

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

volume and attempt to compete with the likes of Amazon – particularly around the holidays.

May. 29, 2016

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us



# FREE Shipping

---

The pressure to offer free shipping is all too real. If for no other reason than to drive volume and attempt to compete with the likes of Amazon – particularly around the holidays.

But what's the real cost of offering free shipping? Basic economics tells us there's no such thing as a free meal. While some retailers feel it's necessary to eat into profit margins, I fear other retailers are ignoring the problem all together. They stop asking, "How much is it going to cost to offer free shipping?" Instead they ask, "How much is it going to cost not to offer free shipping?"

[This article first appeared [on the Avalara Blog.](#)]

Figuring out the answer to the first question is more important. Examining

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

[RJMetrics article](#) for more info.

The goal is to get your free shipping offer to meet this value as close as possible. If you set the threshold too low, there's the potential you're not maximizing order value. Set it too high and you'll likely see more exits and more abandoned carts. But if you can get more customers to purchase just above that median order value, you may be able to sustain your free shipping offer, indefinitely. For many retailers this is a least worth testing.

### **Other Tactics to Consider**

Buy online, pickup in store or BOPIS. According to a consumer study by [Parago](#), 64 percent of the respondents said they already buy online and pickup in store. If you're already paying to ship product to retail locations consider offering customers the option to pick up their items at a store for free. Advertising this form of free shipping correctly on the website is important. Consumers are more inclined to use BOPIS for particulars like clothing, electronics and appliances.

### **Think Inside the Box**

Returned products are part of the business. To lower shipping costs and therefore afford free shipping, consider reusing returned shipping boxes. Consumers will forgive you for sending them an ugly box, as long as the item(s) inside is not damaged of course. Think of it as part of the corporate responsibility initiative to protect the environment. Hand this initiative over to the marketing team to create a story on the website. I don't really recommend this if you're selling expensive or luxury items because there's a certain perception to uphold.

### **Think Outside the Box**

Working with your marketing team to determine campaigns to offer free shipping is

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

and an even better way to create loyal customers.

### **Make Some Items Non-returnable**

Consider the route of Jet.com and offer some items as non-returnable. Consumer packaged goods, and certain apparel items may qualify for this. This tactic can often help you offer a lower-than-Amazon price as well.

### **Continue to Optimize Distribution Methods**

I began the article with this. There's always something to optimize with distribution channels and there are always ways to negotiate costs. Analyze your data to better understand average cost by carrier. Evaluate how different carriers impact your customers' experience and order margins. Consider modern technology to help you automate your distribution options at the most affordable rates. [ShipHawk](#) for example offers end-to-end shipping automation from rating through delivery. It can connect to modern ecommerce platforms like [Oracle Commerce Cloud](#) through an API call.

For more information and ideas on running a lean ecommerce operation consider this article, [22 Tips for Ecommerce Shipping and Fulfillment](#).

Accounting • Small Business • Technology

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us