

COMMERCE

## Omnichannel services attract holiday shoppers but free shipping reigns supreme

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*Couple Carrying Shopping Bags in Mall*

By CHANTAL TODE

Bricks-and-mortar retailers are heeding the demands of shoppers and doubling down on omnichannel services such as order online, pickup in-store and same-delivery this holiday season, but free shipping still remains the best way to encourage online gift purchases.

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Free shipping has long been a favorite holiday promotion for shoppers. As mobile shopping grows, and with it the demand for instant gratification, services such as order online, pickup in-store are getting a lot of attention, but in terms of volume, free shipping still has the bigger influence.

"Fast shipping is very important to some consumers, but to a much smaller niche than free shipping," said Jason Goldberg, senior vice president of commerce and content at [Razorfish](#).

"There will always be a role for very fast shipping, but for most product categories very fast shipping is not where we see the order volume," he said.

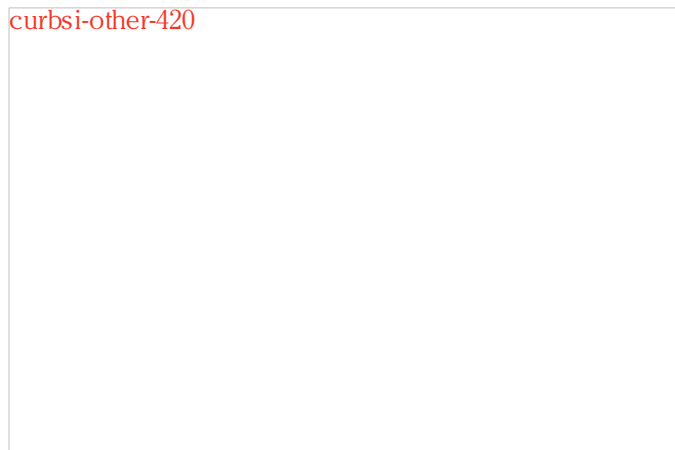
A must-have

With mobile traffic continuing to grow for many retailers and likely to be the dominate screen this holiday season, retailers would be wise to consider the context of shoppers.

If consumers are on the go and fitting in some shopping during their day, then they may be looking to pick up a purchase at the store on their way home or have it delivered directly to them the same day. For retailers that do not offer these services, this could mean a lost sale.

These types of mobile services increasingly are the entry cost for having a successful online business.

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*Retailers are embracing same-day shopping apps such as*

*Curbside*

"Mobile utility is not a promotion, it's not a value add' as part of the experience, and retailers who think of it that way

are going to lose in the market," said Nikki Baird, managing partner at [RSR Research](#). "Mobile utility is the smartphone equivalent of making sure that your physical store is clean and with aisles that are easy to navigate, and with products stocked and displayed in an organized and aesthetic manner.

"So a retailer who has to say to the market hey look how much easier my mobile site is to shop' is already starting from a bad place," she said.

"Mobile is a strategy. Free shipping is a tactic."

A number of retailers are ramping up with mobile-driven omnichannel services.

Kohl's recently teamed up with crowdsourced logistics company Deliv to offer shoppers in nine major markets same-day delivery options for purchases made via smartphones, tablets and desktop ([see story](#)).

Target saw its partnership with Curbside enabling customers to purchase from a smartphone or other device and have their order waiting for them at a nearby store result in 60 percent repeat purchase rate. As a result, the retailer has been expanding into new markets ([see story](#)).

#### Cost-effective shipping

Free shipping clearly appeals to holiday shoppers. Razorfish estimates that approximately 60 percent of all business-to-consumer ecommerce orders include some form of free shipping and it expects that percentage to rise.

Free shipping is also an imperative for competing with Amazon as more consumers sign up for the ecommerce giant's Prime service.

Earlier this year, Target dropped its free-shipping minimum to \$25 from \$50 following a positive response to the retailer's free-shipping options during the holiday season.

However, retailers have mixed emotions about free shipping since it entails significant costs. As those costs continue to climb, mobile-driven solutions such as order online, pickup in-store and same-day delivery can help alleviate some of these costs.

"Free Shipping has an incredibly powerful hold on the shopper psychology," Razorfish's Mr. Goldberg said. "In experiment after experiment, shoppers will select free shipping over other offers that have a higher cash value.

"However, there are many ways to provide free shipping to a consumer, and in-store pickup is a particularly cost effective version of free shipping," he said. "Especially with the cost of shipping rising, it's imperative for retailers to market more cost effective versions of free shipping like buy online, pickup in store."

#### Covering all bases

As omnichannel services continue to grow, they are likely to impact the holiday shopping in other ways, as well.

The past two years has seen the importance of Black Friday erode as shopping increasingly conducted online, check inventory at local stores and reserve items for pickup.

While not all retailers can reliably provide the real-time store inventory information needed for this, this could be a competitive advantage for those that can this holiday season.

"Not everyone lives in close proximity to a store, click and collect is not a universal option," said Lauren Freedman, president of [The Etailing Group](#). "Also, most retailers will not have the resources to profitably offer all of these services, so that is a factor as well."

The demand for free-shipping offers is not going anywhere even as interest in other mobile-driven services grows. This means that the winning retailers this holiday season will be offering both.

"Having some form of a free shipping offer is practically a holiday necessity," Mr. Goldberg said. "At the same time, mobile is going to be the dominant browser for holiday shoppers.

"We need to offer users experiences that respect the unique contexts and use-cases that mobile shoppers have, and not simply give them a re-sized desktop experience," he said. "Successful retailers this holiday season are going to need a free shipping offer and great mobile utility."

#### Final Take

*Chantal Tode is senior editor on Mobile Commerce Daily, New York*

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