

BENEFITS OF FREE SHIPPING: HOW IT CAN SCALE YOUR E-COMMERCE

Is free shipping really FREE? And is it worth it for sellers to offer free shipping? Learn more about the benefits of free shipping to your e-commerce business (and how it can actually grow your business).

Regardless of business, budgeting has always been a top priority. This is especially so for Small and Medium Businesses (AKA SMEs). Hence, it's not uncommon for owners to view services like free shipping as a luxury they can't provide. Additionally, some sellers believe that good products will naturally attract without 'gimmicks' like free shipping.

However, there are a few challenges to that claim—mainly the fact that many shops can and will sell the same product. With so many choices, buyers will then compare other factors like customer experience and, of course, free shipping.

What is free shipping? All you need to know!

The phrase “free shipping” is pretty self-explanatory: it means that the delivery fee of the product is absorbed by the seller.

This makes the product significantly more attractive to customers as they are able to view the “final price” upfront. In fact, in a survey by Shopify, it was revealed that **75% of online shoppers are motivated by free shipping to make a purchase.**

What used to be an effective pricing strategy to attract and convert customers has now become, not just a recommended strategy, but an absolute **must-have**.

3 Core benefits of free shipping for e-commerce business

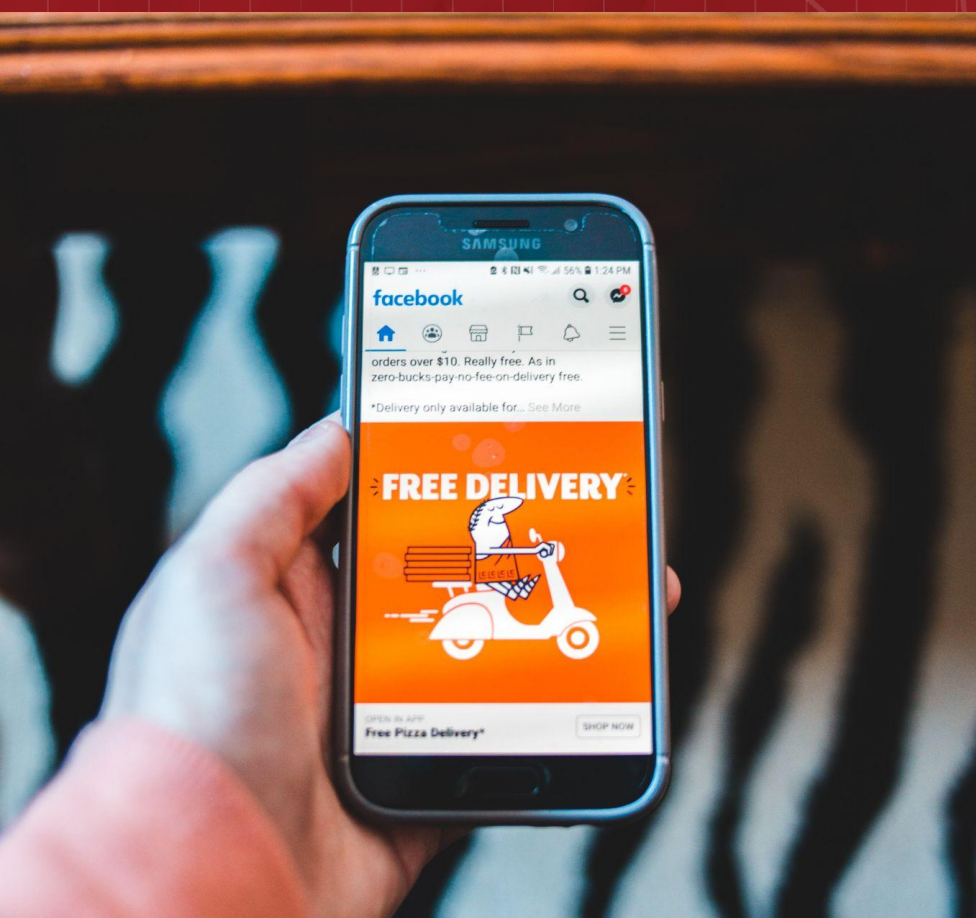
If the previous stats haven't convinced you, here are some more benefits to show why free shipping is crucial to scaling your e-commerce business!

1. Increased sales by lowering cart abandonment:

According to a list of statistics compiled by Baymard, 48% of cart abandonment is due to additional costs like shipping, tax and other fees. When viewed with an average cart abandonment rate of 69.99%, that's almost **35% of your total potential sales!**

2. Improved customer satisfaction:

Most customers appreciate free shipping because... well, it's **FREE!** You'd be surprised at how much goodwill and leeway free shipping can buy you. According to a survey by Dotcom Distribution, 55% of customers are willing to wait longer for free shipping. That extra patience will ultimately lead to higher customer satisfaction and positive reviews, boosting your brand's reputation and reach.





3. **Enhanced loyalty:**

The building blocks of customer loyalty have never changed, regardless of whether your business is online or offline. These two factors will always be timeless:

- **Affordable pricing**
- **Great customer service**

And guess what strategy targets both? That's right: **Free shipping**. Almost every customer appreciates free shipping because of the price transparency (it doesn't change at check-out) and reduced cost.

This leads to a good impression of your brand and encourages them to become returning customers and eventually, loyal brand ambassadors.

How to minimise free shipping costs while maximising effectiveness

Although free shipping is certainly free to **customers**, someone has to pay for it.

And that someone is **you!** While free shipping might be effective, it still means increased costs and reduced profits.

So how can you ensure that the benefits outweigh the costs?

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- **Adjust your prices:** It's actually expected that sellers will bake-in some of the shipping costs into the product prices. However, do conduct market research to ensure that your pricing remains competitive.
- **Minimum order threshold:** It might not make sense to offer free delivery for just any purchase. That's why many shops set a minimum order value, requiring customers to spend a certain amount before free shipping is offered. This ensures that every delivery basket brings in a minimum profit, allowing the shop to protect their margin.



- **Free shipping on high-profit items:** Similar to the minimum order threshold strategy, offering free shipping only for certain products allows sellers to protect their baseline margins.

Limited-time promotions. Although we do recommend offering free shipping regularly, it might not be cost-effective for your current business. If so, you might want to consider offering it for a limited time during popular sale events like the 11/11 sale or National Day Sale.

Do's and Don'ts of offering free shipping

Before you get too excited about implementing free shipping for your e-commerce business, there are a few things that you need to remind yourself about how you can strike a perfect balance between creating a positive customer experience and maintaining profitability.

Do's:

1. **Set clear terms and conditions:** Manage your customers' expectations and prevent confusion or dissatisfaction by clearly communicating the terms and conditions of your free shipping offer, such as minimum order value, eligible items, or geographical restrictions.

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2. **Monitor your profit margins:** Assess the impact of your free shipping offer on your profit margins and overall sales performance regularly to ensure that the promotion is sustainable and contributes to your business growth.
3. **Test and retest your free shipping strategy:** Test different variations of your free shipping offer strategies and analyse the results of each strategy based on customer behaviours,



preferences, and their overall impact on your business performance to improve and refine your approach in order to find the most suitable strategy for your business.

Don'ts:

1. **Ignore your shipping partners:** Choosing the best shipping partners and negotiating better shipping rates, delivery times, and better packaging can highly improve your customers' satisfaction.
2. **Compromise on customer service:** Offering free shipping doesn't mean you should neglect other aspects of your customer service, such as providing clear delivery timelines without delay or other shipping-related issues that your customers may have.

Forget to evaluate the return policy. Free shipping does not always include free returns,

however customers will often assume that returns are included in the policy when free shipping is offered. Review and adjust your return policies (if necessary) to strike a balance between customer satisfaction and your finances.

Ninja Van: Malaysia's premier delivery provider

If you've been thinking or looking around on who you should partner with for your e-commerce's free shipping offer then...

Ahem!! We're here for you!

From providing fast, punctual, and hassle-free delivery to enjoying impeccable customer service, we put ourselves on the line to ensure you have a dependable shipping partner that can boost your overall business performance.

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