



Courier Services

Buying Guide



Introduction

Courier services are a critical component of modern business, essential for timely delivery of messages, letters, and parcels. With e-retail heavily dependent on courier services, and businesses utilising them for parcels, deliveries, and even post. Effective management of courier spend is paramount. This guide outlines the challenges and best practices for C-Suite and operational contacts involved in reviewing and optimising courier expenses.

Key Challenges in Reviewing Courier Spend

Component	Description
Pricing Complexity	<p>Courier pricing is influenced by numerous factors, making direct comparisons difficult. Whilst some prices are universal (fuel & govt. charges) many are variable from supplier to supplier, such as minimum / maximum volumes, weight and dimensions banding and additional services included within any proposal</p> <p>Within any contract there may also be surcharges included and minimum volume penalties for which you are liable. It is also essential to ensure there is recourse in any contract to address inaccurate billing</p>





<p>Service Performance and Reliability</p>	<p>When evaluating courier service providers, it's essential to take into account several critical factors related to service performance and reliability. Neglecting to thoroughly assess these elements may result in higher costs, operational inefficiencies, and diminished customer satisfaction.</p> <p>The impact of poor service performance can be significant to both your business and your customers perception of you, it is essential to partner with a courier company that offers high levels of service and reliability</p>
<p>Technical and Practical Considerations</p>	<p>A clear understanding of parcel volumes, weights, and dimensions is essential for accurate tendering and cost estimation. In order to tender accurately, you need to understand the volumes, weights and dimensions of the parcels.</p> <p>Parcel tracking and a simple returns process are often cited as key factors for customers when engaging with companies, your choice of courier will have a direct bearing on how your clients view your business</p>





Types of Courier Services

International Courier Services

International courier services facilitate the shipment of packages across different countries, ensuring compliance with customs regulations, taxes, and import/export laws. These services offer tracking, insurance, and expedited options for businesses and individuals shipping overseas. They often include air and sea freight options, depending on the urgency and budget of the sender.

Express Courier Services

Express courier services are designed for urgent shipments that require fast delivery, typically within the same day or the next day. These services prioritize speed and efficiency, making them ideal for time-sensitive documents, medical supplies, or perishable goods. They often feature premium tracking, real-time updates, and guaranteed delivery times, ensuring that critical items reach their destination without delay.

Overnight Courier Services

Overnight courier services guarantee next-morning delivery, providing a reliable solution for businesses and individuals needing swift transportation of goods. This service is widely used for legal documents, important parcels, and e-commerce deliveries that require quick turnaround. Couriers typically operate during late hours, picking up packages in the evening and ensuring they reach their destination early the next day.

Standard Courier Services

Standard courier services offer a cost-effective solution for routine deliveries that do not require urgent handling. These services include reliable delivery times, package tracking, and secure handling but with a longer transit period. They are commonly used for business shipments, online orders, and non-urgent parcels, striking a balance between affordability and efficiency.





Local Courier Services

Local courier services cater to deliveries within a specific city or region, ensuring fast and reliable transportation of parcels over short distances. These services are widely used by small businesses, restaurants, pharmacies, and individuals needing same-city logistics. Local couriers often use bicycles, motorcycles, or small vans to navigate traffic efficiently and complete deliveries quickly.

Same-Day Courier Services

Same-day courier services are ideal for urgent deliveries that must reach their destination on the same day of pickup. Businesses often rely on this service for medical supplies, legal documents, or customer orders requiring immediate fulfillment. These couriers prioritize direct routes, minimal stops, and dedicated vehicles to ensure fast and secure transportation.

Rush and On-Demand Courier Services

Rush and on-demand courier services are tailored for emergencies, offering immediate pickup and direct delivery with no delays. These services cater to businesses and individuals requiring critical, last-minute shipments such as legal filings, medical specimens, or high-value items. The couriers often provide 24/7 availability and customized solutions to meet the unique needs of time-sensitive deliveries.





Pricing Complexity

The complexity of courier pricing presents significant challenges for businesses aiming to manage and optimise their shipping expenses. A comprehensive review of these challenges is essential for C-suite and operational contacts and may include;

Fuel Price Fluctuations: Courier costs are significantly influenced by fuel prices, which can constitute approximately 40% of their variable expenses. The unpredictable nature of fuel costs makes it difficult to forecast and control shipping budgets.

Labour Rate Variations: Labour costs represent a substantial portion of courier expenses, second only to fuel. These rates can vary based on location, union agreements, and market conditions, adding another layer of complexity to pricing models.

Vehicle Costs: The expenses associated with renting, purchasing, and maintaining vehicles contribute significantly to overall courier pricing. These costs encompass depreciation, insurance, repairs, and other maintenance-related items.

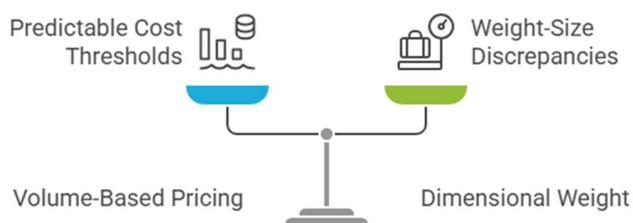
Government-Imposed Charges: Government charges, such as tolls, clean air charges, and London zone fees, can substantially increase courier expenses, particularly in metropolitan areas. These charges are subject to change, making it challenging to maintain consistent pricing.

Additional Service Fees: Couriers often levy extra charges for specialised services like handling, sorting, and platform usage. These fees can vary based on the nature of the goods, the level of service required, and the technology employed.

Volume-Based Pricing: Courier pricing is frequently structured around defined minimum and maximum volume thresholds. Failing to meet contracted volume commitments can result in increased rates or penalties, while exceeding maximum volumes may also trigger price adjustments.

Dimensional Weight Considerations: Courier services typically consider both the actual weight and the dimensional weight (size) of a package when calculating shipping costs. Discrepancies between actual and dimensional weight can lead to unexpected surcharges. Every courier supplier will tend to price slightly differently in that their weight and dimension banding will be different to each other.





Compare pricing strategies for shipping cost clarity.

Surcharges and Hidden Fees: Courier contracts often contain fine print detailing various surcharges and hidden fees that can inflate shipping costs. These may include fuel surcharges, residential delivery fees, and additional charges for remote or hard-to-reach locations.

Service Level Variations: Courier services offer a range of delivery options, each with its own pricing structure. These may encompass same-day delivery, next-day delivery, and standard delivery, with prices varying accordingly.

Goods Type: Certain goods may attract additional charges or require a dedicated platform, such as flammables, aerosols, controlled substances i.e. pharmaceuticals, high value – especially cash, jewellery, living creatures i.e. pet fish, small pets, plants & flowers, lithium batteries, fresh/ frozen or perishable food.

To effectively address these challenges, businesses must conduct comprehensive analysis of their shipping needs in advance of any approach to the courier market, factoring in plans for growth and any new markets that will be developed over the lifetime of any contract.





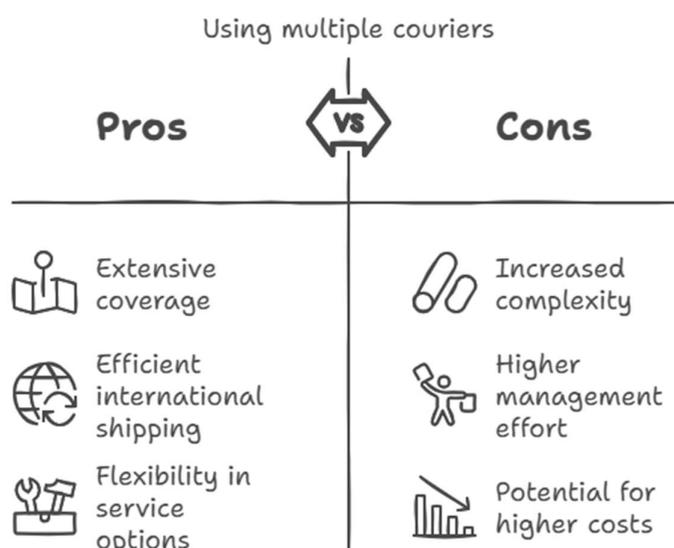
Service Performance and Reliability

To ensure smooth logistics and customer satisfaction, it is important to fully understand the challenges related to service performance and reliability when choosing a courier service. By not addressing these challenges properly, businesses risk higher expenses, less efficient operations, and harm to their reputation.

Some of the key service performance and reliability factors, along with their related challenges, include:

Delivery Speed: Meeting customer expectations for delivery speed, such as same-day or next-day delivery, can be difficult. Successfully offering various delivery speed options requires careful planning and resources.

Coverage Areas: Couriers need to cover a wide range of service areas, both nationally and internationally. It may be necessary to use multiple couriers to avoid having to switch couriers for overseas parcels.



Service Flexibility: Some couriers offer additional services like packaging and warehouse management. It can be a challenge to assess the flexibility of their offerings based on specific requirements.





Parcel Handling: It is critical to ensure that courier services handle items with care, especially fragile ones. Reading consumer reviews can help ensure parcels are treated with care during transit.

Experience: It's important to choose an established and reliable courier because your reputation, not just theirs, is at stake.

Appearance: The courier's appearance matters; impressions are formed based on how the courier presents themselves. The livery on any vehicles and uniforms worn will all make an impression of your business for your customers.

On-Time Delivery: Consistently meeting delivery schedules is essential. There are providers that have had historically poor performance with on-time delivery.

First-Time Delivery: Achieving successful first-time delivery is crucial. Failed deliveries can result in increased costs and customer dissatisfaction.

How to ensure successful first-time delivery?



Successful Delivery

Reduces costs and increases customer satisfaction



Failed Delivery

Increases costs and causes customer dissatisfaction

Proof of Delivery: Providing proof of delivery is a key component of reliable service. This confirmation ensures accountability and customer trust.

Selectable Collection Points: Offering options such as Amazon lockers gives customers more control over their deliveries. Providing flexible and convenient delivery and collection points helps build strong customer relationships and boost customer retention.

Support for Returns: A hassle-free return process is essential for customer satisfaction. Using returns portals makes the return process accessible for customers.

Service Performance & Carrier Reputation: This encompasses on-time delivery rates and public perception. Recent scandals have tarnished many service providers and public perception creates its own issues.





Technical Considerations

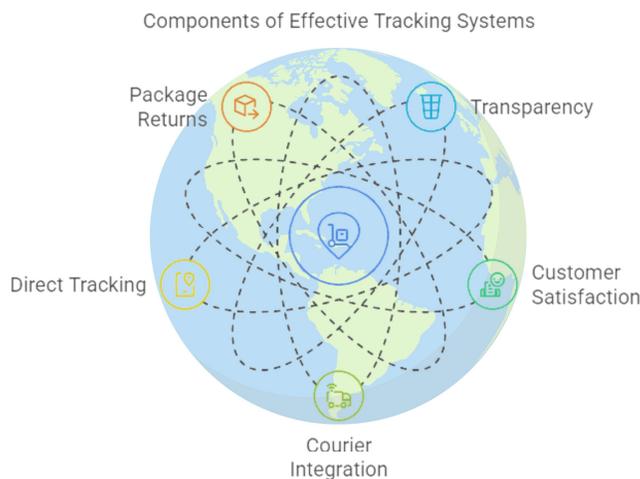
When evaluating a new courier service provider, several technical and practical considerations must be taken into account to ensure a seamless integration and efficient service. These considerations span from technical capabilities to logistical arrangements.

Here are the key technical and practical factors to consider:

Data Availability: A clear understanding of parcel volumes, weights, and dimensions is essential for accurate tendering and cost estimation. In order to tender accurately, you need to understand the volumes, weights and dimensions of the parcels.

Integration Capabilities: Seamless integration with existing e-commerce platforms and systems can streamline processes.

Tracking Systems: Robust tracking systems enhance transparency and customer satisfaction. Integration with the courier allows customers to find their delivery information directly on the site rather than being redirected to the courier's website. Customers can track, direct, and return their package.



Returns Process: Efficient returns management is crucial for customer retention. The returns process should be accessible for customers.





Volume Requirements: Understand the profile of the client and both optimistic and pessimistic forecasting. Check that these meet the business requirements, and do not include punitive charge.

Product Presentation: Consider whether vehicles will be loose loaded or palletised, and how these units of delivery (UODs) will be handled and charged for.

Labelling: Determine if labels are bespoke, generic, or managed through another platform, and how they are maintained and supplied.

Dedicated or Shared Networks: Evaluate whether volumes can be consolidated and the contractual impact of changes by other parties.

Appearance: The courier's appearance matters. Customers form impressions based on how the courier presents themselves, including the effort they put into maintaining their vehicles and personnel appearance.

Technical Factors: When selecting a courier service, several technical factors play a crucial role in ensuring efficient and reliable deliveries.

Flexibility: Assess if the courier provides extra services such as packaging, warehouse management, and multi-drop deliveries.





Market Landscape – Global & UK

Global Market Select Vendors

United Parcel Service (UPS): A global logistics leader, UPS offers a comprehensive range of services, including package delivery, supply chain management, and freight transportation, serving over 220 countries and territories.

FedEx: Renowned for its express shipping services, FedEx provides international shipping, freight, and logistics solutions, ensuring efficient delivery across various locations worldwide.

DHL Group (Deutsche Post): Operating in over 220 countries and territories, DHL offers a wide range of logistics services, including international express deliveries, freight forwarding, and supply chain management.

DPD Group: Part of France's La Poste, DPD operates extensively in the UK through DPD (UK) and its subsidiary DPD Local, providing services like same-day, Saturday, and next-day deliveries.

Parcelforce Worldwide: A trading name of Royal Mail, Parcelforce offers express parcel delivery services across the UK and internationally, covering 99.6% of the world's population.

DB Schenker: A division of the German rail operator Deutsche Bahn, DB Schenker provides global logistics services, including land transport, air and ocean freight, and contract logistics, with a significant presence in the UK.

CitySprint: A UK-based courier and logistics company, CitySprint offers same-day delivery services and operates a network of service centers across the country.

GXO Logistics: Spun off from XPO Logistics, GXO specializes in contract logistics and has expanded its presence in the UK through acquisitions and partnerships, offering warehousing and distribution services.

Japan Post Holdings: While primarily focused on postal services in Japan, Japan Post has expanded its logistics operations internationally, including services in the UK.

S.F. Express: A major player in China's logistics industry, S.F. Express has extended its international reach, offering courier services in the UK market.





UK Market Leaders

CitySprint: A highly reputable delivery company in the UK with a versatile fleet. This courier typically specializes in retail and online deliveries, medical & pharma and document dispatch.

DPD: An award-winning company with national and international recognition.

UPS: One of the world's largest delivery companies and one of the most trusted and reputable companies in the UK.

Hermes: An international courier service company owned by the Otto Group.

Royal Mail: One of the UK's oldest parcel delivery services companies. FedEx: A well-known international courier company.

DHL: A global market leader in the logistics industry.

Yodel: A UK-based independent parcel carrier.

DTDC: A global express courier and cargo company.

UK Mail: A postal service company in the United Kingdom.

Amazon Logistics: A courier network built off of Amazon platform and expanded into courier market.

Fast Dispatch Logistics: A courier provider that supports numerous other businesses (ie Amazon Logistics) and is proud to call itself 'the largest courier company you have never heard of'.

Postnord: A courier company originally based on Norway and expanded into multiple countries.

ArrowXL: A 'two-man' delivery option, now under the same ownership as Yodel.

Non-traditional couriers have also emerged for food delivery, such as Deliveroo, Just Eat etc





Conclusion

In conclusion, selecting an appropriate courier service is a critical decision for businesses, impacting professionalism and reliability. Here's a summary of key considerations:

Carefully assess specific business needs to align with the right courier service

Pay close attention to contractual terms, including volume commitments, break clauses, and potential surcharges

Conduct due diligence on potential couriers

A well-chosen courier service contributes to a business's professionalism and reliability

Courier services are essential for modern commerce, bridging distances and supporting industries like e-retail

Careful evaluation of **cost, turnaround time, quality, and service performance** is crucial

Technical factors, such as delivery speed and coverage areas, are also important

Pricing complexities, influenced by fuel, labour, vehicle costs, and government charges, need consideration

A thorough **tender process** helps secure favourable terms regarding volume forecasts, dimensions, product presentation and the right to audit

Businesses should be aware of potential pitfalls like volume requirements, capped peak volume deliveries and hidden surcharges

Third-party logistics providers (3PLs) can negotiate better rates but typically apply fees

The **courier's image** impacts your business's brand





About Ebit

Ebit was founded in 2012 and has quickly grown to become a leading indirect procurement consultancy. We now work with many well-known brands across multiple geographies, industries, and disciplines. We have the people, systems, experience and insight to deliver tangible results across the full range of indirect procurement.

Ebit's founding Directors set out to create a different procurement experience for its clients on the back of 30 years of blue-chip procurement and consultancy experience. We continue to grow on the back of client referrals and sales outreach, and our key points of difference are:

- Delivery focused with an emphasis on keeping things simple and providing solutions. We are practitioners, not just advisors – we will deliver results, with you, every step of the way
- A team of highly capable, experienced and senior consultants, with relevant industry and commercial experience.
- Gravitas with stakeholders, building relationships and working as part of the team
- Extensive, ever-growing, industry-relevant benchmarks, insight and best practice
- Deep level of expertise with rich supply base and category knowledge across multiple industries
- Delivery of added value, particularly by going the extra mile with focus on all elements of cost, efficiency, ways of working, process, people, systems, service and governance
- Depth in technology and analytics to drive faster and better decisions – Our technology supports and accelerates our delivery, giving you results faster, including spend analysis, category management and contract management
- Depth and credibility across all our areas of expertise – indirects and directs category knowledge, process, procurement transformation and best practice

partner with businesses across the UK to manage their local, national and international courier requirements, to ensure that they contract with the supplier that will deliver the best value.

We understand that your requirements are different to our other clients, that's why we don't have any preferred suppliers. Instead we bring our benchmark data, supplier knowledge and market understanding to help businesses gain the best value in their procurement.

If you are interested in learning more [reach out](#) or take a look at our [case studies](#) to understand the value we deliver for our clients.





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