# SOLVING THE Shipping Quandary ?

# **Nitty Gritty of Retail Shipping:**

America's Top 1000 Retailers

offer free shipping on all orders

offer conditional free shipping

don't offer free shipping

15%

55%

30%

\*Internet Retailer's 2019 Report

### **Where It All Began**

In 2005 Amazon offered Amazon Prime, 2005 with Free 2 day shipping for \$79.

2014

In 2014, Amazon raised the price to \$99.

2018

In 2018, the price went to \$119.

# **Behind the Scenes**

of deliveries by Amazon-branded vans driven by third party contractors

50%

of UPS & USPS handle a large part of remaining deliveries



#### **Motive**



Free shipping should be part of an overall strategy for acquiring customers and retaining those who are most valuable.

Amazon delivery vans

are lighter-duty class:

Lower-standard

inspection than UPS

style delivery trucks.

# tions to Investigate

Free shipping 🗕 Buy more, get free shipping

Buyers club member perks, including free shipping

Free shipping as a loyalty perk 🗕 Free shipping as a sales promotion

## What These Global 100 Top 15 **Companies Are Doing**

Amway	Buy more, get free shipping	Shipping charges for orders less than \$750 range incrementally from \$6.75 to \$21.75
Avon	Buy more, get free shipping	Online orders of \$40+ shipping is free
Herbalife	No free shipping	No free shipping
Nu Skin	Buy more, get free shipping	Free shipping for online orders of \$99+
Young Living	Loyalty club gets discount	\$1-2 discount for Rewards Members
Rodan + Fields	Free shipping as loyalty perk + minimum order	For loyalty program orders over \$80 shipping is free
Jeunesse	No free shipping	No free shipping

#### **Consumers Say**

When would you pay for shipping? (Multiple responses allowed)



Free shipping not offered & I wanted product



Total cost of order still a bargain, even with shipping costs



Product I found only available on one particular site



I needed it faster than free-shipping service



The product discount exceeded cost of shipping

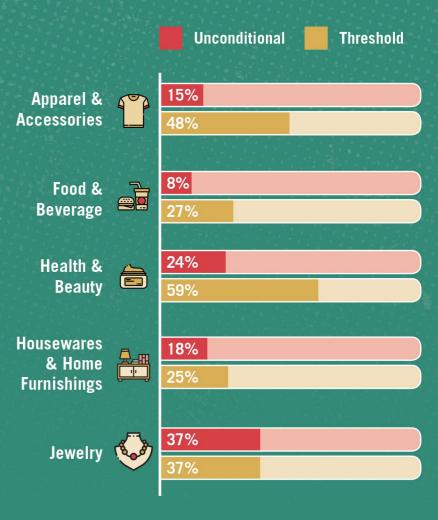


Didn't have enough items in cart to meet threshold

Source: Internet Retailer/Toluna survey of 969 online shoppers

# Unconditional Free Shipping vs. **Threshold Free Shipping**

Percentage of Top 1000 Retailers in each category



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