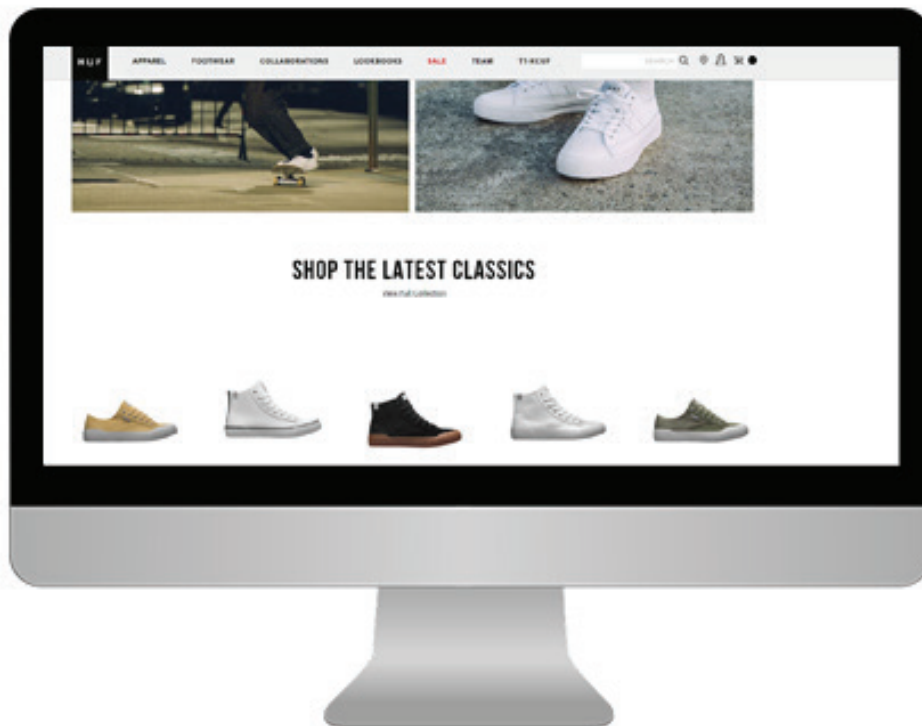# HUF

How Melissa helps online retailers close sales, increase sales

For most every business that relies on e-commerce sales, Amazon has pretty much ruined things.

The Seattle-based e-commerce leviathan has so perfected the ability to smooth the online shopping process that others are scrambling to meet customers' high expectations that they do the same.

One area in particular that shoppers have come to appreciate—actually, to demand—is the option of free shipping. The Wall Street Journal recently reported that a majority of orders shipped in the previous year were shipped for free, a trend that is rapidly increasing. Further, according to a study by AlixPartners, the cost of shipping is the second biggest reason (at 36 percent) online shoppers don't complete their orders.

Quick feedback on shipping costs and options, as well as delivery times, are hallmarks of what online shoppers now expect

"Bigger companies are offering free shipping and cost options for faster delivery," said Jino Choi, general manager at HUF, a seller of skateboarding, street wear, and sneaker fashion, with a substantial e-commerce operation to supplement its retail stores. "These days you have to be very creative with shipping; you don't want that to be a factor for people to be willing to shop,"

ENCOURAGING SHOPPING WITH SHIPPING INFORMATION

Choi, under pressure to create a smoother online shopping experience, turned to tech startup Decimal.io, whose technology—driven by information supplied by Melissa —now gives customers quick and accurate shipping feedback.

"Using our technology gives the HUF customer a choice of delivery dates and shipping-cost options in seconds," said Decimal.io spokesperson Prakash Upadhyaya. "This can increase purchase rates dramatically, but 99 percent of online companies don't do it. If you can offer it, it's a big competitive advantage."

While Decimal.io's technology calculates where an online shopper is located based on geographical IP lookup, as well as the shipping rates to that location, its technology wouldn't be effective without the information that Melissa adds to the tool.

For example, Melissa provides address verification, which calculates the shopper's precise distance from warehousing and shipping points. This, in turn, enables the calculation of shipping costs, and at a variety of price levels depending on how fast the customer wants to get the product. The free shipping option would naturally take longer.

Melissa technology also determines whether an address is a residence or business, which in turn affects shipping costs; shipping to a home address may cost the online merchant as much as $2 extra than shipping to a business. If a mistake is made here, the merchant's increased costs can impact or negate his profits.

THE UPFRONT ADVANTAGE OF COSTS

In contrast to Amazon, which offers shipping costs and delivery date estimates only upon checkout, the Decimal.io/Melissa tool shows the shopper this information when an item is added to a shopping cart. It's revealed at the very top of the Web page, allowing the shopper to know shipping options before closing the deal.

"Offering the shipping rate window is good and lessens the chance the shopper will abandon the shopping cart," he said. "But seeing this before you complete the purchase is critical; if you buy lots of product and at the end see the shipping rate is too high, you may leave without checking out.

Data from HUF underscores how this feature encourages the deal to be closed.

Before implementing the Decimal.io/Melissa technology, HUF's shopping cart abandonment rate hovered at just about 85 percent. Only a few months after connecting with Decimal.io, that was cut to about 77 percent

"As well, the shopper is now able to pick out the best rate—free for a longer delivery time, or at some cost for quicker deliveries," Choi said.

Having the option for faster delivery is appreciated by many, and not just customers. If a shopper opts for faster delivery at a higher shipping rate, the online merchant can build higher shipping margins into higher rates.

Upadhyaya said that between 10 and 15 percent of shoppers do indeed choose faster shipping, rather than just free shipping. The added margin possibilities help offset the costs associated with free shipping, he said, even as the merchant may be able to deliver products on the same or next day.

Perhaps the most potent metric associated with the Decimal.io/Melissa product is increased sales.

"Not only have we been able to reduce shipping rates by 20 percent, but we've probably increased sales by 25 percent since using the tool," Choi said. "And during the holiday season, that's going to be even higher."