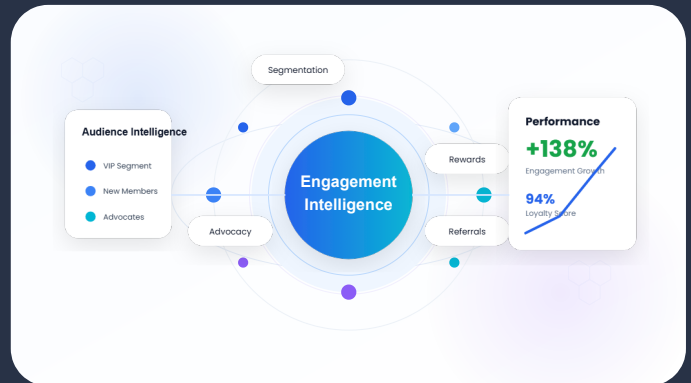


Customer and Partner Engagement

Practical insights on loyalty, incentive, referral, rewards, and engagement programs that help organizations create stronger customer and partner relationships.



4 Positive Impacts of Offering Free Shipping to Your Online Buyers



Rohit Singh • VP of Customer Engagement • [Schedule Free Consultation](#)





Free shipping has become a competitive necessity with the cutthroat competition in the online retail market.

Apart from giving you a vying advantage, free shipping has also become a part of the growing customer expectations.

With customers becoming increasingly habituated to get free shipping and returns, retail business owners have to go beyond using it just as a customer appreciation tool.

[For e-commerce companies, free shipping provides a significant opportunity](#) to minimize cart abandonment and enhance conversion rates.

Understanding the impact of free shipping with short and long-term benefits

Free shipping can be an obvious choice for a customer who wants to save money on their order. For business owners, the upfront benefits can be tricky.

For the short-term, free shipping is a quick way to increase the volume of orders and the average order value (AOV) – when you set a threshold limit for this benefit.

60% of e-commerce companies admit that free shipping is one of the most successful marketing tools. Your customer won't mind adding an extra item to get the free shipping benefit.

For the long-term, free shipping [increases your customer lifetime value and helps you build strong connections](#) with loyal repeat purchasers.

It is also a great approach to gain a competitive advantage over your rivals if you deal in a market involving commonly available products.

Offering free shipping – the right way

You can incorporate marketing psychology within your shipping offer. These five behavioral principles will help you influence the purchasing decision of your customers effectively.

Reciprocity

Reciprocity is the phenomenon of responding to a positive action with another positive. You prompt your customers to make an extra purchase in return for your favor of offering free shipping.

It can be an effective method of enhancing your sales and building strong relationships with your customers.

Ingroup Bias

It is the tendency to favor a particular group over others. Companies use ingroup bias to connect with their specific target audience by offering solutions to their individual needs.

Ingroup bias gives a sense of fulfillment and exclusiveness to the customers, which builds your brand reputation and value.

Framing Effect

It is a form of cognitive bias where individuals make purchase decisions based on whether the options are presented with positive or negative outcomes.

The framing effect serves as an effective way to prompt your customers to take favorable actions on your e-commerce portal.

Exclusivity

Exclusivity represents the idea that a specific product or service is only available to a limited set of individuals.

It imparts a special feeling in your customer's mind and drives them to purchase more from your brand to feel more satisfied.

Noble Edge Effect

It is a notion when a business organization demonstrates a social responsibility to incentivize purchases.

Your customers will put a higher value on your products if you show your ethical business practices or environment-friendly policies.

Four Benefits of Offering Free Shipping to Your Customers

Free shipping, like all strategic decisions, has its share of positives and negatives. Here are the top 4 benefits that make it an essential part of your market strategy.

A great way of delighting your customers

Free shipping has a positive impact on your audience's subconscious, as 93% of customers prefer free shipping over other types of discounts.

Although offering free shipping is still a new phenomenon – its impact on [creating good traction](#) is evident from the fact that your customers innately expect it when purchasing a new product.

As a result of this expectation, the customers are more likely to purchase from the retail store that offers free product delivery.

E-commerce companies that don't charge for delivery show an understanding of their customers' pain points, enabling them to streamline the buying process and build strong connections.

Gaining a competitive advantage

The market you operate in is highly competitive, and sometimes factors like free shipping and easy returns can do big favors to push your business.

For instance, when ASOS, a British online retail store – started offering free delivery, it was considered an unprecedented move that could have led to their demise.

However, such was the effect of this move that other online retailers had to follow suit to survive.

In the online retail store market, if your competitors provide free shipping and you aren't, then chances are that you will start to lose customers.

On the other hand, if your competitors aren't offering free delivery, then you could do it to shake up the marketplace and get a strong competitive advantage.

Free shipping reduces cart abandonment

One of the most prominent causes of cart abandonment is extra charges incurred at checkout, out of which shipping costs have the largest share.

For an average buyer:

Shopping = Spending Money = Guilt

Any extra cost that increases the magnitude of this guilt will push your customers to reconsider their purchase, which may result in cart abandonment.

Free shipping will reduce friction and give your customers no real excuse to abandon their purchase decision, allowing you to make a higher number of sales.

Free delivery can increase the cart size

By offering free shipping at a particular purchase value threshold, you will prompt your customers to add more items to their cart to reach the threshold limit.

It will not only help you sell more products but also generate more revenue.

And it's no assumption, a survey by UPS proved that 58% of customers added more items to their carts to qualify for free shipping.

Why?

Because human psychology works like that – we refrain from paying \$5 for shipping when we can get a small add-on product for the same money instead.

How can NextBee help you?

If you are an online retail business owner looking to create a successful marketing strategy, you will need more than free shipping to engage your customers and earn high profits.

[NextBee](#) helps you grow your business with state-of-the-art marketing solutions that includes AI-driven market analysis, real-time loyalty program control, systematic planning, and more.

By incorporating free shipping and returns policy within your loyalty program, NextBee will help you get a strong competitive advantage.

Takeaway

Using the principles discussed in this article, you can create a free shipping message that [connects with your target audience and drives them to make a quick purchasing decision](#).

If you want to invest your resources into a free shipping promotion program, make sure it benefits your customers as well as your business.

Try out different free shipping incentives to determine which approach works best for you. In the e-commerce market, where your customers have abundant options, a well-planned offer will set you apart from your competition.

Our Pledge to You



“Our relationship with you, our client is a strong partnership between our two companies. We bring to you years of best practices, a complete solution, our commitment, and unwavering dedication to your business’ success.”

Rohit Singh

VP of Customer Engagement

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Learn More About Our Proven Approach

We have worked with 300+ brands and helped them succeed. To learn more case studies

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Align Your Company, Your Teams, And Your Individual Employees To Foster A Company Culture Rooted In Success.



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