

Shipping Strategies for Your Supplier Store

Terms to Understand

Shipping Zones The regions of the World where you may ship. Digi-Key has established six shipping zones for the US and three zones for Military shipments. An additional eight shipping zones have been established for International shipments:

- Domestic
 - Alaska
 - Hawaii
 - US East
 - US Mountain
 - US Central
 - US West
 - Armed Forces Americas (USPS only)
 - Armed Forces Middle East (USPS only)
 - Armed Forces Pacific (USPS only)

- International
 - North America
 - Central America
 - South America
 - U.S. Territories
 - Europe
 - Africa
 - Middle East
 - Asia Pacific

Logistic Classes The categories into which your products are organized to help define their shipping costs. Digi-Key has preset your options as **Flat Rate, Small, Medium, Large, and Extra Large.**

Shipping Methods The methods that you will use to ship your products to the consumer. Available methods may be:

- Standard (~5–7 days)
- Express (~2–3 days)

- Military First Class
- Military Priority Mail

Digi-Key creates your store and imports your products. You will create the offers and shipping methods for your products. Shipping charges are directly tied to offer logistic classes; we recommend you configure your shipping costs before you create your first offer.

Configure Shipping Fees

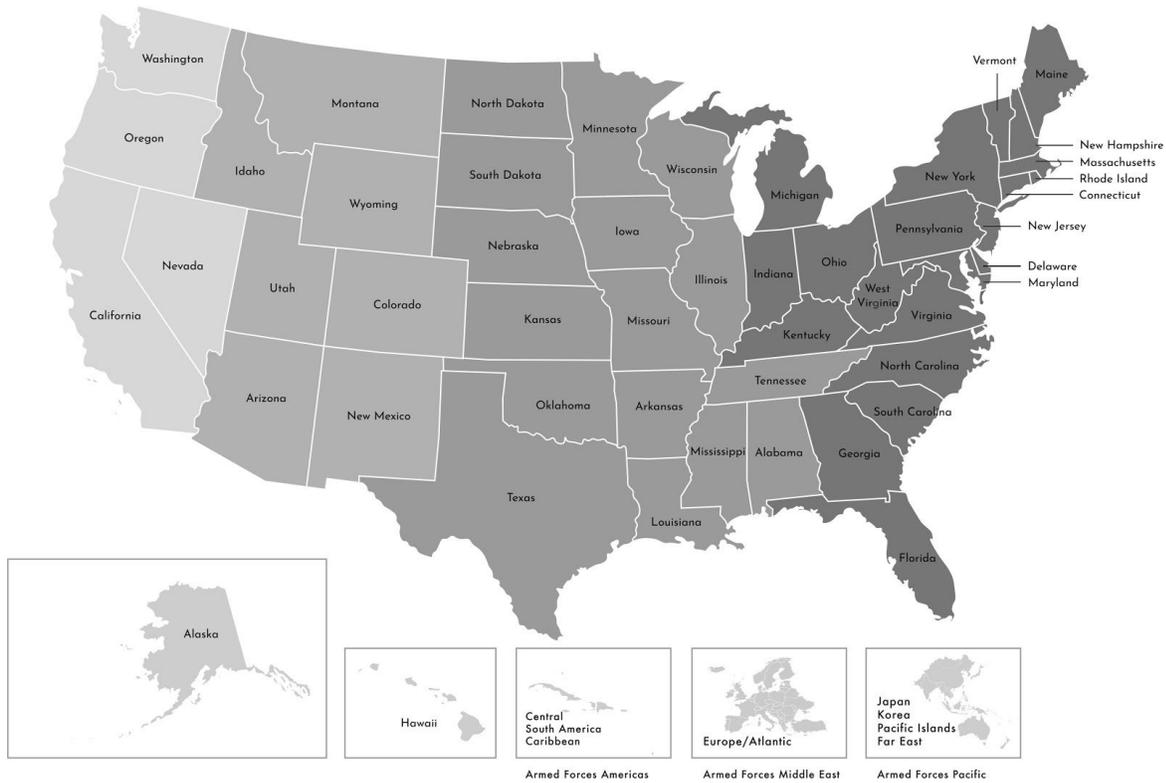
When defining a strategy to manage your shipping needs, it will be important to know your actual shipping costs, shipping fee charges to the customer, and your overall margin. Your shipping strategy can be a way to drive more customer sales, increase customer loyalty, and improve overall profitability.

Here are some general facts about shipping strategy and eCommerce:

- **93% of consumers say shipping options are important to their online shopping experience (up a massive 24% from 2014)**
- **88% said that free shipping with 5–7 day delivery time is more attractive than paying a fee for 1–2 day faster delivery**
- **60% have increased their total spend in the past to qualify for free shipping**

Flat Rate Shipping Definition and Strategy - Recommended

Flat rate shipping fee based on average order size and average cost - If your products are relatively uniform, then configure a per-order, zone-based flat-rate shipping fee. In this scenario, the shipping cost varies by the customer's location or shipping zone, not by product size or weight.



Shipping Zone	Code	Included Region
Alaska	US-AK	Alaska
Hawaii	US-HI	Hawaii
US East	US-EAST	ME, NY, NH, VT, MA, RI, CT, NJ, DE, PA, MD, IN, WV, DC, VA, KY, NC, SC, GA, FL, MI, OH
US Central	US-CENTRAL	ND, SD, NE, KS, MN, IA, MO, WI, IL, TX, OK, MS, AL, LA, AR, TN
US Mountain	US-MOUNTAIN	ID, MT, WY, UT, CO, AZ, NM
US West	US-WEST	WA, OR, CA, NV
Armed Forces Americas	AA	Codes beginning w/: 340 (Central/South America/Caribbean)
Armed Forces Middle East	AE	Codes beginning w/: 090-092, 094-099 (Europe/Atlantic); 093 (Afghanistan/Iraq/Middle East)
Armed Forces Pacific	AP	Codes beginning w/: 962-966 (Japan/Korea/Pacific Islands/Far East)



Shipping Zone	Code	Included Region ISO Codes* (*Full detailed list available)
North America	NA	MX
Central America		AI, AG, AW, BS, BB, BZ, BM, KY, CR, CW, DM, DO, SV, GD, GP, GT, HT, HN, JM, MQ, MS, AN, NI, PA, KN, LC, PM, SX, VC, TT, TC, VG
South America	SA	AR, BO, BR, CL, CO, EC, FK, GF, GY, PY, PE, GS, SR, UY
U.S. Territories		AS, GU, MP, PR, UM, VI
Europe	EU	AX, AL, AD, AT, BY, BE, BA, BG, HR, CY, CZ, DK, EE, FO, FI, FR, DE, GI, GR, GL, VA, HU, IS, IE, IT, LV, LI, LT, LU, MK, MT, MD, MC, ME, NL, NO, PL, PT, RE, RO, RU, SM, RS, SK, SI, ES, SJ, SE, CH, TR, UA, GB
Africa	AF	DZ, AO, BJ, BW, BF, BI, CM, CV, CF, TD, KM, CD, CG, CI, DJ, EG, GQ, ER, ET, GA, GM, GH, GN, GW, KE, LS, LR, LY, MG, MW, ML, MR, MU, YT, MA, MZ, NA, NE, NG, RW, SH, ST, SN, SC, SL, SO, ZA, SZ, TZ, TG, TN, UG, EH, ZM, ZW
Middle East		BH, IL, JO, KW, LB, OM, PS, QA, SA, AE, YE
Asia Pacific	AS, OC	AF, AQ, AM, AU, AZ, BD, BT, BV, IO, BN, KH, CN, CX, CC, CK, FJ, PF, TF, GE, HM, HK, IN, ID, JP, KZ, KI, KG, LA, MO, MY, MV, MH, FM, MN, NR, NP, NC, NZ, NU, NF, PK, PW, PG, PH, PN, WS, SG, SB, KR, LK, TW, TJ, TH, TL, TK, TO, TM, TV, UZ, VU, VN, WF

The next step is to make your flat rate shipping options easy to understand, e.g., are you going to charge \$5 per order or \$10 per order? The rates should be simple and memorable.

To calculate your shipping cost vs. income, contact your carrier to determine its rates for a variety of your products.

Assess your shipping strategy and costs monthly, especially for flat rate shipping and free shipping. Decide whether shipping is part of your cost-of-goods-sold, or whether it's a marketing or operations expense.

Free Shipping Definition and Strategy - Recommended

Free shipping is just that: the seller will ship products free to the customer. Of course, that does not mean that shipping is free to the seller. If you decide to offer free shipping, you must allocate funds to cover your shipping costs. You can increase the cost of the product slightly to cover costs. Alternatively, you may opt to re-allocate funds from elsewhere (e.g., your marketing budget) to cover shipping costs.

Benefits of Free Shipping Strategies:

- It's easy to explain to customers.
- It has been shown to boost average order value.
- It has a positive effect on conversion rates for customers and can increase your overall revenue.
- Many customers are willing to wait 3–7 days to receive their order if they receive free shipping.
- You can always offer an express shipping option for an additional fee.

Variable Rate Shipping Definition and Strategy

If your products vary greatly in size, weight, or shipping needs, consider configuring a variable rate shipping strategy. Variable rate shipping requires you to classify each of your products into a logistic class, ensuring they are priced individually when shipped.

The benefit of variable rate shipping is it is more closely aligned with your actual shipping costs. The drawback is it is more difficult for customers to estimate shipping costs before checkout.

The variable rate shipping strategy is similar to the flat rate shipping in that your rates will still be based on zones. The only difference is that the variable rate shipping can also add the logistic class.

Digi-Key has preset some potential variable logistic classes: **Small, Medium, Large, and Extra Large**. These terms can mean anything you want them to mean as you design your strategy. Although they seem to indicate the size of your product package, our system really cannot identify and classify your products based on size. You will tie each of your products to one of these categories when you create your offers.

What Shipping Strategy Does Digi-Key Recommend?

Digi-Key has found that the most successful suppliers use a combination of **free and flat rate shipping** to differentiate themselves from their competition and to increase sales.

Based on your company's needs, this may look something like this:

- Free shipping for USA West
- \$10 flat rate for USA Mountain
- \$15 flat rate for USA Central
- \$20 flat rate for USA East
- \$15 flat rate for Hawaii and Alaska
- Free shipping for APO

Supplier Logistics — Shipping Categories and Charges

How to Set Up Flat Rate Shipping in Your Supplier Store

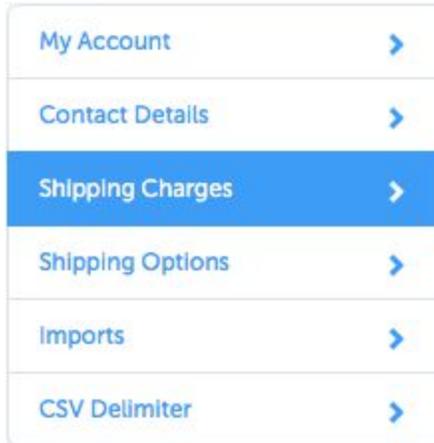
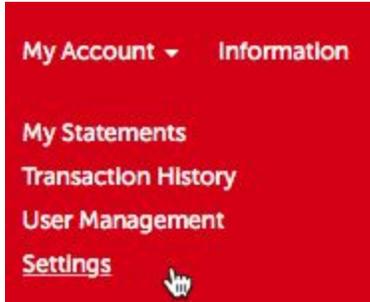
If your products vary widely in size and weight, establish a default flat rate shipping fee by zone and configure a selected flat-rate shipping fee for exceptional size product categories.

Assign the exceptional flat rate designations at the product category level. For example, create an XL-flat-rate shipping cost and assign the shipping rate to the industrial-sized motors product category.

Review your product categories and determine typical shipping charges for orders by the nine shipping zones. This analysis will help you select your flat rate shipping fee for each product category and zone.

After you know your flat rate shipping strategy and cost, you are ready to begin configuration. Log in to your Supplier Store.

Click: [My Account](#) > [Settings](#) > [Shipping Charges](#)



From your shipping charges analysis, determine the average or best shipping cost per average order for both ground and express ship methods for each US zone. The average or best value becomes your flat rate shipping default value per zone for ground and express shipping. Next, review product categories that may have shipping costs that vary greatly from the average order. Select small, medium, large, or XL flat rate shipping for the product category and map the category to the exception logistical class. Establish a ground and express shipping cost for each 'exceptional product class.'

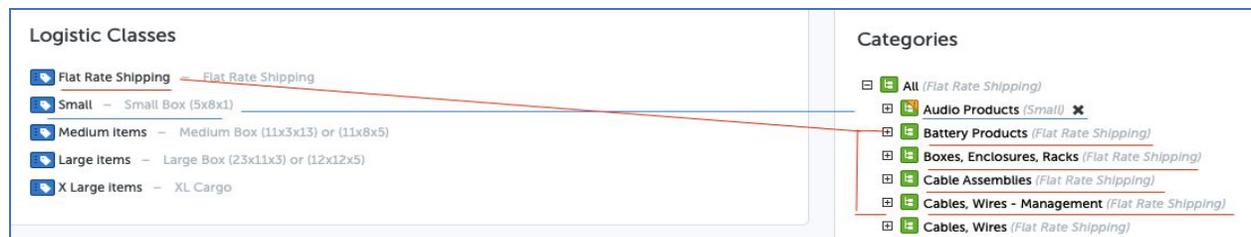
The screenshot shows the 'My supplier account' interface. At the top, there's a navigation bar with 'My Orders', 'My Inventory', 'My Messages', 'My Account', 'Information', and 'Help'. Below that, the page title is 'My supplier account' with a status indicator 'Open | ID : 2000'. On the left, there's a sidebar menu with 'My Account', 'Contact Details', 'Shipping Charges' (highlighted), 'Shipping Options', 'Imports', and 'CSV Delimiter'. The main content area is titled 'Alaska' and shows a 'Shipping zone' dropdown menu with 'Alaska' selected. Below this, there's a 'Flat Rate Shipping' section with a table for configuring shipping costs. The table has columns for 'Rule', 'Ground Shipping', 'Express Shipping', 'Military First Class', and 'Military Priority Mail'. The 'Rule' column has a 'Default price' dropdown. The 'Ground Shipping' and 'Express Shipping' columns have 'Initial price' and 'Add. price' rows. The 'Military First Class' and 'Military Priority Mail' columns have 'Not available' entries.

Flat Rate Shipping		Ground Shipping	Express Shipping	Military First Class	Military Priority Mail
Rule	Default price			Not available	Not available
Initial price	\$0.00	\$0.00	\$25.00		
Add. price	\$0.00	\$0.00	\$0.00		
Small					
Rule	Default price	Default price	Default price	Not available	Not available
Initial price	\$0.00	\$0.00	\$10.00		
Add. price	\$0.00	\$0.00	\$1.00		
Medium					
Rule	Default price	Default price	Default price	Not available	Not available
Initial price	\$0.00	\$0.00	\$15.00		
Add. price	\$0.00	\$0.00	\$2.00		
Large					

Below are the pre-set zones. As you select each zone, you will be able to configure your shipping costs based on US state.



However, if you have created a default Flat Rate Shipping fee per order, you can align each product category to the Flat Rate Shipping Class.



To set your store's shipping charges, first select the shipping zone (e.g., [US East](#)).

For each shipping zone, choose the rule that is applicable ([Default/Overridden/Disable](#)) for each ship method and logistic class. *For ship methods and logistic classes that will not be available to customers, these will need to be set to [Disabled](#).*

Default price is when an operator has configured a shipping method as mandatory, the supplier is not able to modify the setting.

Overridden price allows the supplier to set their own shipping costs.

Disabled is when a shipping method for a logistics class is not available.

		Express Shipping
	<div style="border: 1px solid #ccc; padding: 2px;"> Default price Overridden price <input checked="" type="checkbox"/> Disabled </div>	<div style="border: 1px solid #ccc; padding: 2px;"> Overridden price </div>
\$0.00		<div style="border: 1px solid #ccc; padding: 2px;"> \$ 20.00 </div>
\$0.00		<div style="border: 1px solid #ccc; padding: 2px;"> \$ 0.00 </div>

	Ground Shipping	Express Shipping	Military First Class	Military Priority Mail
	Default price ▼	Overridden price ▼	Not available	Not available
	\$0.00	<div style="border: 1px solid #ccc; padding: 2px;"> \$ 25.00 </div>		
	\$0.00	<div style="border: 1px solid #ccc; padding: 2px;"> \$ 0.00 </div>		

	Ground Shipping	Express Shipping	Military First Class	Military Priority Mail
	Disabled ▼	Default price ▼	Not available	Not available
	\$0.00	\$10.00		
	\$0.00	\$1.00		

How to Set Up Variable Rate Shipping in Your Supplier Store

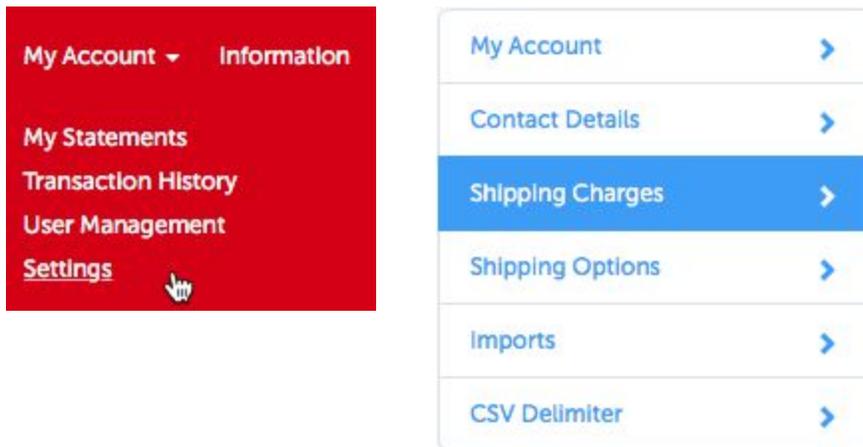
In setting your shipping costs consider:

1. The average or typical order size and shipping costs by zone (see maps)
2. Assess the variability of shipping costs for each of your product categories: Are there special or unique shipping costs for large and oversized products? If so, create an exception flat-rate shipping fee for the product category.

3. Organize your products into logistic classes. The classes may be size-based or shipping cost-based.
4. Review the marketplace-defined shipping carriers and your negotiated shipping rates for FedEx, UPS, etc.
5. Set your prices per logistic class and per shipping zone in your Supplier Store. Ensure each product is tied to an active logistic class; otherwise any attempted purchase will fail.

The exceptional flat rate designations should be assigned at a product category level. For example, create an XL-Flat-Rate shipping cost and assign the shipping rate to industrial-sized motors product category.

Click: [My Account](#) > [Settings](#) > [Shipping Charges](#)



From your shipping charges analysis, determine the average or best shipping cost per average order for both ground and express ship methods for each shipping zone. The average or best value becomes your flat rate shipping default value per zone for ground and express shipping. Then review product categories that may have shipping costs that vary greatly from the average order. Select small, medium, large, or XL flat-rate shipping for the product category and map the category to the exception logistical class. Establish a ground and express shipping cost for each 'exceptional product class.'

For each zone, determine the shipping cost for ground or express shipping for the shipping carriers used by your organization.

Shipping zone

- Alaska
- Hawaii
- US East
- US Central
- US Mountain
- US West
- Armed Forces Americas
- Armed Forces Middle East
- Armed Forces Pacific
- Europe
- Africa
- Asia Pacific
- Central America
- Middle East
- North America (Excluding United States)
- South America
- U.S. Territories

My supplier account Open | ID: 2000

Shipping zone: Alaska

Alaska

Flat Rate Shipping

Rule	Default price	Initial price	Add. price
Ground Shipping	Default price	\$0.00	\$0.00
Express Shipping	Default price	\$25.00	\$0.00
Military First Class	Not available		
Military Priority Mail	Not available		

Small

Rule	Default price	Initial price	Add. price
Ground Shipping	Default price	\$0.00	\$0.00
Express Shipping	Default price	\$10.00	\$1.00
Military First Class	Not available		
Military Priority Mail	Not available		

Medium

Rule	Default price	Initial price	Add. price
Ground Shipping	Default price	\$0.00	\$0.00
Express Shipping	Default price	\$15.00	\$2.00
Military First Class	Not available		
Military Priority Mail	Not available		

Laroe

However, if you have created a default flat rate shipping fee per order, you can align each product category to the Flat-Rate Shipping class.

To set your store's shipping charges, first select the shipping zone (e.g., [Alaska](#)).

For each shipping zone, choose the rule that is applicable ([Default/Overridden/Disable](#)) for each ship method and logistic class. *For ship methods and logistic classes that will not be available to customers, these will need to be set to [Disabled](#).*

Default price is when an operator has configured a shipping method as mandatory, the supplier is not able to modify the setting.

Overridden price allows the supplier to set their own shipping costs.

Disabled is when a shipping method for a logistics class is not available.

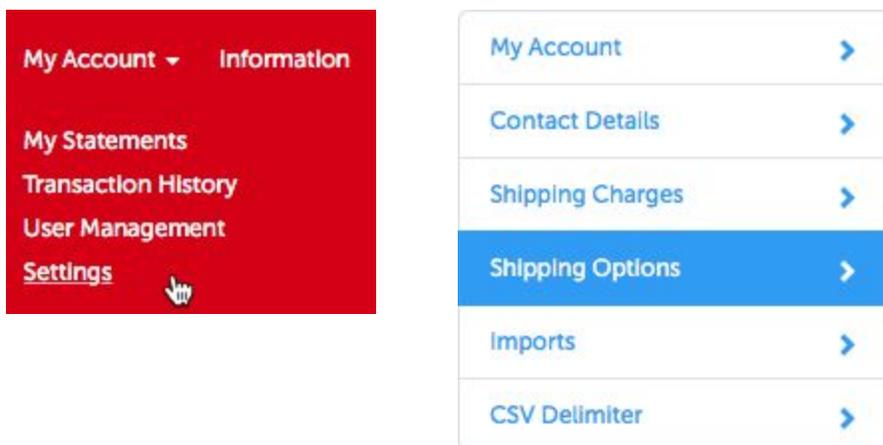
In addition, when you create your offers, attach your products to these categories based on what you intend to charge for shipping for each category.

Free Shipping Cost Strategy

How to configure free shipping:

- Determine your monthly shipping expense by zone
- Determine if shipping costs can be factored into marketing expenses or included in cost of goods sold
- Offer free shipping to limited regions for standard ground
- Surcharge or increase the shipping costs for express shipments
- Consider delivery time to customers

Click: [My Account](#) > [Settings](#) > [Shipping Options](#)



Setting up Free Shipping is the easiest option. Simply click Free shipping at the top of the screen.

Offer Free Shipping for all Orders

Free shipping
By ticking this box, you v

Save

If you need to configure Free Shipping by shipping zone (e.g., Alaska only), go to the above section on **flat rate shipping**. Set the shipping charges for the zone you want to 0, and then you can set all other zones appropriately.

Calculation of Shipping Charges

This is just one example of what could be a complex combination of factors. As you consider possible shipping cost combinations, you may want to contact your assigned Product Manager at Digi-Key for assistance.

The initial shipping charge added to the order is based on the highest shipping charge for that order multiplied by qty 1. Additional qty's (quantities) on that same line will calculate at the Add. (Additional) price. See the two examples below.

Invoice Example 1						
Product	Description	Qty	Cost			
2250-VDS20641L-ND	No description	200	\$2.59	Subtotal		\$518.00
		(1x9.99)+(199*0.00)				
Note: In this example - the supplier "ONLY" added a shipping charge of \$9.99 to the initial charge (Qty: 1x\$9.99)+(Qty: 199*\$0.00)				Initial Shipping		\$9.99
				Additional Shipping		\$0.00
				Total		\$527.99

Invoice Example 2						
Product	Description	Qty	Cost			
2250-VDS20641L-ND	No description	200	\$2.59	Subtotal		\$518.00
		(1x9.99)+(199*0.10)				
Note: In this example - the supplier has added a shipping charge to both the initial and the addtl shipping charge (Qty: 1x\$9.99)+(Qty: 199*\$0.10)				Initial Shipping		\$9.99
				Additional Shipping		\$29.89
				Total		\$557.88

If a customer orders multiple quantities and/or lines from the same supplier, the highest shipping charge will be added for quantity one, and any additional quantities remaining on that line will incur the *Add. price*. for that item. Additional lines on the order will have their associated shipping "Add. Charge" calculated per qty.

Invoice Example 3						
Product	Description	Qty	Cost			
2250-VDS20641	No description	200	\$2.59	Subtotal		\$518.00
	Initial shipping charge is pulled from the most expensive	(1x9.99)+(199*0.10)				
2250-HDS1021		200	45.99	Subtotal		\$9,198.00
		(1x24.50)+(199*5.00)				
Note: In this example - the supplier has added a shipping charge to both the initial and the addtl shipping charge				Initial Shipping		\$24.50
		(Qty: 1x\$24.50)+(Qty: 199*\$5.00)		1st Add Shipping		\$995.00
				*2nd Add Shipping		\$20.00
		(Qty: 1x\$9.99)+(Qty: 200*\$0.10)		total shipping		\$1,039.50
*instead of an add after initial charge, the Add fee would be applied to full Total						\$10,755.50

Will not be displayed on the order

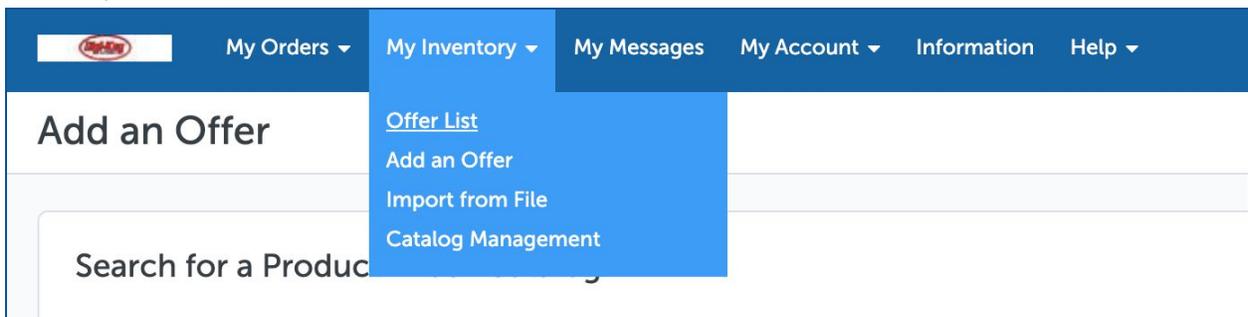
will be displayed on 1st line item on order; remaining lines will have \$0.00

PLEASE NOTE: This method of shipment while available is strongly discouraged, as you run the risk of growing the customers order price exponentially, thus increasing the likelihood of cart abandonment. As above Digi-Key strongly recommends usage of either Flat Rate, or Free shipping. Should you have additional questions regarding this strategy, please reach out to your PM to discuss further.

Setting up Logistics in Offers

Change or Add Logistics Class on Offer Manually

If the logistics class was not specified in your offer upload spreadsheet, this can be added manually. Click [My Inventory > Offer List](#)



Click the offer that requires the logistics class update and scroll down to the settings section. See below for example location.

Settings ▼

SKU Quantity alert ⓘ

LSA28-S1S2-S08 E.g. 10

Availability ⓘ

from to

Internal description

E.g. product localisation description, visible only internally

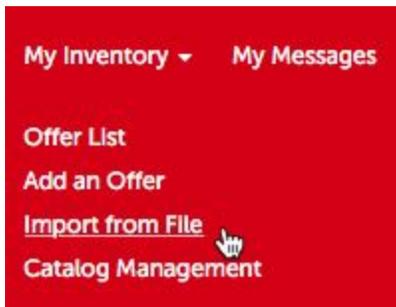
Logistic Class

Medium

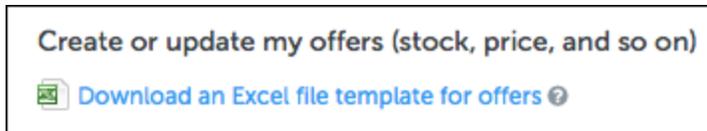
In the event you have multiple offers that require the addition or changing of the logistics class, the offer upload sheet can be used.

Download the Operator's Offer File Template

Click: [My inventory](#) > [Import from File](#)



1. Click [Download an Excel file template for offers](#).



2. Select [Offers](#), select your language, and click [Download](#).

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Offer SKU	Product ID	Product ID Type	Offer Description	Offer Internal Description	Offer Price	Offer Price Additional Info	Offer Quantity	Minimum Quantity Alert	Offer State	Availability Start Date	Availability End Date	Logistic Class	Discount Price
2	sku	product-id	product-id-type	description	internal-description	price	price-additional-info	quantity	min-quantity-alert	state	available-start-date	available-end-date	logistic-class	discount-price
3														
4														
5														

You can populate those columns from the dropdown list that appears when you click on a cell or with the "Reference Data" sheet.

IMPORTANT: Enter the [Logistic Class](#) for each of your offers. You will find this option in column M in the offers spreadsheet.

Offer Update:

Click: [Import](#)

After you've completed your Excel file, save it and:

1. Upload from your computer the Excel file with your offers information.
2. Choose the file content [Offers](#).
3. Choose the import mode:
 - [Update](#) – Update existing information and create unknown information.

Import an Inventory File

Select the file

Select a file...

Import mode *

- ✓ Normal
- Update**
- Replacement

 [Download an Excel file template for offers](#) ⓘ

NOTE: *If you have disabled classes while you were setting up your Shipping Classes, **DO NOT** tie your offer to a Disabled Shipping class when you create your Offer. The purchase will fail and generate a system error. If you change your Shipping Classes, you will also need to update all of your offers to the new class structure. (Changing pricing in the classes will not affect the Offers.)*