

INTERNET

## Saks embraces US retail trend of permanent free shipping

March 19, 2014



By SARAH JONES

Department store chain Saks Fifth Avenue has announced that all orders placed online will now be eligible for free shipping, regardless of the purchase total.

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**Luxury Daily**

Saks had previously offered free standard shipping to its store credit cardholders when they made a purchase using the card. This extension of the offer to all consumers makes Saks more competitive among luxury retailers based in the United States, since most already offer a similar shipping option.

"Saks was lagging and its new owners have recognized it is a poor strategy for a luxury retailer to be pennywise and pound foolish," said Paula Rosenblum, managing partner at [RSR Research](#), Miami. "When you're in the business of selling brands, and those brands are available from your competitors with free shipping, why would you even contemplate charging for shipping?"

"So what Saks has done is simply put itself back onto a level-playing field, removing a competitive disadvantage," she said. "The company obviously still has more work to do to not just stay even, but start pulling ahead by attracting new customers, but this is a reasonable start."

Ms. Rosenblum is not affiliated with Saks but agreed to comment as an industry expert.

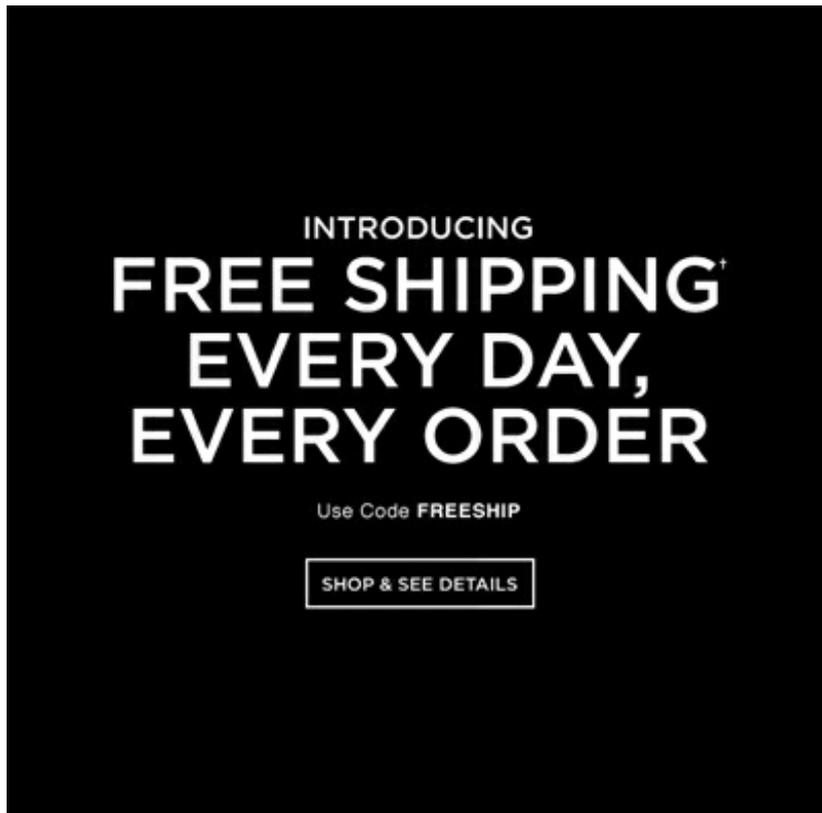
Saks Fifth Avenue did not respond by press deadline.

Free for all

Saks rolled out its new free shipping offer by reaching its loyal consumers online.

The retailer sent out an email to subscribers introducing the new promotion. The subject line read “Free shipping, every day, every order.”

In the body of the email was a large black box with white text reiterating the offer, along with a call to action telling consumers to “shop and see details.”



*Email from Saks*

The free shipping is listed as an offer on Saks' shopping app, telling consumers that they can enter the promotional code "FreeShip" at checkout to get their order shipped for free.

Saks also introduced its free shipping to its social media followers, posting to Twitter and Facebook, announcing its “newest arrival.”



Saks Fifth Avenue @saks · Mar 17

Introducing our newest arrival, Free Shipping! Every day, every order on saks.com with code FREESHIP. pic.twitter.com/l5tcume7QH



### *Tweet from Saks*

Before this, Saks' shipping costs started at \$5 and were determined by order amount, with no free shipping option available for reaching a minimum.

Nordstrom offers free shipping for standard delivery within the U.S. on all orders without a minimum purchase requirement.

Neiman Marcus and Bergdorf Goodman offer free shipping and returns online and in-store, with the exception of some oversize items, items shipped from a vendor and international orders.

Barneys New York also offers free ground shipping within the continental U.S.

Bloomingdale's is the exception, since it still requires a minimum purchase for the consumer to receive their order without a shipping fee. For most orders the threshold is \$150, with beauty orders more than \$50 eligible for free ground shipping.

In Britain, free shipping is not as common among luxury department stores, with Harrods charging an approximate \$10 fee for ground shipping, regardless of order amount. Fortnum & Mason charges a similar fee of \$8 for standard domestic shipping.

### Competing online

Many of the free shipping offers surfaced during the holiday shopping season, when shoppers were spending most.

Neiman Marcus Group looked to revitalize its ecommerce before the holiday season's fervor began by offering permanent free shipping and returns year-round for all domestic purchases made through neimanmarcus.com and bergdorfgoodman.com as well as at retail locations.

By removing some of the burdens that deter consumers from shopping online, Neiman Marcus may have seen a surge in ecommerce.

Additionally, Neiman Marcus Group's move demonstrated that retailers are still adjusting to the digital sphere and determining the right balance between in-store and online ([see story](#)).

This free shipping trend is just one customer service tactic for department stores to employ to compete with ecommerce juggernauts such as Amazon.

Bricks-and-mortar retailers are having to compete with online retailers such as Amazon for the holiday shopping season, and they are finding new ways to get consumers to shop with them.

A number of department stores offer click-and-collect services where consumers can order items online and pick them up in-person in-store and, in most cases, with no delivery fee. By doing this, stores are able to merge the ease of online shopping with speedier return, getting consumers to visit their stores in-person for convenience ([see story](#)).

Free shipping has become a popular way for luxury retailers to attract consumers since they cannot use a lot of the tactics of mass retailers.

"Particularly with branded goods, the retailers are somewhat constrained on the promotions they can run, since generally there are rules around pricing and markdown cadence," Ms. Rosenblum said.

"In many ways, shipping is one of the few levers the retailers can pull to goose demand," she said. "The other lever they can pull is their loyalty program, and I think Saks relied on that for years.

"Extending this benefit only to loyal customers made sense at some point. Not anymore. Their goal now has to be customer acquisition along with retention."

Final Take

*Sarah Jones, editorial assistant on Luxury Daily, New York*

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