

Top 6 Shipping Challenges for SMBs



Top 6 Shipping Challenges for SMB Merchants

Introduction

Small and mid-sized businesses (SMBs) in eCommerce face numerous shipping challenges that impact profitability and customer satisfaction. This white paper explores six major shipping challenges and outlines strategies SMBs can adopt to address them effectively.

1. Rising Shipping Costs

Increasing shipping costs remain a significant issue for SMBs. Inflation, higher fuel prices, and growing carrier fees impact shipping expenses directly. Many consumers expect affordable or free shipping, which pressures merchants to absorb these costs to stay competitive. A report from Pitney Bowes highlights that 58% of SMBs cite rising shipping costs as a major hurdle, noting that it is challenging for smaller businesses to leverage bulk rates that larger retailers negotiate.

Shipping cost increases are a significant challenge, especially for SMBs with limited pricing power compared to larger enterprises. Rising fuel prices, inflation, and heightened demand have all contributed to surging costs for domestic and international shipping. SMBs are often forced to cover these rising expenses to remain competitive, as most consumers now expect free or low-cost shipping. Reports indicate that 84% of SMBs felt rising costs pressured their profit margins, affecting their ability to provide discounts or other incentives that larger retailers use to attract customers.

To address these challenges, SMBs are exploring regional shipping partners, volume-based discounts through logistics providers, and innovative packaging that reduces dimensional weight costs, but these solutions still carry inherent expenses that SMBs must navigate strategically.

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2. Delivery Speed and Reliability

The demand for reliable and fast delivery services is increasingly important, especially as customers expect faster shipping options for minimal or no added cost. Delays, however, can significantly impact customer loyalty; in a recent survey, nearly 20% of consumers indicated they would switch retailers following a late delivery. To address this, SMBs are exploring regional delivery networks and partnerships with local couriers to ensure timely delivery, though these solutions can add to the overall shipping costs.



With expectations for faster deliveries on the rise, SMBs are under pressure to balance speed with reliability. While consumers might prioritize reliability over speed, delays can damage customer satisfaction and loyalty. Today, 43% of online shoppers consider reliable delivery essential to a positive purchase experience. Many SMBs face challenges coordinating timely deliveries, especially during peak seasons, as they typically lack the extensive logistics infrastructure of large retailers. One tactic is partnering with local fulfillment centers or deploying software that optimizes delivery routes and enables better coordination with carriers. However, these tactics require investment, and poor execution can lead to delays and increased delivery costs, particularly for SMBs without dedicated logistics teams.

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3. Navigating International Shipping Complexities

As eCommerce increasingly becomes a global endeavor, many SMBs face unique international shipping challenges, including customs regulations, fluctuating tariffs, and currency exchange rate volatility. International shipping also often incurs additional fees and longer transit times, adding to the difficulty of accurately estimating delivery dates and shipping costs for overseas customers. To mitigate these complexities, some SMBs have turned to digital logistics platforms that streamline customs compliance and offer cost-efficient, international delivery solutions.



Expanding internationally is often a growth strategy for SMBs, but international shipping introduces several complexities, from customs compliance to currency exchange risks. SMBs contend with fluctuating tariffs, diverse country-specific regulations, and potentially high import taxes, which complicate pricing and increase fulfillment times. Additionally, delays at customs can further impact delivery times and customer satisfaction. To reduce these risks, many SMBs use third-party logistics providers (3PLs) to handle compliance and streamline international shipments. However, 3PLs often involve additional fees and may limit a merchant's control over the customer experience, which SMBs must weigh when expanding globally.

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4. Managing Return Logistics

The ease and affordability of returns are now integral to consumer satisfaction in eCommerce, with up to 30% of online purchases returned. Yet, processing returns remains costly for SMBs, as many feel pressured to adopt return policies that are competitive with those of larger retailers. SMBs are exploring alternatives, such as partnering with carriers offering lower-cost return options or implementing partial refunds to offset return expenses. Automating return management with logistics software is also helping some businesses streamline the reverse logistics process, reducing the impact of returns on their bottom line.

The rise of online shopping has brought with it a spike in return volumes, with some eCommerce categories experiencing return rates as high as 30%. Effective return policies and processes are essential for customer satisfaction, but returns introduce logistical and financial burdens. Processing returns include shipping costs, restocking, and sometimes even disposal of items, particularly if they cannot be resold at full value. Research shows that 76% of shoppers consider return policies when choosing where to shop, underscoring the competitive importance of a streamlined returns process. To mitigate return-related losses, SMBs are adopting automated return management solutions and return-tracking software that enhance transparency and efficiency. Some also implement more stringent return policies for certain products, although these can risk alienating potential customers.

5. Enhancing Shipment Tracking and Transparency

Consumers expect real-time updates and full visibility on their shipments. Meeting this expectation, however, requires technology integration and coordination with carriers that can provide accurate tracking information. SMBs often face difficulties ensuring seamless communication across systems, which can lead to delayed or inaccurate tracking updates. This, in turn, impacts customer trust and satisfaction. Some SMBs are integrating API-based tracking tools to enhance visibility across different carriers, enabling them to keep customers informed every step of the way.

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Consumers now expect full transparency over their order's journey, including real-time tracking updates. This expectation can be difficult for SMBs to meet due to a lack of advanced logistics technology and direct control over shipping processes, especially when working with multiple carriers. Transparent tracking reduces customer inquiries, builds trust, and can mitigate dissatisfaction if a delay occurs. SMBs are increasingly adopting tracking solutions with APIs that integrate into their eCommerce platforms, allowing customers to track orders directly on the website. However, such technology can be costly, and carrier inconsistencies can still impact the accuracy and timeliness of tracking information.

6. Manual and Semi-Automated Shipping Processes

Many SMBs continue to rely on manual or semi-automated shipping processes due to the high costs associated with fully automated solutions. Manual processes involve significant time and labor, from printing labels to tracking shipments and handling returns, often resulting in bottlenecks and errors, especially during peak times. Studies show that manual processes can lead to delays, as employees must handle repetitive tasks that are prone to mistakes, resulting in longer order fulfillment times and, potentially, shipping errors. Semi-automated systems, while a partial improvement, still demand substantial employee oversight, and limited integrations with carrier systems mean SMBs struggle to meet the demand for efficient, streamlined shipping.

SMBs increasingly look to entry-level automated shipping software that can handle tasks such as bulk label printing, multi-carrier rate comparisons, and automatic customer notifications. Yet, these software solutions still require setup and ongoing management, which is challenging for SMBs with small teams. Fully automated systems remain cost-prohibitive for many, leaving them dependent on time-intensive processes that reduce operational efficiency during high-demand periods.

This analysis provides an overall view of the challenges SMBs face in adapting to today's complex shipping landscape. Addressing these issues effectively requires the right partnerships, investment in technology, and adaptive policies that balance cost, customer expectations and operational efficiency.

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How OrderCup Helps SMBs Overcome These Challenges

OrderCup provides an advanced shipping platform designed to address these common challenges faced by SMBs. Our platform offers:

- **Discounted shipping rates** with top carriers to reduce costs.
- **Automated shipping workflows** that improve efficiency and reduce manual errors.
- **Seamless international shipping solutions** to simplify compliance and logistics.
- **Real-time shipment tracking** to enhance transparency and customer satisfaction.
- **Integrated returns management** to streamline the reverse logistics process.

Backed by our expert support team and powerful platform, OrderCup empowers SMBs to streamline shipping, cut costs, and elevate the customer experience. To learn more, visit www.ordercup.com.

References

1. Shopify: [13 Ecommerce Challenges and How To Overcome Them](#)
2. Finale Inventory: [6 Valuable Takeaways from 2024's Supply Chain Challenges for Small Business Owners](#)