



SHEPLERS

case study:

**DOES FREE SHIPPING
MAKE MONEY?**

Geotargeting and “Intelligent” Free Shipping can Boost the Bottom Line

Sheplers has been in retailing for over 100 years and is synonymous with western wear and cowboy boots. The company is now using its rich heritage of marketing and merchandising experience to craft cutting-edge online retailing practices built around testing, targeting, and personalization of website content and features. Recently the company has been experimenting with free shipping.

The screenshot shows the Sheplers website homepage. At the top, there is a navigation bar with links for Sign In, My Account, Order Status, Wish List, Store Locator, Customer Service, and Toll Free: 1-888-835-4004. Below this is a search bar and a cart icon showing 1 item(s). The main navigation menu includes MEN'S, WOMEN'S, KIDS', COWBOY BOOTS & SHOES, JEANS, COWBOY HATS, DECOR & GIFTS, BRANDS, and SALE. A prominent banner at the top of the main content area reads "FREE DOMESTIC GROUND SHIPPING ON ALL ORDERS OVER \$75 Limited Time Only - Only 7 days Left!". Below this is a large image of cowboy boots with the text "SAVE TWICE ONLY 7 DAYS LEFT! ALL BOOTS ON SALE EVERY BRAND EVERY STYLE". There are buttons for "SHOP MEN'S", "SHOP WOMEN'S", and "SHOP KIDS'". Below the boots is a "FREE SHIPPING ON ALL ORDERS OF \$75 OR MORE" promotion with a "SHIP75" coupon code and a "SHOP NOW" button. At the bottom, there are three smaller promotional tiles: "ALL WRANGLER & LEVI'S® JEANS ON SALE" with "SHOP WRANGLER" and "SHOP LEVI'S" buttons; "ALL MEN'S DRESS CLOTHING ON SALE" with a "SHOP NOW" button; and "SAVE ON STETSON COWBOY HATS" with a "SHOP NOW" button. A final banner at the bottom reads "ALL MEN'S WORK WEAR ON SALE" with a "SHOP NOW" button.



DOES FREE SHIPPING MAKE MONEY?

Free shipping is a hot topic among online retailers, partly because it is a proven means of converting online shoppers, but also because it costs the retailer money and cuts into profit margins.

Sheplers knew it had to proceed carefully with shipping offers, paying close attention to the effect on both overall revenue and net profit.

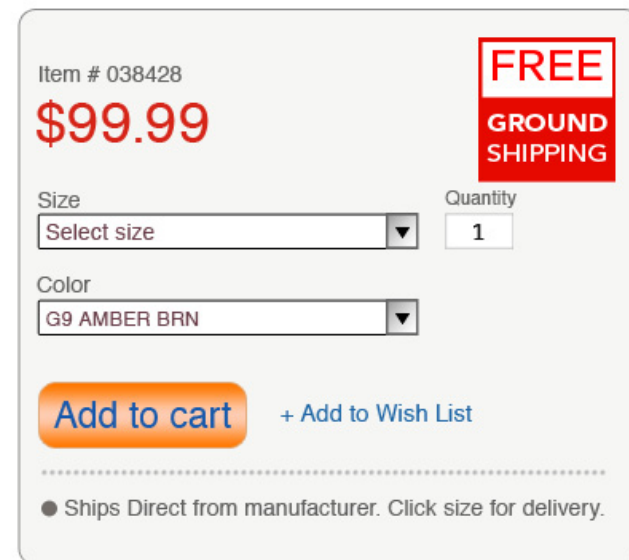
One strategy is to offer free shipping selectively and detailed analysis of Sheplers' sales figures revealed a group of states converting at lower than average rates. The presence of primary retail competitors in those states was thought to be the culprit, with Texas being one example.

To test this theory, Sheplers used Monetate to target those under-performing states with free shipping offers. The goal was to see if the offers produced a significant lift in conversion and top line revenue while simultaneously tracking net contribution to the bottom line.

Monetate's geotargeting capabilities enable online retailers to test and execute a wide range of shipping promotions. These include reducing

or dropping the shipping charges based on distance from warehouse, distance from competitors' stores, or location within a particular region, metro area, county, ZIP code, or state. Shipping can be reduced or waived for all purchases for a limited time, all orders over a certain amount, all orders of a particular brand or category, and so on.

★★★★★ 4.8 Real all 15 review(s)



Item # 038428

\$99.99

FREE GROUND SHIPPING

Size: Select size

Quantity: 1

Color: G9 AMBER BRN

[Add to cart](#) + [Add to Wish List](#)

● Ships Direct from manufacturer. Click size for delivery.



DOES FREE SHIPPING MAKE MONEY?

According to Sheplers' Chief Operative Officer, Mark Hampton, getting Monetate to tell shoppers from Texas that they get free shipping while showing different messages to shoppers from other states was very easy.

The big question would be the net effect on revenue: Would the increase in sales pay for the cost of the free shipping?

In a situation like this you need your testing platform to be nimble. You also want it to report results in real time. In other words, you want to be able to see the effects of the targeting immediately and quickly turn it off should those results prove negative. Monetate lets you do that, but fortunately Sheplers did not have to turn the test off early. After four days the Monetate dashboard showed a 57% increase to the top line.

The screenshot shows the Sheplers website homepage. At the top, the Sheplers logo is displayed with the toll-free number 1-888-835-4004. Navigation links for Men's and Women's categories are visible. A prominent banner for 'FREE SHIPPING TO TEXAS' is shown, ending on March 20th. Below this, a '10% OFF ALL CLEARANCE ITEMS' promotion is active for 4 days left. Three product listings are featured: Double H Hip 2B Square Cowboy Boots, Women's Sidran Embroidered Tee, and Women's Dan Post Ankle Cowboy Boots. A list of clearance categories is provided at the bottom of the promotion area.

Product	Original Price	Original Price	Original Price
Double H Hip 2B Square Cowboy Boots	\$150.00	\$46.00	\$440.00
Women's Sidran Embroidered Tee	\$150.00	\$24.00	\$440.00
Women's Dan Post Ankle Cowboy Boots	\$143.97	\$22.47	\$116.97
	you save \$26.02	you save \$23.53	you save \$33.02

- Clearance Men's Shirts
- Clearance Men's Boots
- Clearance Men's Leather & Outerwear
- Clearance Men's Clothing
- Clearance Women's Tops
- Clearance Women's Boots
- Clearance Women's Jeans
- Clearance Women's Leather & Outerwear



DOES FREE SHIPPING MAKE MONEY?

Sheplers was also seeing a 20% increase in net contribution even though it was paying for shipping. The test proved the value of offering free shipping to shoppers in states where the company faced strong competition.

As a bonus, in addition to the very positive financial numbers, this test showed that the strategy produced a 48% increase in new customer acquisition. Annualized contribution to the bottom line? Sheplers prefers not to say, but it is reasonable to assume that this strategy was a Texas-sized success.



“ We have determined, with Monetate tests, how to leverage free shipping offers to increase the top line and the incremental contribution.

—Mark Hampton, Chief Operative Officer, Sheplers ”





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