

Cost for 'Free' Shipping Included In Price of Online Goods, Augusto Beato Tells Buyers

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Portland SEO's Augusto Beato emphasized that e-commerce companies should not fret about giving free deliveries as the shipping cost is already built in the price of the goods.

Beato was reacting to comment by Etsy President and CEO Josh Silverman that e-commerce companies are under pressure to offer free shipping from deal-chasing consumers, and those who don't may run the risk of falling behind their competitors. "In fact, this is why Etsy raised its commission from 3.5 percent to 5 percent--in order to cover shipping cost, among the many operational expenses," said Beato, who is the CEO of Portland SEO.

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"Free shipping is pretty much table stakes today," Silverman told CNBC's Jim Cramer in an exclusive interview. "About half of all the items on Etsy, buyers say, have shipping prices that are too high."

Speaking after his handmade goods e-tailer reported better-than-expected earnings results and raised its full-year revenue guidance, Silverman said that sales were strong despite the shift in consumer preferences.

"We grew at 20 percent last quarter, even with buyers' hesitation about shipping costs," Silverman said.

Etsy's third-quarter results showed accelerating growth for the growing online marketplace, with a 41.3 percent boost in revenue year over year.

The company, which helps connect buyers with over 50 million handmade items, also raised prices this quarter, taking its commission from 3.5 percent to 5 percent per order in an effort to deliver more value to its "makers."

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