

Sell Your Wares



eBay Shipping Costs Explained

eBay Members, especially those who are not Sellers, frequently ask why shipping charges appear to be high. We thought this might help explain things...

Shipping Methods, Delivery Time, and Costs

USPS First Class works fine for small items that can fit in a Bubble Envelope and weigh less than 13 ounces. Price varies based on your location and a parcel can take up to nine (9) days to reach you from the West Coast.

USPS Priority Mail is economical for items weighing about two (2) pounds or less, or if it will fit in a Flat Rate Box for \$9.80 or Large Flat Rate Box for \$12.95. With the exception of the Flat Rate Boxes, the price varies based on your location. Priority Mail can take up to five (5) days to reach you from the West Coast.

USPS Media Mail and Parcel Post can save money if it's the right weight (sometimes it cost more to send it this method than Priority Mail). The challenge, and what most people don't know, is using either one of these methods basically tells the Post Office that you don't care how long it takes to get to the destination. It's not uncommon for trays/bins/carts of Media Mail/Parcel Post items to sit in the warehouse or on the loading docks for 3-5 days while workers process 'more important' mail. Double that for the shipping and receiving end of a package's destination, along with the 7-10 days it usually takes from the West Coast, and your 'cheap' package can take up to 20 days to reach you!

FedEx Ground/Home works great for anything over two (2) pounds. What most people don't realize is when you get a quick rate quote from FedEx.com it's not completely accurate as FedEx (like UPS and other carriers) have a number of 'service fees'. Here's an example of an \$8.45 Quick Rate Quote and the final price:

Base Rate.....	\$8.45
Residential Surcharge.....	\$1.95
Delivery Area Surcharge.....	\$2.30
Fuel Charge.....	\$0.55
Net Rate.....	\$13.25

Ouch, that added up quick! Oh, and your address better be 100% correct otherwise FedEx will penalize the sender, Post Delivery, with a \$2.50 Address Correction Charge! While not as quick a USPS Priority Mail, the prices are better for larger packages and can take up to seven (7) days to reach you from the West Coast.

Insurance

It's not widely publicized, but shipping companies lose an industry average of 1% of their packages. Take UPS for example... they process about 15 million packages a day. That's 150,000 lost packages daily! Thank goodness for insurance. But it's another cost and depends on the value of the item(s) being shipped. USPS insurance starts at \$1.70 for the first \$50.00 and goes up from there. Claiming a lost package can be a time consuming process but if you purchased insurance, you the Buyer, will be compensated for your loss.

Packaging

We do our best to recycle boxes and packaging materials to save you money (*we're eBay Buyer's too so it helps when we get quality materials from other eBay Sellers*). A Bubble Envelope can cost up to \$1.00. If it fits in a free USPS Priority Box great, otherwise a box cost could be involved. FedEx doesn't provide free boxes for Ground/Home service so a box cost could be involved here too. If your item doesn't fit snug in the box, is fragile, or needs extra protection, we have to use Bubble Wrap or other material for cushion. And don't forget the tape... because it's a plastic product and made from oil, prices have skyrocketed recently. All in all, an average package takes \$1.00 worth of packing materials and tape. If we have to purchase a box, it could be an additional \$1.00-\$4.00. And if your item is large and needs a lot of material, it's not unusual to use up to \$10.00 worth of Bubble Wrap and Tape.

Labor

Labor? Of course... it's takes an actual person to process your winning bid and

get it on its way. Fortunately we have a great pool of college students looking for part-time work to earn some spending money. Minimum Wage is \$8.00 in our state, but add in Federal and State taxes, Social Security, State Disability Insurance, Workers' Compensation Insurance, Unemployment Insurance, etc., and it's a 50% increase to the base wage. Thank goodness these kids are covered under Mom & Dad's health insurance or that would add another \$1,500.00 a year to the bill.

On average, it takes about 15 minutes to check that payment has been received, pack and weigh your item, check for best method of shipping, print the appropriate shipping label, print a packing slip, and tape up the box. Bigger packages can take 20-30 minutes for this process. Also, it takes labor to drive your package to FedEx or USPS. And don't even get me started on the gas to drive your package there because I'm sure you'll start ranting too!

International Shipping

Years ago we shipped a lot of our eBay sales to International Buyers. Many countries outside the USA collect a Value Added Tax (aka. VAT., some call it a Customs Fee or Tariff). Unfortunately, Canadian eBay Buyers found a loophole in the VAT system and many took advantage causing Sellers a lot of headache, grief, and money. You see, instead of collecting the VAT upon delivery, Canadian shipping companies deliver a package to the recipient and then send a Bill. If the recipient doesn't pay, the shipping company (FedEx, etc.), contacts the person who shipped the package with instruction that they need to collect the fees. So the eBay Seller, located hundreds or thousands of miles away in the USA, is now responsible for attempting to collect fees for another country that should have been collected by the shipping company. What happens if the eBay Seller located in the USA cannot convince the eBay Buyer located in Canada to pay the fees? You guessed right... *the eBay Seller is responsible for those fees.*

eBay Shipping Costs Explained, continued...

Yep, a great loophole. And one that many Canadians take advantage of each year. In fact, one year it cost us \$537.00 in extra charges because Canadian Citizens refused to pay their government the required VAT!

Now, let's talk about the time it takes to actually process an International Package. A 'normal' PayPal transaction that takes place between a USA eBay Seller and Buyer can be easily completed online for FedEx/UPS/USPS shipping. It makes it pretty efficient and helps keep the labor cost down. Now, a PayPal transaction between a USA Seller and an International Buyer is not so simple. First, we've sworn-off using FedEx/UPS for International transactions due to their failure to collect the VAT fees. So the only option is USPS. The delivery times may take several days longer (or in some cases, many days), but their price is about half. And, and this is a **BIG 'And'**, they do not require the sender of the package (the eBay Seller in this case) to collect the VAT fees. But, the downside of this is the amount of time it takes to process the order. PayPal's online tools for International shipping are like using Stone Age tools to build a Rocket Ship. And I'm not exaggerating either! Their online tools use Java Technology and are really bad. So the only choice is to actually take the package to my local USPS Office.

Ever been to your local USPS Office? Most people haven't in many years. Why? Well, stamps can be purchased online (if you actually still use Snail Mail) or at your favorite grocery store, and most companies that people work for have mailbox collections so the average people hasn't stepped into their local office in a long time. So who actually goes to the Post Office? *The Blue Hairs*. Yes, older people, retired people, people with all the time in the world on their hands. Now, I have nothing against older people doing their business. In fact, I'm getting older too. But, what should amount to a 2-3 minutes transaction to buy some stamps turns into a 12-15 minute conversation about the kids, the grand kids, the pets, health status, obituary report on the neighborhood, pension and health care costs, the latest world news, the weather, etc., etc., etc. I'm sure you get the point. For many of our older population, their daily outing to the store, the bank, and yes, the Post Office

has become a social outlet. Again, I don't have problems with the older crowd, and like I said, I'm getting older too. Heck, I spend a lot of time around the older members of my family and regularly volunteer helping seniors. But the challenge with going to the Post Office is the trip usually take 45 minutes to an hour. That's right, to ship your International package takes an hour of additional time. Plus there is a special Customs Form that has to be filled out along with the requisite interrogation from the Postal Clerk about the contents of the package, the rules and regulations, etc. (Like I'm incapable of reading all the warnings on the Customs Form).

Unfortunately, most International Buyers don't want to pay an additional \$12.00 S/H to cover the labor it takes to ship their package. So unless it's a really cool collectible, an interesting techno gadget, or a high priced item, you should now understand why we choose to sell most items in the USA and am hesitant to sell to International eBay Buyers.

Total Costs

So let's see how this really breaks down...

USPS First Class Mail Example

Postage cost of \$1.68, Bubble Envelope of \$0.75, and Labor of \$2.00 for a **total of \$4.43**. We get e-mails asking by we charge \$3.99 to ship a First Class package when the Postage cost is only \$1.68, now you know why. When you figure we didn't even charge for the time to take the package to USPS/FedEx, wear and tear on the car, and gas, you can see we've lost money on this package.

USPS Priority Mail Example

Flat Rate Box cost of \$9.80, Packaging cost of \$1.00, and Labor of \$3.00 for a **total of \$13.80**. We get e-mails asking why we charge \$12.95 to ship a \$9.80 Flat Rate Box, but even without factoring in the costs to take the package to USPS, we lose money.

FedEx Home Example

This one is our favorite! Remember that \$8.45 Quick Rate Quote? Here's how it breaks down... Base Rate of \$8.45, Residential Surcharge \$1.95, Delivery Area Surcharge \$2.30, Fuel Charge \$0.55, Box at \$1.75, Packaging cost of \$1.00, and Labor of \$3.00 for a **Grand Total of \$19.00**. Again, we didn't add on the labor and gas to drop off your package.

Also, we didn't factor the cost of in-

surance as it's an individual choice to purchase or not.

To Sum It Up...

Why did we put this together? Simple, we want to help educate eBay Buyers on what it takes to get a package out the door. When Buyers leave Feedback they have the opportunity to rate Sellers on several criteria, including Shipping and Handling Charges. Unless a Seller is seriously gouging Buyers (*like those who sell 99¢ items and charge \$19.95 to ship it USPS First Class Mail!*), there should be little reason to not give a Seller a Five (5) Star Rating.

If you have concerns about the shipping costs, the time to address this is before you bid and complete the transaction. Please do not punish Sellers with poor ratings because the cost *seemed* high. The above are Real World examples we encounter with our sales and as you can see, profit is not the motive... it's all about trying to get as close as possible to cover our costs so we can continue selling on eBay.

Thank you for listening,

SellYourWares
eBay Member since 1998