Managing logistics

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Introduction

The PayFast Guide to Going Online is a comprehensive ebook to help aspiring entrepreneurs such as yourself turn your hobby into a successful online business.

In this second chapter of the guide, we offer advice on how to efficiently manage your logistics, including sourcing and managing inventory as well as shipping. Within this chapter you'll also find valuable tooltips and advice from our partner uAfrica, who specialise in streamlining ecommerce order fulfilment and shipping processes.

02

Before you can even think about starting to sell online it's important to get to grips with your supply chain and inventory management. Do you have capacity to source your products and then store your inventory in your house or office, or will you have to rely on third parties to store and ship your products?

To sort out your logistics you need to do the following:

1. Identify potential suppliers and distributors
2. Determine their location, ease of accessibility and how cost effective their products and services are
3. Form relationships with them

Tooltip: Storing and managing inventory

If you're a small startup running your business out of your home or office, or even your physical retail store, you can store your own inventory onsite. This way when you get an order you can package it and send it to your customer. Doing this can save you money as you won't have to pay third parties for warehouse management.

If you are running a bigger operation, you can outsource your logistics by integrating your shopping cart platform with a third party provider's warehouse system. When your customer places an order then the distribution centre will get a notification and ship the product.
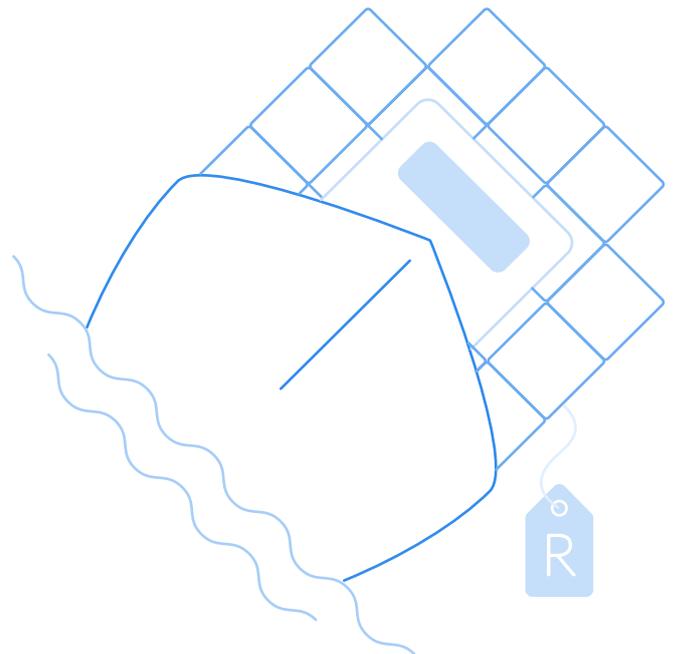
Tooltip: Logistics

- When it comes to logistics, a solution like uAfrica can assist in getting quotes from various couriers, generating automated shipping labels, and managing all your products and orders on multiple storefronts and online marketplaces from one central place. For more information, visit **uafrica.com**

- If you have large quantities of stock it's recommended to outsource to an organisation like Parcel Ninja who can take care of all of your warehousing and fulfilment needs. For more information, visit **parcelninja.com**

Work out shipping

When a customer checks out on your online store, your shopping cart platform should trigger your inventory system. Most ecommerce platforms include integrated solutions that will manage your inventory, so when an order is successfully placed your inventory will automatically adjust. When you get the notification it's time to ship the product.

For shipping, it's important to choose a trusted shipping company so that the products get delivered in a timely manner. When it comes to covering shipping costs there are a number of options you can look into, such as including the shipping costs in the products pricing to offer free shipping, having a fixed shipping cost for all products, adjusting it for the number of items purchased or offering free shipping when the total reaches a certain amount, such as R500 or more.

Tooltip: Logistics

There are a number of courier companies you can look into that deliver nationally as well in specific regions. Some popular choices are:

- **The Courier Guy**
- **MDS Collivery**
- **Dawn Wing**
- **Fast Way Couriers**
- **Sendr**

When the product has been picked up by the courier it's best practice to notify your customer and to provide a tracking number in the confirmation email so they can keep track of their package.

UAfrica's top 3 pro tips for working out pricing and shipping

uAfrica.com

Always look at the volumetric weight versus the actual weight when you are in the process of calculating your pricing and shipping rates. Depending on your product, these two weights can differ exponentially and can affect what you will end up paying when shipping your orders out.

Knowing the greater of these two weights (and thus what the couriers will end up charging you on) can help you more accurately calculate your pricing and shipping rates.

**Always look at the volumetric weight versus the actual weight**

VS

Take returns and replacements into consideration. Some products have a higher return rate than others - like clothing and shoes - and others may have a high replacement rate - like glass or other fragile products. Remember to take these costs into consideration when calculating your pricing, as these costs can accumulate quickly and start affecting your bottom line.

Some products have a higher return rate than others

Finally, monitor, monitor, monitor. After a few months of operating, you will be able to see if you are covering costs or not. If necessary, change your shipping rates. You may win some, you may lose some, but you must be sure that your business is running at a profit.

You must be sure that your business is running at a profit
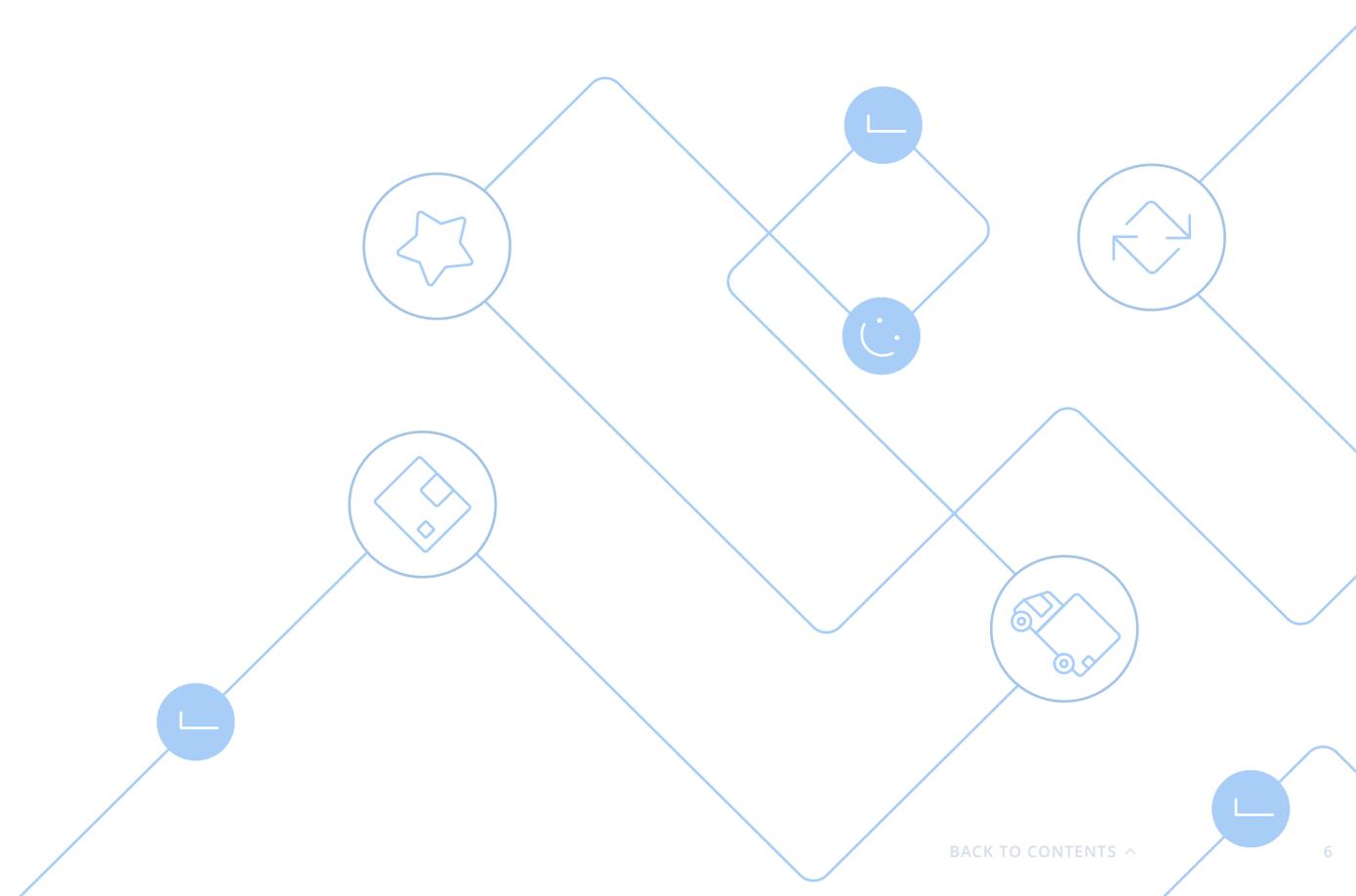
Find out more about going online

To find out more about getting your business online, download the entire PayFast Guide to Going Online or any of the individual chapters that may be relevant to your online business.

Download the entire PayFast Guide to Going Online

Download the individual chapters:

Chapter 1: Developing your business plan
Chapter 3: Building your online store
Chapter 4: Setting up a payment gateway
Chapter 5: Marketing your online store
Chapter 6: Converting visitors into customers
Chapter 7: Capitalising on shopper trends like Black Friday

About PayFast

PayFast is a leading online payment processing solution for individuals, non-profit organisations (NPOs) and businesses of all sizes in South Africa. Over 80,000 merchants from a variety of South African businesses, big and small, have registered with PayFast to process and manage online payments made by their customers.

Visit **payfast.co.za** and follow us on: