

Shipping Costs Justified

How to manage your shipping costs effectively



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Shipping costs is inevitable when sourcing from abroad is concerned and the farthest away the source from your region, the higher the shipping cost will be. What many fail to notice is that, there are ways, which can be adopted to **reduce shipping cost, making it justifiable to your business.**

While courier services such as DHL, Fedex and TNT are probably providing the fastest way to reach you and they are providing fast tracking system for your convenience; they are less economical. There are other cheaper shipping modes available which you can opt for if you purchase FingerTec®'s stock, such as forwarding company's airfreight or sea freight, depending on your priority. **The differences between airfreight and sea freight are the transit time and the cost against the weight of the consignment.** If time is your main concern, airfreight should be your choice and if cost is your number one interest, you should go for sea freight. Therefore, it is crucial **to do inventory planning to determine the cost-effectiveness of your goods.**

What is your purchase trend? Do you take small stock frequent times or you plan for an occasional large stock purchase? The shipping cost for lower weight might look lesser but the fact of the matter is shipping cost always correlates negatively with your consignment weight. The heavier the consignment, the lesser the shipping cost you need to pay per unit of your product.

For example, if I'm a frequent buyer who takes two cartons a week (one carton equivalent to 5 units) and paying USD100 per shipment using a courier company, I need to fork out USD400 a month for

eight cartons of FingerTec®. However, if I plan my purchase, I can opt to buy eight cartons and ship them via forwarder's airfreight for only USD200. Therefore, I save 50% of the shipping costs. The difference is only 2-3 days lead-time in average and for the savings; it's certainly worth the wait. However, small consignment of less than 4 cartons are not recommended to use forwarding company due to the fixed handling and local charges.

The larger the stock is, sea freight is becoming more relevant and the costs are even cheaper than the other shipping options. While the sea freight might take days to arrive at its destination sometimes a couple of months if we are talking about Africa, the reduced costs are justified.

For FingerTec® products, we are highly recommending shipment via forwarder's airfreight for stock of more than 4 cartons or the use of sea freight for a very large stock, particularly for our clients in Africa, Europe and South American regions where the other shipping costs are excessive.

At the end of the day, every organization wanting lesser cost and more profit margin, and if reduced shipping costs can do just that, we at FingerTec® are more than willing to help you achieve your target by giving you shipping options that are cost-justified.



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