Should your online business offer free shipping and returns?
What to consider.

More and more companies are meeting the consumer demand of offering free shipping and returns.
According to [this 2016 retail survey](https://marketingland.com/e-commerce-report-9-10-consumers-say-free-shipping-no-1-incentive-shop-online-180280) , 9/10 consumers say free shipping is their primary incentive to shop online more, while CNBC reports that offering free returns can [boost online purchases by up to 357%.](https://www.cnbc.com/id/49379910) OK, so it seems like a no-brainer, right? Not exactly.

Free shipping is an expense that needs to be carefully integrated into your budget. Free returns can seem counterintuitive, but can really benefit companies selling products like clothing and footwear. You’ll find free shipping isn’t always an option, and free returns don’t work for every business, or even every product. Here are a few things to consider when putting together the all-important shipping strategy for your business.

1: Free shipping isn’t a feature, it’s an investment.

When considering free shipping, treating it like an investment is the best approach. Like with any investment, you need to ask yourself:

“Can I afford it?”

and

“Is it worth it?”

 Every business is different, so to consider free shipping you’ll need to go over the accounts and see how you can accommodate for this new expense, whether it’s raising the prices ever so slightly or biting the bullet and waiting for sales to increase. Now, is it worth it if you *can* afford it? Absolutely.

Put yourself in the shoes of a customer for a moment. You’ve been browsing online, you’ve just seen a product you like. Yes, you have the money, but you’re on the fence about whether to splurge on something nice or not. Then you see those magic words that tilt the balance ever so slightly: “Free Shipping”. You don’t need to take extra costs into account, and you feel like you’re getting a *bargain*, because hey, it’s free!

[Psychologically, we overvalue free goods and services](https://psmag.com/economics/free-love-man), and here the “free” option makes customers feel like they’re getting a discount. Obviously, there’s no such thing as “free” shipping – if you buy a book in a book store, the price of the product has been marked up to account for transport costs.

But we don’t view things so rationally as consumers, and the incentive of free shipping has been proven time and again to convince consumers to take the plunge and splash out when shopping around online. Meanwhile, lack of free shipping is one of the main causes of shopping cart abandonment, with [44% of online shoppers](https://www.statista.com/statistics/379508/primary-reason-for-digital-shoppers-to-abandon-carts/) abandoning ship when they realise they have to pay “extra”.

2: Not all items are suitable for free shipping.

We’ve already established that free shipping is a sure-fire way to increase sales. The human brain is programmed to take action when that’s on the table. But do you sell the kind of products that can handle free shipping? In other words, “Can I afford it?”

Consider this: If your products are very low-priced (like plastic jewellery, etc.), it may be difficult to account for the expense of free shipping. If the cost of shipping something is a big chunk of the actual price, it may be that free shipping isn’t a good option for that particular product.

Similarly, if you deal in very heavy, bulky products, the shipping costs are going to be quite high. Again, free shipping may not be strategically viable here as it will be difficult to incorporate this into your business plan. Free shipping works best for products that lie somewhere in the middle, so take the time to evaluate your stock and consider which products, if any, can generate more profit if shipped for free.

3: “Why should I offer free returns?”

I get it. Someone buys a product from your online store, you send them the product and count it as a sale. It’s done, and your profit margin just increased a little higher. All of a sudden, you hear from the customer who has already *used* your product, decided they don’t want it, and now they want a refund. Let’s say you’ve offered free shipping – are you really going to pay for the item to be returned as well? It just doesn’t seem… *fair*, does it?

Well, no, it doesn’t – and that’s exactly how your customer feels as well. In their mind, if they buy something online and decide they don’t want it, or it doesn’t fit, or, let’s face it, they’ve made a mistake and bought the wrong product, now they feel like *they’re* paying *you* to learn that they don’t want your product. Rational? No. Human nature? Yes.

 By offering free returns, you’re developing trust with your customer. You’re combatting the notorious [Buyer’s Remorse](https://www.crazyegg.com/blog/free-shipping/). The fear of buying something online that they won’t like is eliminated, because they know they can return it without any risk to themselves. Again, this can drastically increase sales and boost customer loyalty, and for every customer that plays it fast and loose with the returns policy you’ll get countless more who’ll keep the product and come back for more.

There are any number of reasons why someone might return a product, but if you’re a clothing retailer for example, you probably know that online shoppers have a difficult time knowing if clothes will fit by viewing them online. Offer free returns and they’ll thank you for it, and remember that you’re the online retailer they can shop with without feeling like buying a pair of shoes is a risky gamble.

Say hello to your new business plan!

Offering free shipping and returns is one of the best ways to increase conversion rates and boost sales as an online retailer. Yes, it’s scary. Yes, there’s some work to be done when evaluating your business and creating your new strategy – but if you think your products are a good fit, it’s one of the best moves you can make in developing a successful online business.