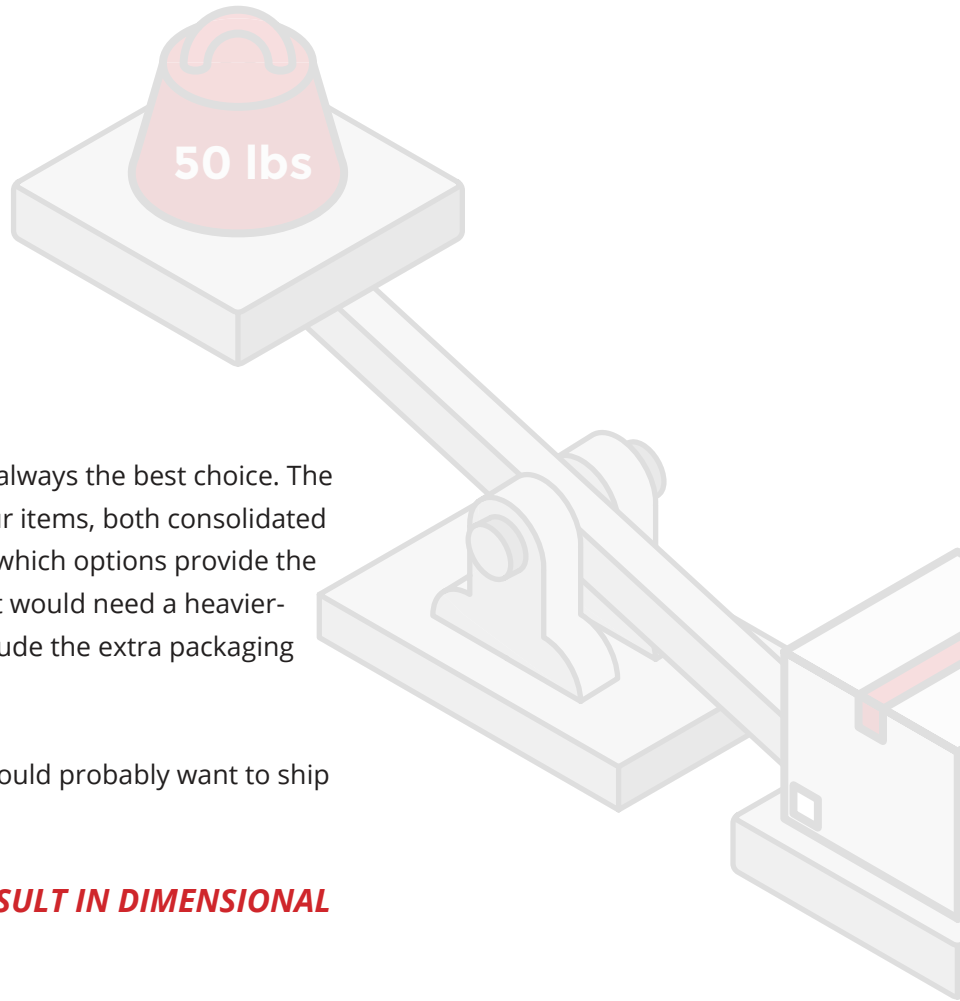
Of course, when you add small items to a box containing an oversized item, you have to make sure all the products can ship securely. After brainstorming with us at Red Stag Fulfillment, one of our clients came up with a novel solution to this challenge. The company created a small accessory section in the packaging for a large item. When we ship orders, we can open this section of the box, add the accessories, then secure it again.

THE CONSOLIDATED SHIPPING CHARGE IS LOWER THAN THE COST TO SHIP SEPARATELY.

Get ready to do some math. It's challenging, but you might save thousands on shipping over time. Every package has a base charge. FedEx and UPS add a home delivery charge, and there are also per-package fuel surcharges that change weekly. For items going to remote addresses, you might have a delivery area surcharge as well.

At Red Stag Fulfillment, we can help you with that math. We like to work with our clients to figure out the most economical way to ship their orders. Then we think backward to understand whether kitting would help us fulfill orders more effectively. We work with our clients to come up with creative solutions to the toughest fulfillment problems.





3 REASONS TO SHIP ITEMS SEPARATELY

Of course, package consolidation isn't always the best choice. The key is to analyze shipping costs for your items, both consolidated and shipped separately, to determine which options provide the lowest cost. If a consolidated shipment would need a heavier-grade box to transport the weight, include the extra packaging cost in your calculations.

Here are three situations where you would probably want to ship items separately.

CONSOLIDATING ITEMS WILL RESULT IN DIMENSIONAL WEIGHT CHARGES.

If putting two items together in one box will cause the dimensional weight to be greater than the actual weight, you might want to ship them separately. In some cases, you might save on shipping with package consolidation, even with the DIM weight charges. This situation requires careful consideration. Reach out to your 3PL to help you make the call on which way to go.

THE COMBINED PACKAGE WILL WEIGH MORE THAN 50 OR 70 POUNDS.

The major carriers add overweight charges for packages that weigh more than 50 pounds. There are additional surcharges for items weighing more than 70 pounds. Check the schedule of surcharges for UPS and FedEx to ensure that you understand the extra charges for packages over 50 pounds.

Also, you might incur extra fulfillment charges if you ship overweight packages. OSHA regulations require two people to lift and move items that weigh more than 50 pounds, a rule that applies to warehouse workers and delivery drivers.

Of course, some items weigh more than 50 pounds by themselves. Read on for an excellent option for larger and heavier shipments.

THE ITEMS YOU'RE SHIPPING ARE FRAGILE AND WOULD GET DAMAGED IF SHIPPED TOGETHER.

When you're calculating the cost savings of package consolidation, also consider the [fragility](#) of the products. You might not want to pack a glass cup in the same box as a much heavier item. On the other hand, if you put the cup in a sturdy box that fits it tightly, you might be able to add that box to a consolidated package.



CREATING YOUR SHIPPING STRATEGY

ECommerce shipping isn't something that just happens. Every online business has multiple choices to make about shipping, including:

- *Which carrier to use*
- [Warehouse locations](#)
- *The best packaging and infill to ship your products safely*
- *Packaging to reduce dimensional weight charges*

There are a few additional considerations when you're developing your eCommerce shipping strategy.

RUN THE NUMBERS TO FIND YOUR BEST SHIPPING OPTIONS

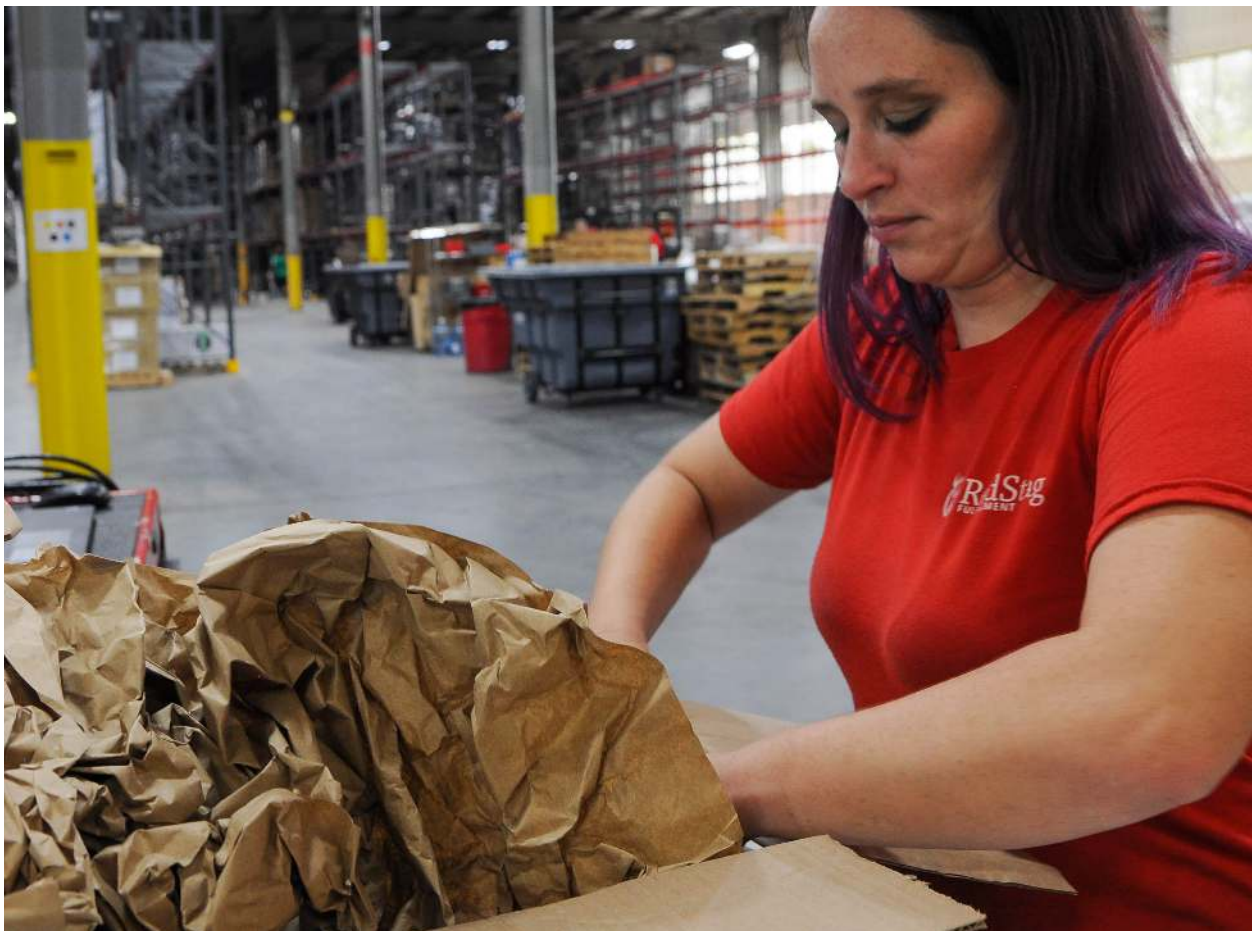
You can use a basic tool such as a spreadsheet to run through different shipping scenarios. To calculate your shipping costs accurately, you'll need several data inputs:

- *The dimensions of the boxes you'll use to ship products*
- *The weight of each item you sell plus the weight of each sized box*
- *Shipping rates, including shipping discounts from your fulfillment warehouse (Red Stag Fulfillment negotiates favorable shipping rates for our clients; ask your [3PL](#) about shipping discounts.)*
- *The DIM factor for your carrier(s), including a more favorable DIM factor negotiated by your fulfillment center (yep, Red Stag has this, too)*
- *The per-package base charge*
- *Per-package fuel surcharges*
- *Other surcharges that apply to your packages, including hazardous materials, special handling, and overweight charges*



There's one more crucial factor to calculate: [shipping zones](#). Each carrier divides the U.S. into multiple shipping zones. The zones aren't fixed; they radiate out from the point of origin. Zones 1 and 2 are closest to the point of origin. The more shipping zones a package has to cross to get to its destination, the higher the shipping cost and the longer the delivery time. Since your calculations are based on projections, this may be the most challenging number to pin down. You can analyze the zip codes from past orders or base your assumptions on a reasonably even geographic distribution for future orders.

Calculating shipping costs requires a bit of time and effort. But that effort might save you money on shipping every day through package consolidation. At Red Stag Fulfillment, we put in the hard work to find the best shipping options for our clients.



INCLUDE PACKAGING COSTS

For orders where package consolidation seems like an economical option, make sure you have suitable packaging. You might need a heavier box to transport a heavier parcel safely. That box is a (small) added cost to include in your decision-making process.

For small items being shipped with big merchandise, you can often create a consolidated package using the box the larger product comes in. That box should already be sturdy enough to handle the weight of the package. Your 3PL will open the box, add the other items for the order, then reseal the box securely and cleanly, so customers won't know the box was ever opened.

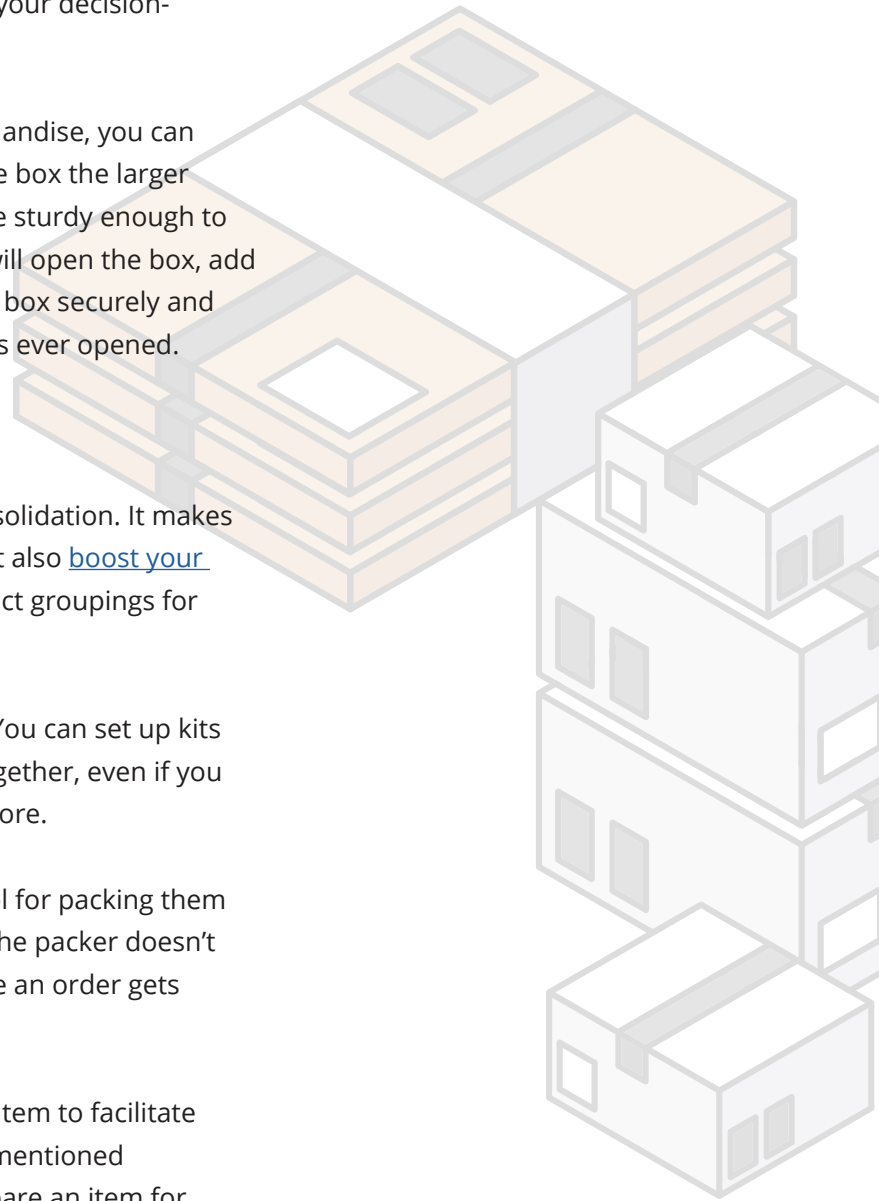
SET UP KITS

Kitting is an excellent choice for package consolidation. It makes picking and packing more efficient. You might also [boost your sales with kitting](#) by offering functional product groupings for purchase as a unit.

Kitting is simply pre-packing items together. You can set up kits with products that are commonly ordered together, even if you don't offer them as a bundle in your online store.

By pre-kitting items, you can create a protocol for packing them together to ensure they arrive undamaged. The packer doesn't have to decide how to pack the box each time an order gets shipped, saving time during order fulfillment.

Kitting can also mean pre-packaging a single item to facilitate package consolidation. The boxed glass cup mentioned above would be an example of kitting to prepare an item for consolidated shipping.



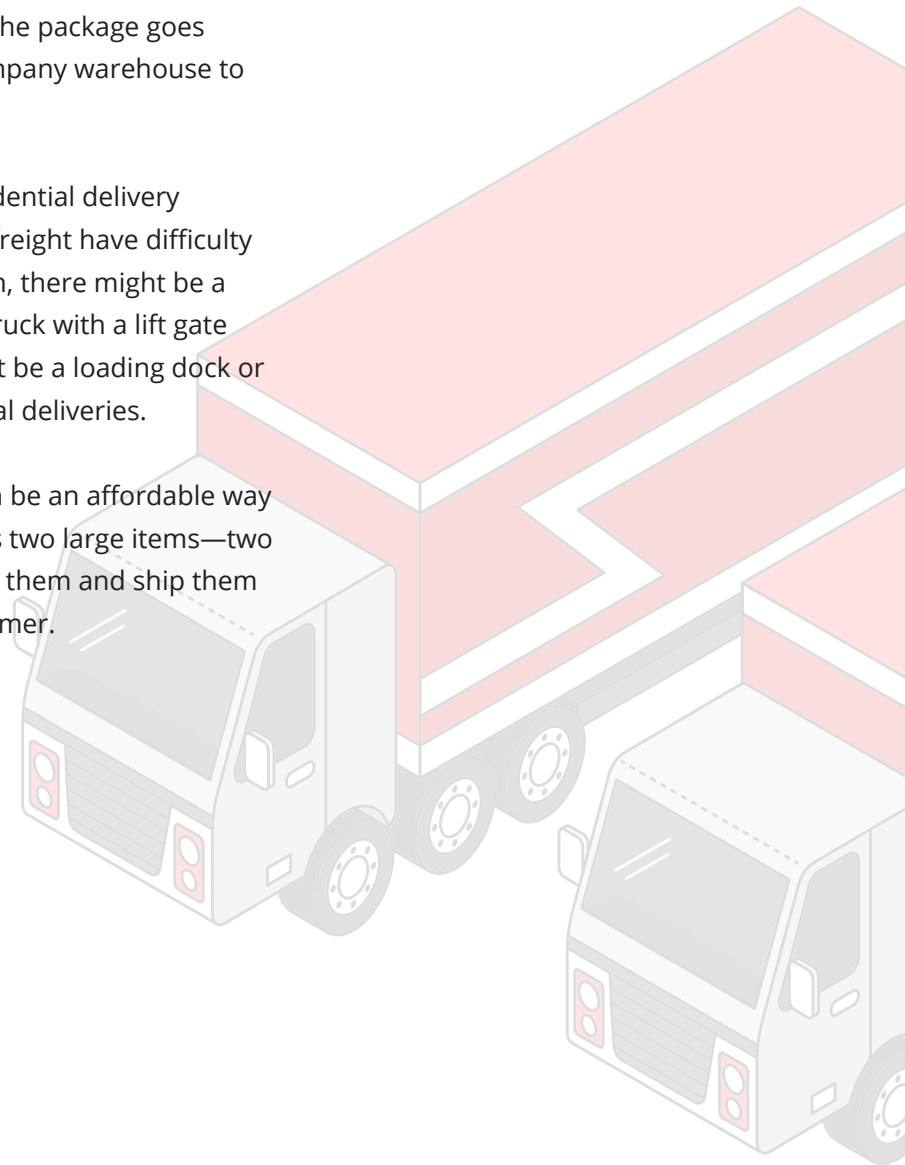
CONSIDER LTL FREIGHT FOR OVERSIZED SHIPMENTS

Some shipments are just oversized, and there's no way around it. ECommerce companies sell everything from furniture to sporting equipment to mattresses. When you need to send a large shipment, less than truckload (LTL) freight is a great option.

Both FedEx and UPS offer freight shipping services, or you can send LTL freight through a freight carrier. The package goes directly from the third-party fulfillment company warehouse to your customer.

You might have to pay a surcharge for residential delivery because the tractor-trailers that transport freight have difficulty maneuvering on smaller streets. In addition, there might be a lift gate fee. Residential freight requires a truck with a lift gate for unloading heavy items since there won't be a loading dock or forklift, as would be the case for commercial deliveries.

Even with the extra charges, LTL freight can be an affordable way to ship large products. If a customer orders two large items—two mattresses, for example—you can palletize them and ship them together via LTL freight, direct to the consumer.



THE BEST SOURCE FOR SHIPPING ADVICE: YOUR 3PL

Your 3PL is a shipping expert. Ask your account rep to help you figure out whether package consolidation is the right choice for your eCommerce business. Consolidation requires a bit of extra planning on the front end, but it can save you money on shipping and lead to greater customer satisfaction.

At Red Stag Fulfillment, we help our clients ship bulky and heavy products every day. We have seen firsthand the benefits of package consolidation, and we like to help our clients take advantage of them. If you want to see what package consolidation can do for you, [give us a call](#).





LET RED STAG FULFILLMENT HELP YOU FIND YOUR FULFILLMENT HAPPY PLACE

To grow your eCommerce company, you need two things in a logistics provider:

- a) A good match with your business model, and
- b) An excellent fulfillment company.

Red Stag Fulfillment isn't the right match for every eCommerce business. However, if you are a good fit for our 3PL services, **Red Stag provides industry-leading fulfillment that can help your business thrive.**

If you're looking for a new fulfillment provider or if you just have questions about onboarding, we'd love to [talk with you](#). We're here to help.

[GET STARTED TODAY](#)



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www.redstagfulfillment.com



Package Consolidation: What It Is and How it Saves You Money

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