



SUPPLY CHAIN HACK

How cross border domesticated shipping could chop your shipping costs in half.

Amidst trade wars and margin-killing shipping costs, this supply chain hack could very well save your on line store from failing. It's a 'secret' that every Canadian e-tailer should know.

Interesting Times

"May you Live in interesting times" goes the ancient Chinese curse.

Interesting times, indeed, for the thousands of Canadian companies who sell physical goods online to U.S. customers. The rise of social media and turnkey ecommerce platforms Like Esty and Shopify have created new opportunities for savvy entrepreneurs who spot a gap. However, the economics of shipping one-off parcels, especially Low value items, has never been great, particularly in Canada. The second Largest country in the world boosts some of the world's highest shipping costs. In the best case, these high shipping costs erode your margins. In the worst case, your store shuts down.

Bitter Headwinds

Unfortunately, it's getting worse.

For Canadian companies of all sizes, the trade winds have been blowing harsh Lately. Headwinds, in the form of tariffs imposed by U.S. President Trump against goods manufactured in China, have hit Canadian e-tailers hard, increasing their shipping costs and reducing their price competitiveness.

With a simple Google search, U.S. customers naturally find a cheaper way to get what they want.

The end result is slower growth across the Canadian retail Landscape in 2019. Arguably, there will be even greater uncertainty in 2020 with a Canadian election freshly completed and a U.S. elections due to take place. Between trade wars and punishing Canada Post rates, the intrepid e-tailer does their best to navigate the choppy seas towards success. Imagine if one had the ability to simply inject parcels directly into the USPS: bypassing Canada Post completely and accessing USPS wholesale rates?

It would improve your chances of getting through the storm.

Supply Chain Hack

Here's the good news. There's a 'supply chain hack' that savvy e-tailers have been quietly sharing amongst each other in the online forums and at meet ups. It's called by many names: Cross border domesticated shipping. Consolidated shipping. USPS wholesale. Basically, the idea is that many smaller parcels get bundled by a capable 3PL (third-party Logistics provider) and then shipped over a border as a single shipment under one manifest. After the parcels clear U.S. customs, they are then separated and injected directly into the domestic postal system (in this case, the United States Postal Service). Innovative and tech-enabled 3PLs Like Evolution Fulfillment, a pick 'n pack fulfillment company in Vancouver, has been offering this new type of service to established Western Canada e-tailers who ship across the Canada-US border.



WHAT IS DOMESTICATED SHIPPING?





Let's assume you're a Canadian e-tailer with Light weight. Low value parcels (the economics of this supply chain hack greatly favour those who ship a Lot of small. Low value parcels whose individual value is \$800 or Less) and Let's assume that you regularly ship to US customers. Here's how you could 'domesticate' your shipments and get them directly into the USPS at wholesale rates using Evolution Fulfillment as your 3PL partner.

- 1. Collection:** Evolution Fulfillment will collect your US-bound packaged parcels (or drop them off at their fulfillment warehouse in Vancouver).
- 2. Consolidation:** Your parcels are consolidated with other parcels into one cross-border shipment with a single manifest. Evolution handles all the warehousing, freight, cross-border paperwork, systems integration and Logistics.
- 3. Injection:** Your parcels - each one individually trackable - are then injected into the domestic shipping service via USPS, triggering savings up to 46% or more compared to Canada Post as well as faster delivery to your customers.

Canada Post vs USPS vs FedEx

Let's assume you need to ship a 5 Lb. parcel worth USD\$300 from Evolution's warehouse in Vancouver, BC, Canada to a customer in Meridian, Idaho, USA Here's a Look at actual quoted rates.

Option	Cost (CAD\$)*	Delivery Time
Domesticated Shipping (via Evolution)	\$15.36	1 - 4 days
FedEx	\$23.88	2 - 7 days
Canada Post	\$28.38	5 - 10 days

* Rates and delivery times quoted as of November 2019 and are subject to change.

Shipping a small parcel via Canada Post from a city in Canada to a customer in America costs approximately CAD\$29 and it takes 5 to 10 days to deliver. That same package, if sent directly through the United States Postal Service via Evolution Fulfillment, would only cost CAD\$15 and would take just 1 to 4 days to get to your customer. That's 46% Lower cost on every single parcel compared to Canada Post.

In this hyper competitive world, a difference that Large completely hampers the growth ambitions of Canadian entrepreneurs.

These are actual quoted rates and delivery times. Half the delivery time and half the cost? This is something that every Canadian shipper with any significant volume should know.



Should You Consider Cross Border Domesticated Shipping?

Cross border domesticated shipping works best for the Canadian e-tailer/ entrepreneur with the following characteristics:

- Is well established with gross revenue of greater than CAD\$250K per year
- Sells physical goods to U.S. customers
- Goods are Light weight and Low value
- Values detailed tracking data
- Values fast delivery times
- Optional: Uses ecommerce platforms Like Shopify, Esty, etc.

E-Tailer Alert

If you fit the above profile, then this supply chain hack definitely deserves your attention. Right now, across Canada, Canada Post shipping Labels are being printed and dollars are going down the drain. The good news for e-tailers is that something can be done about it.

Consider connecting with a 3PL that provide cross border domesticated shipping service and start slashing your shipping costs. It could very well mean the difference between skyrocketing success and fizzling out on the Launchpad.

About Evolution Fulfillment

Evolution Fulfillment is a Canadian third party logistics (3PL) provider with a main warehouse located in Vancouver, BC, Canada. Evolution offers pick and pack order fulfillment services as well as cross border domesticated shipping between Canada and the United States for brands, particularly fashion, apparel, cosmetic and jewelry brands, who target the North American customer. Evolution pioneered the Brand Fulfillment Model; an alternative to the traditional distribution model that keeps control - and margins - in the brand's hands.

Learn more at www.evolvewithus.ca

About Wizmo Solutions

Wizmo offers wholesale services for Canadian parcel distribution for businesses that ship from Canada to the United States as well as to international destinations. Wizmo's clients include Evolution Fulfillment, a 3PL partner, 3PL warehouses, enterprise retailers, transportation companies and ecommerce marketplaces.

Learn more at www.shipwizmo.com