E-commerce guide

# International shipping made easy



An 11-step guide for online retailers on how to start shipping worldwide



# Kick-start your international shipping

Starting to sell abroad may seem daunting but, in fact, it's never been simpler to sell globally. With the help of this guide, you and your business will be crossing borders like a pro in no time.

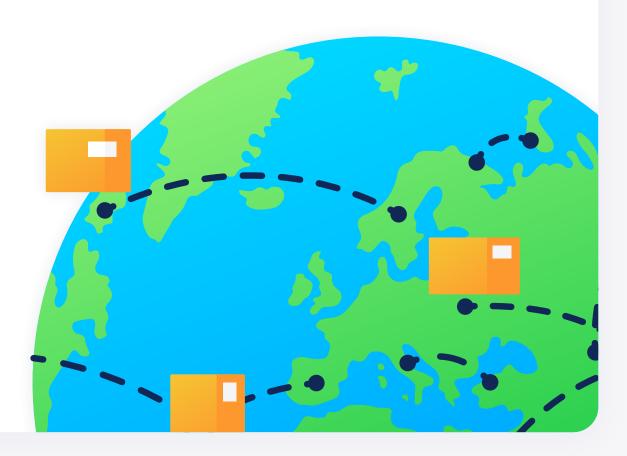
We'll run through all the information needed to navigate import tax and customs, as well as tips to help you to avoid those high shipping rates and costly errors.

Once you've finished reading, you'll know:

- Which international shipping options fit best with both your business and customers' needs
- What customs documentation you will need to fill in, why, and how.
- Which rules do you need to keep in mind and what to take into account when shipping cross-border

And to finish off, we'll leave you with an easy-to-follow checklist so you can hit the ground running when you start shipping internationally.

Let's get started!



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International shipping checklist



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PHASE 1

# Things to set up for hassle-free shipping

# Know which products you can and can't ship

This is a common and costly mistake many online retailers make. Shipping products that aren't permitted to be shipped internationally occurs all the time. So before you start setting anything up for your international expansion: double and triple check your products.

#### Unauthorised goods

You are responsible for the goods that you send. Products that aren't permitted will be confiscated or destroyed. Meaning you'll lose the cost of the product and be left with an unhappy customer. Every country and carrier has different rules as to what is and is not permitted to ship. So it's vital you research thoroughly before entering a market or using a carrier.

### Generally, which products are not allowed to be shipped? X Gas masks × Aerosol sprays × Petrol or oil X Alcoholic beverages × Lighters × Poison × Cigarettes X Lottery tickets × Rough diamonds X Damaged batteries × Magnets X Fingernail polish × Perfume and aftershave × Perishable goods X Fire extinguishers



# Shipping methods and costs

Your ideal international shipping method can heavily depend on your products and what your customers expect. If you don't carefully consider your shipping methods, you could end up losing a lot of money, or missing out on benefits like improved tracking, express delivery, or nominated delivery.

#### Deciding what delivery methods you want to offer

## Shipping with a postal carrier

Postal services connect with local international partners to deliver your packages.

#### ✓ Pros:

Cheaper, and generally more trusted by customers

#### X Cons:

The package has to be transferred from one another carrier once it crosses the border. There is less control and visibility with tracking, and claims can take longer.

## Shipping with an international carrier

You can also use international carriers with their own international networks, such as DHL, DPD, and UPS.

#### ✓ Pros:

Express carriers like these have strong international networks so they're faster with increased tracking.

#### X Cons:

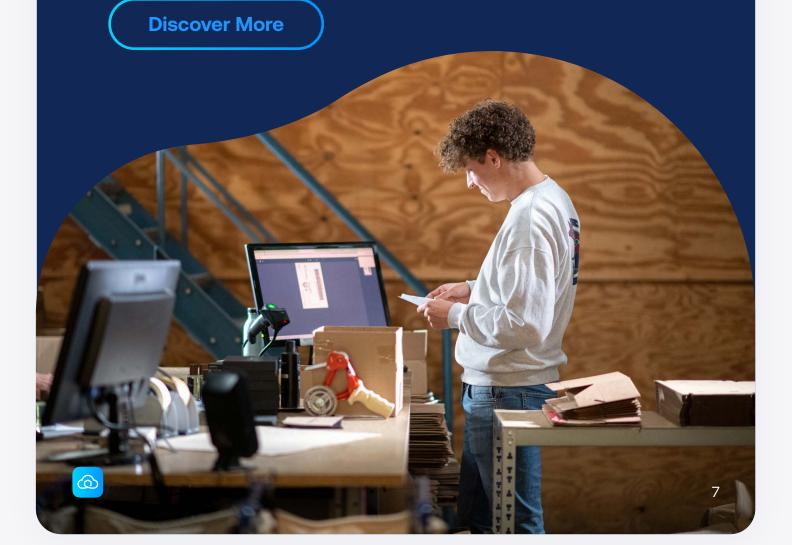
They generally are more expensive.

Mix 'n' match services and connect with both postal and international carriers to offer your customers choice and flexibility. Learn how to do this at <u>Sendcloud.co.uk</u>



"Having a multi-carrier platform has proven to be vital for our international growth. We ship to various countries, and we want to use the best couriers for that. Sendcloud lets us use the best couriers in each market at the push of a button."

WoodWatch



#### What do customers expect from delivery?

It's important to consider what your customers want and expect from their delivery. Make sure you meet customers' expectations to avoid losing customers to competitors that have more choice and flexibility with their delivery.

Here are the key things to consider:



of European online customers will only wait a maximum of 5 days for their order to arrive



of European customers are willing to spend around 4 euros on delivery costs (tough to beat with international shipping!)









Flexibility in delivery options matter, also internationally. Cultural preferences determine what shipping methods are most popular:

Standard home delivery

Next day delivery

**57%** 

35%

Nominated day delivery

Pick up at local store

39%

23%



of European online shoppers will add another product to their cart for free shipping.

Want to know more about European consumers? Make sure to check out our full Consumer Research Report for more insights just like these.



#### Determine the costs of your shipment

When calculating shipping costs, don't just look at the shipping rate. Take the following into consideration:

- Cost of packaging;
- Shipping method costs (factoring in destination, weight, size etc);
- Cost of processing the shipment (including increased time spent by staff on customs forms - more on how to save time with this later);
- Customs fees (depending on your chosen Incoterm and whether you will be covering those costs).

Shipping costs can vary considerably depending on package specifications. This includes size, weight and volume, place of destination, speed of delivery, and additional surcharges such as import and customs costs.

Want the full list of Sendcloud shipping rates and info on what couriers you can connect with? Download our Pricing List for more info.



# How to format international addresses

The last thing you want is parcels that cannot be delivered because of errors in the addresses. Every country has a different way of formatting an address. However, don't panic, it's not rocket science. Just take the following into account.

#### Addressing

In some countries, addresses may not include a house number, postal code, or even a street name. Carriers apply specific formatting on their labels to make sure they can be shipped without a hassle. Research what information is required for the countries you wish to ship to, then make sure your checkout is programmed to collect this information so that nothing is missing. A little FYI, there are plugins that can autofill addresses - very useful.

#### **Good practices**

- Always print the full name of the destination country in capital letters after the name of the recipient's town or city;
- Write the country and city names in English;
- Do not include any ISO codes with the postal codes or town/city names, such as FR, D, CH etc. This may result in errors and delays.

#### **Correct addressing**

- ✓ Recipient's name
- ✓ Street with house number / P.O. box number
- ✓ Postcode and place name





**Top tip:** With Sendcloud international addresses are formatted automatically in the shipping platform. You will be able to review the address data and change carriers before creating your label.



# How to package your product

Packing products might sound simple enough. However, when shipping internationally, there are additional guidelines to take into account. Did you know that the package should be able to withstand a drop of 1.5 metres? Surprising, right? However, the road can be rocky for your parcels when travelling across countries.

#### Do this

- Reinforce the corners of your package with packing tape that is at least 48 mm wide;
- Maintain a space of 6 cm between the product and the shipping box;
- Fill the package with filling material, such as bubble wrap or foam peanuts;
- Shipping fragile goods? Use boxes made of two-ply corrugated cardboard;
- Wrap fragile items in multiple layers of bubble wrap.

#### Don't do this

- Avoid using boxes that are too big as they are more expensive
- Do not use string or twine to seal the box;
- Never use newspaper or other published content. This may be restricted by local censorship rules and your package will not get through customs
- ➤ Depending on the carrier, you may not be allowed or required to label packages with a 'Fragile' label.





#### **Bonus tip: Light packaging**

Always choose the right format and materials for your products. You can save a lot of money by packaging things as light and small as possible when your shipping rates are dependent on weight and size.



PHASE 2

# Getting through customs

# What are Incoterms and why do you need them?

Incoterms (fully named International Commercial Terms) are a set of standardised international arrangements for transporting goods. In basic terms, your chosen Incoterm(s) say who - between you and your customer - will arrange and pay for things like shipping costs, import VAT, insurance, and more. So they're pretty important for selling internationally.

#### 3 main functions



#### **Cost allocation**

They indicate who is responsible for the shipment, insurance, import, and customs costs of the shipment.



#### **Distribution of obligations**

They indicate who is responsible for transport and where to.



#### **Risk transfer**

They indicate who is responsible for the goods in every step of the shipment, including when the risk and costs of delivery pass from seller to buyer.

#### Other functions

To answer questions such as:

- Who buys the required goods documents?
- Who is responsible for customs clearance?
- Who purchases which transport documents?
- ✓ Who covers shipping insurance?
- Who informs the other at what time and about what?
- Who carries out the goods inspection?
- Who determines the type and packaging method?



#### How to use Incoterms

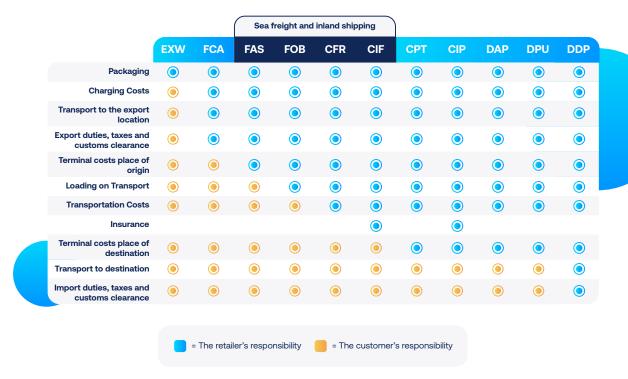
State the Incoterms you wish to sell under in your Terms and Conditions of your webshop. Then, you must put them on the Commercial Invoice or when using postal carriers on the CN22/CN23.



**Top tip:** Check which Incoterms are accepted by your chosen shipping methods. Sometimes, the carrier will only accept a certain Incoterm. It's good to ensure you're covered before updating your T&Cs.

#### Incoterms Overview

In the table below, you'll get an overview of which party is responsible for certain obligations depending on the used Incoterm. For example, for loading orders on transport or paying taxes.



Want to have an overview of all the different Incoterms and what they are about? This infographic shows you the 11 existing Incoterms.

#### Not sure what Incoterm to use?

If you're not sure which Incoterm is best for your business, DAP might be a good place to start. DAP simply means that you as a retailer pay the shipping costs (which of course you can charge for in your checkout), arrange the insurance and prepare export documents. The recipient pays any import and customs costs once the package arrives in the destination country. However, in some markets, as a seller, you are required to pay taxes. In that case, you have no other choice than using DDP.

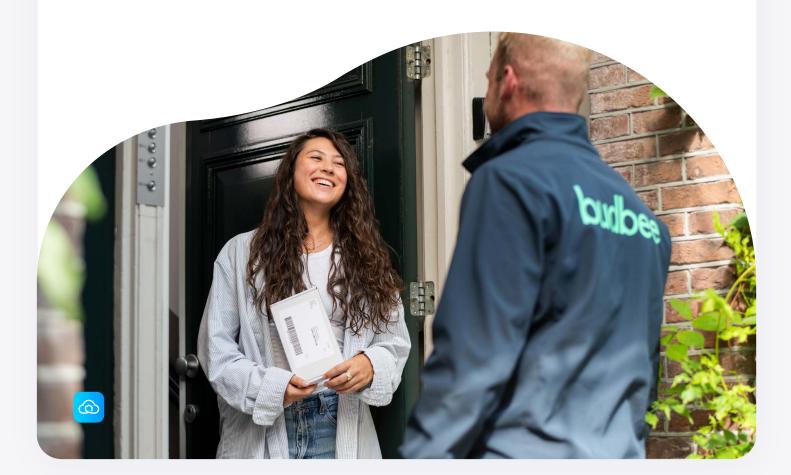
#### Avoid surprising customs with additional costs

It is important to inform your customers in advance about any customs fees they may have to pay when the package arrives depending on the Incoterm you choose to ship with. Make sure to clearly communicate what you will cover and what the customer will need to pay. Otherwise these surprise customs costs can harm your customer satisfaction and retention rates.

Two of the top reasons for European consumers to not order from international online stores were:







# Details for your customs forms

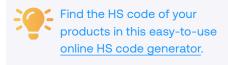
Now you've chosen your Incoterms, you've decided which shipping methods you want to use, and you're prepared with the correct address information and packaging techniques. It's time to start tackling those pesky customs forms. But before you start, it's important to collect the following details to be able to fill out the forms:

#### **HS Codes**

HS codes (referred to as the Harmonised System Tariff Codes) is a multi-digital code that customs use worldwide to identify the products being shipped. The code consists of a total of 10 digits. Each code is unique for each type of product.

You will need to know the HS codes for all your products you sell as they need to be put into your customs documents. Always enter at least a 6-digit code and, if possible, always define the subcategory of your product.

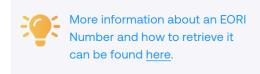
Using the correct code can impact the tax rates charged, so it's important to get it right. Otherwise you might end up unnecessarily paying more import VAT.



#### **EORI Number**

If you are importing or exporting goods into or out of the EU or the UK, you will need an EORI number to fill in your commercial invoices.

An EORI-number is a unique code to your company that is used to track and register customs information within the EU. In the EU the EORI starts with the ISO code of the country of origin, followed by a 9-digit-number. When shipping to/from the UK, the EORI starts with 'GB' and is followed by a 12-digit-number.



#### VAT-number

To fill out your customs forms, you will also need a VAT-number. You need to take local tax rules into account and you may have to apply for a local VAT-number, depending on where you're shipping to and the VAT rules that are applicable.

We advise talking to a tax specialist or customs agent for more information on how to handle import VAT.

#### IOSS + OSS

Talking of VAT, it's also important to know whether you need to register for the Import One Stop Shop (IOSS) or One Stop Shop (OSS). Both these portals can help businesses ensure they comply with their VAT obligations for distance sales and imported goods from within and into the EU.



Read <u>our blog article</u> for more information. And once again, it's advisable to discuss these with the Tax authorities.



# Which customs forms do you need?

Depending on the carrier and destination, a Commercial Invoice, a CN22 or CN23, and a Certificate of Origin are required. Check below for when you need to use one (or more) of these forms.

#### CN22/CN23 Declaration

A customs declaration CN22 or CN23 is used by postal services for sending goods outside the EU. Use a CN22 for goods up to 2kg with a value of up to approx. 425 euros. Use a CN23 for packages that weigh over 2kg or have a higher value than 425 euros.

The CN23 is more extensive than the CN22 and you'll need to add a copy to the outside of the package in a transparent envelope. It's also wise to add another copy to the inside of the package as well, just in case the outside document is damaged or lost.

#### Commercial Invoice

The Commercial Invoice is an export document that is needed with any commercial shipment outside the EU when you use an international carrier (instead of a postal service).

The document contains information about the shipper (so you as the retailer), the shipping arrangements, and the contents of the package. It is best to attach two copies to the outside of the package, and to enclose the third copy on the inside for your customer.



#### **CP71 Dispatch Note**

This is a mandatory accompanying document to the CN23. It serves as a kind of shipping message for products after loading. Place the CP71 dispatch note into a transparent envelope so it's easy to read. Then affix this document on the front of the parcel as it lists all of the items enclosed. And speaking of enclosed, you should also place the CN23 inside your parcel.

#### Certificate of Origin

A certificate of origin (CoO) indicates the origin of a product, basically validating where a product was made. It is required to enclose a CoO when shipping products to various countries outside the EU due to trade policy agreements – such as restricted products – and for the calculation of import VAT and tariffs. You can find out more about CoO forms and request them online via the website of Chamber International.

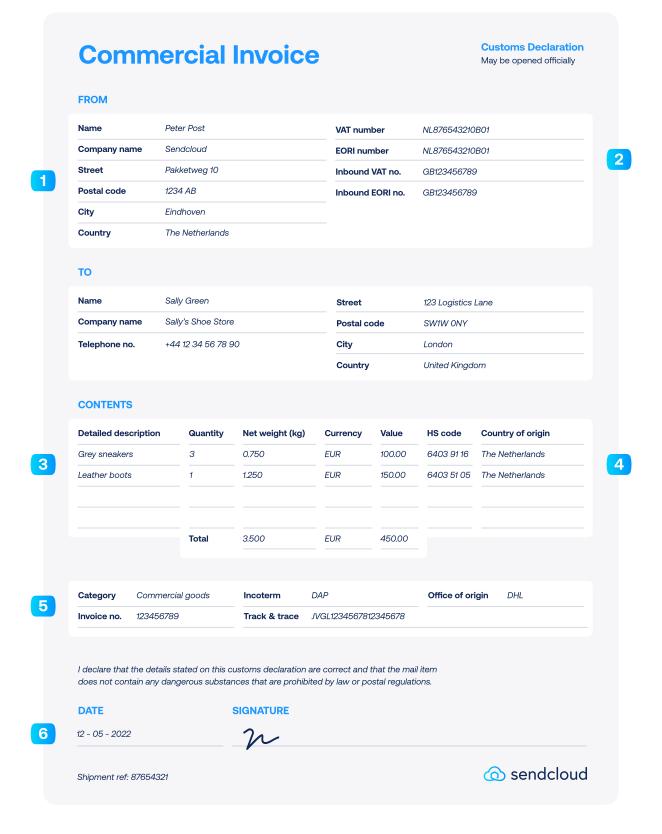
# How to complete customs forms

Customs forms are arguably one of the most important parts of your international shipping. They are official documents that contain the details concerning the goods you are exporting.

The three most important forms are the CN22, the CN23, and the Commercial Invoice. Filling them in correctly is vital for your products to reach your customers, as incorrect information or missing forms will inevitably result in a delay, or even unsuccessful delivery.

In this section, we'll run through how to fill them in, including an example of each form and then step by step instructions for what information you need to include. Make sure you've read the previous section so that you have all the necessary details to correctly fill in your forms.





Example of a commercial invoice, see the next page for explanations of the various sections.



#### Commercial invoice

#### 1. Enter the complete address details

Include all address details for the receiver to ensure a successful delivery. Also include their telephone number. Remember that, in some cases, the carrier may need to contact the receiver.

### 2. Add the correct EORI and VAT number

Always make sure to add the correct VAT and EORI-number. In any case, you will need your regular VAT and EORI. In addition, you might need to fill in the 'inbound' VAT and EORI when shipping to the UK, as the UK government requires you to account for local taxes.

#### 3. Specify the contents of the package

It is important to provide an accurate description of the contents and value of the package. Always make sure that at least the total weight and the total (sales) value of the parcel are indicated on the commercial invoice.

### 4. State the product's tariff codes and country of origin

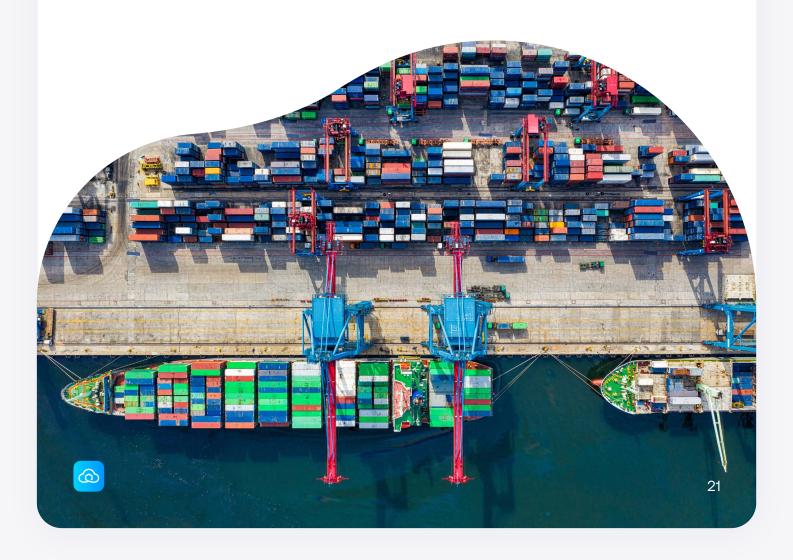
Specify the country in which the product was produced or assembled, and state the HS code of each product.

#### 5. Indicate your shipping arrangements

Your commercial invoice should always contain information about the shipping arrangements. Make sure to state the right Incoterm, as well as the category, office of origin and the corresponding invoice number.

### 6. Don't forget to add the date and sign the form

Without a date and signature, the customs form is not legally valid and there is a chance the parcel will not be delivered. By signing, you declare the document has been filled in correctly and there are no dangerous or prohibited goods in the package.



CN22					May be opened officially
CATEGORY					
Tick all that apply: Documents			Sale of goods		Other:
Gift	Comme	ercial sample	Return goods		
CONTENTS  Detailed description of co	ontent	Quantity	Net weight (kg)	Value (€)	Commercial items only
Grey sneakers		3	0.750	100.00	If known, HS tariff no.
Leather boots		1	1.250	150.00	
					Country of origin
		Total	3.500	450.00	Country of origin
l declare that the details st does not contain any dang					
DATE	SIGNATURE				

#### CN22 declaration form

### 1. Place a cross or mark to indicate the contents of the parcel

For online retailers who sell products internationally, the choice will usually be 'Sale of goods'. You may select 'Commercial sample' if you are only shipping samples or testers of your product. You can only choose one option per parcel.

#### 2. Specify what's inside the parcel

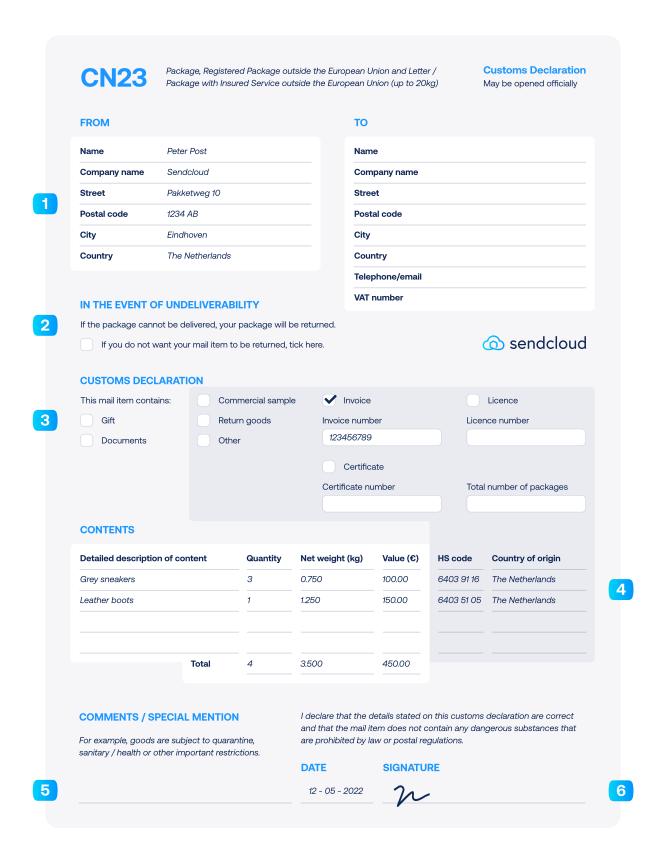
If you are shipping retail merchandise, commercial samples, or return items, you must provide a detailed description of the contents. Always write the description in English or in the language of the destination country. The more clearly you describe the contents, the better your chances that the parcel will pass smoothly through customs.

### 3. Provide the content's commodity code and country of origin

State the country in which the merchandise was produced or assembled and include the Harmonised System (HS) code for your product(s).

### 4. Write the date of the shipment and sign the form

By signing the form, you declare that the document has been filled out correctly and that the parcel does not contain any banned or dangerous items. If the form is not signed, the shipment may be delayed or returned.



Example of a CN23 declaration form, see the next page for explanations of the various sections.



#### CN23 declaration form

### 1. Fill in the address information of the sender and receiver

To increase your chances of successful delivery, be sure to provide all the address details you know. Also include the customer's telephone number, because, in some cases, it may be necessary to call them.

#### 2. Indicate whether you want to have the parcel returned to you (or not) if it cannot be delivered

In some cases, it may not be possible to successfully deliver the parcel and this way, it will be returned to you. Just be wary, in instances like these, a return shipping fee may be charged. By stating on the customs form that you do not want to have the package returned, you avoid having to pay unexpected return shipping costs. Of course, you also forfeit ownership of the parcel so it's good to determine whether the value of the item(s) is worth the potential return fees.

#### 3. Specify what's inside the parcel

Choose between commercial sample, return shipping, or other. Also, fill out the light blue shaded sections. Always describe the contents of the parcel as precisely as possible.

### 4. Provide the international commodity code and country of origin

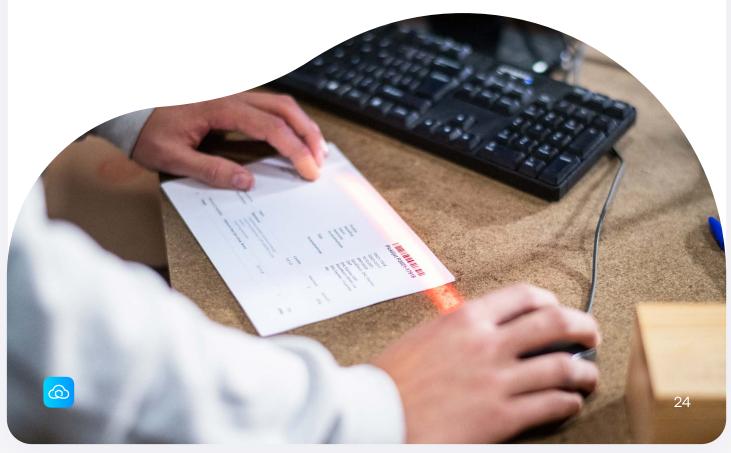
Just like the CN22, you will need to state the country in which the merchandise was produced or assembled and include the Harmonised System (HS) code for your product(s).

#### 5. Comments or special notice

In some cases, products may be subject to quarantine, health/sanitation restrictions or other import regulations. It is important that you state this on the customs declaration. This applies to items such as food, medicine or living organisms.

### 6. Always remember to write the date and sign the form

Once again, without the date and signature, the customs form is not legally valid and there is a chance that the parcel will not be delivered. So make sure to sign the form and put the correct date.



PHASE 3

# Going the extra mile: saving time and money

### To insure or not to insure?

There's always a chance that something could go wrong during shipping, especially as worldwide shipments are more prone to damage or loss. If you're shipping high-value items, it's a good idea to consider insuring the shipment.

#### What to insure?

Some shipping options are insured as a standard for a certain amount. If not, you can take out supplementary insurance through the carrier or a third-party provider.

#### What should you pay attention to?

- Check the value carefully. If your shipment is underinsured, this is a waste of money;
- ✓ Meet the mandatory packaging requirements to be eligible for payments;
- ✓ Take into account excluded products to prevent the submitted claim from being rejected;
- ✓ Pay attention to excluded destinations, to prevent the submitted claim from being rejected;
- Make sure to keep proof of delivery so that you can show this when claiming damage.



A regular claim, especially for international shipments, can take 3 - 4 months, depending on the carrier and destination of your package.

#### Sendcloud Insurance

The Sendcloud Insurance lets you insure against any amount, easily and affordably, with faster handling of claims. With the help of Smart Shipping Rules, you can allocate insurance to certain shipments automatically without having to think about it. For example, when orders that are all over 200 euros or that contain certain products will automatically be assigned insurance.





# Simplify your international shipping

After reading this guide, you probably realise there are quite a few more steps to shipping internationally. And there's no denying that this costs more time, more resources, and therefore more money. So read this last section for top tips on how to reduce admin work and let your international expansion run smoothly.

#### Avoid delays

Items getting stuck at customs is a common issue. Follow these tips to reduce that risk:

- ✓ Always fill out the customs declaration in English;
- Add two copies of either your customs declarations or your Commercial Invoice to the outside of the package. This way, if one gets damaged or lost, there is a backup;
- Add another copy of the Commercial invoice inside the package so your customer gets a copy;
- Always keep copies of the customs forms for yourself. You are able to amend the customs documentation even when the shipment is at customs. If there were any problems or mistakes, you can re-submit the altered form to allow the import to continue.

#### **Automated Customs Documentation**

Probably the most time consuming part of international shipping - completing customs forms. This is why automation is important to help the process move faster (and result in fewer human errors!).

With Sendcloud you can <u>automatically generate your customs documentation</u> when you create a shipment:

- ✓ Upload the critical data your IOSS, EORI, and VAT numbers to Sendcloud and it will be automatically filled in when you create a new customs document.
- ✓ For every new shipment, enter the products' information then print the documents at the same time you print the shipping label.



#### Paperless Trade

Paperless Trade allows you to immediately forward the customs forms as digital documents to the carrier as soon as you process your international order.

#### This means:

- You don't need to print and attach each document
- Save time, printing resources, and money
- Reduces the risk of documents being lost.

When you use Sendcloud, Paperless Trade is automatically enabled when you ship with DHL Express, UPS, Colissimo, and FedEx to countries outside the EU.

#### Smart shipping rules

Use shipping rules to automatically allocate the correct shipping method to individual orders based on the order's properties. If an order meets these condition(s) of a shipping rule, the action(s) set will be executed.

Define the rules yourself based on:

- Destination
- Weight
- The shipping method

And many more variables for carriers, insurance, brands and more.

"With the help of smart shipping rules we can set up what carrier to use for different countries. It saves time for our employees in the warehouse to ship quickly for both national and international parcels at the same time."



### Handling international returns

Returns are an inevitable result of selling online. But your return policy is also an important consideration for consumers to buy from your store. And this is especially true for international stores.



of European consumers said that not being able to (easily) return the product is a top reason for them NOT to buy at an international online store. A customer-friendly and flexible return policy is essential to international conversions.

#### Handling returns

When it comes to handling international returns, there are many things you need to consider. Here are a few customer-friendly strategies you can consider:

#### 1. Outsource returns to a local partner

Your customers can return cheaply to their own country and your partner can handle all administration and return to your warehouse. You can even let the local partner act as a warehouse so you can locally resell products.

#### 2. Collaborate with an international logistics party

This way you can make price agreements for both outbound shipments and returns, and you can add a ready-made returns label to the shipments.

#### 3. International return solutions

There are various parties that offer complete return solutions on an international level. When it comes to returns within Europe, you can use your personal return portal via Sendcloud available in our all-in-one software and via the API. Using return rules will allow you to set up international returns on your own terms and enable returns for certain products/regions.



Handling returns is a huge task! Want more insights into handling returns? Then check out our guide to returns.



# International shipping checklist

Now we've covered everything, let's make sure you tick all the right boxes for your international shipping strategy with our handy checklist below.

#### **✓** Choose your markets

First things first! If you are planning to sell abroad, first decide which markets you want to target. Conditions and rules may differ per country, so it is important to be aware of local differences.

#### Check the conditions

Check whether your product is allowed for import into the destination and under the terms & conditions of your carrier.

#### Claim preferential rates of duty

Nobody likes to pay duties. Therefore it might be worth checking if you are eligible for preferential rates of duties.

#### Register for an EORI-number

If you are importing or exporting goods into or out of the EU, you need an EORI number. Mention this number clearly on commercial invoices.

#### **✓** Be aware of VAT-rules

If you are shipping abroad, you also need to consider VAT-rules. Within the EU you can easily account for VAT, but when shipping outside the trade union you might need to pay import VAT in the country of destination.

#### Choose the right shipping option(s)

Choose the shipping option(s) that matches your shipment best, based on its dimensions and weight, along with shipping costs and possible insurance.

#### **✓** Securely pack products

Pack your product(s) securely, reinforcing the corners of the shipping box with packing tape and attaching the documents to the package.

#### Address the label correctly

Print the shipping labels with the correct address and attach them to the largest side of the package. Shipments with multiple parts: Does the shipment consist of more than one package? Keep them together, but label each package separately. This will help prevent parts from getting lost or arriving late.

### **✓** Don't forget your commercial invoice or your CN22/CN23

These essential paperwork in order for your goods to clear customs. These documents contain information about the shipper, shipping arrangements and the contents of shipments. Attach two copies to the outside of the parcel and enclose a third on the inside.





# You're an international shipping super star now!

Still have questions about shipping internationally? Or do you want to automate your international shipping process so you don't need to think about all the annoying details?

Then don't hesitate to contact us and let's have a chat.

**Book appointment with our experts** 





"International shipping is very time-consuming. Sendcloud helps us to fully automate the process. This doesn't only save us a lot of time, it also decreases the chance to make mistakes.

WoodWatch













Interested? Please contact us via contact@sendcloud.com or register without obligation via sendcloud.co.uk