splitit

Splitit's Ultimate Guide to Cart Abandonment

Are You An Ecommerce Business?

In what follows, we will cover everything you need to know about cart abandonment. We will review how prevalent the issue is, what's at stake for you financially, and how to reduce cart abandonment by improving design and usability, purchase flow, purchase recovery, and the overall payment experience. We will end with a wrap-up of things you can start doing right now to improve your outcomes.

The Basics

Cart abandonment is an enormous pain point in the industry. Stats vary across category, geography, and segment, but they tend to cluster in a range of around 70% to 75%. That means 7 in 10 people using your site and putting items in their cart will not follow through. Independent web usability research institute Baymard maintains a helpful running list of cart abandonment studies and rates here.

What matters most to you, of course, is where you fall on the spectrum, and what your exact abandonment rate has been. Even more important, you need to know what are the causes, and what can you do to reduce it.

What's At Stake

Some simple illustrative math gives a good sense of the benefits. Let's say you are bringing in $10 million in sales per year. If you cut your cart abandonment rate in half, you could more than double your revenue, to nearly $21.5 million annually (assuming an industry-average abandonment rate of 70%). The reason why is that your $10 million in revenue is currently only coming from 30% of the shoppers putting items in their cart.

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Let's look at this another way. For every 5-percentage point improvement in cart abandonment, your Return on Investment (ROI) would be $1.7 million annually. That gives you a great benchmark for deciding whether the changes to visual design, interface usability, purchase flow, purchase recovery, or payment experience improvements will be worth it. Bets are, you will not be disappointed, and neither will your CFO. In our scenario above, a $100,000 spend would yield an ROI of 1,600% in its first year. The good news: most improvements to abandonment will cost far less to implement.
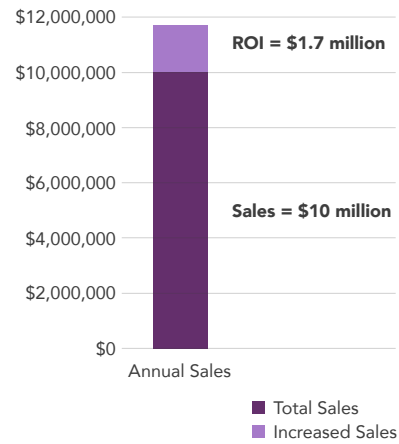
In the roundup that follows, we will present solutions in four major areas:

| Design and Usability | Purchase Flow | Purchase Recovery | Payment Experience Improvements |
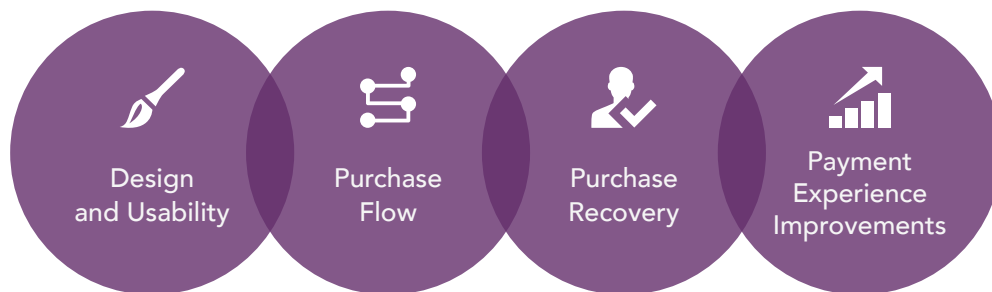
We will share our experience and our research on what works best across most ecommerce categories.

Design and Usability

The visual appeal of a site sends subtle messages to shoppers about whether they want to complete a purchase. While every site should use high-quality photos, appealing fonts, and design elements that are appropriate for its user base, our focus here is on shopping carts. On many ecommerce sites, there's a disconnect between the design of the site overall and the cart/purchase page, since many of these are provided by ecommerce platforms, and therefore their purchasing pages look and feel the same, with little or no branding. The mistake some merchants make is relying too much on standard product options for look and feel. Be sure to make the most of the customization options available so that you are still conveying your branded experience. It may even be worth going further to carry out deeper customizations and really get it right.

Usability differs from design, because it focuses on users' ability to orient themselves, understand how to complete tasks, and intuitively complete the steps they need to follow. Here is an excellent explanation of the concept. Sometimes, your shoppers just can't figure out how it works. They might be confused by options such multiple items or deleting items from their cart. They might find it frustrating to have to toggle between viewing their cart and browsing for more products. The best approach to identify such issues is usability testing, which we discuss in more detail below. Your goal is to remove every obstacle that slows down or stops the end user from completing tasks effectively.

Purchase Flow

Purchase flow refers to the steps that users must follow to complete the purchase once items are in their cart; this is where cart abandonment issues start to become really impactful.

This complexity comes from a few common sources.

Data from Statista finds 25% of shoppers who abandon their cart left because the navigation was too complicated, and 21% felt the process took too long.

1 First, some purchase flows require shoppers to take several steps: place items in the cart, review cart, calculate shipping costs, add discount codes, see and confirm final order amount. Streamline this flow as much as possible, with as few data fields and as few steps as possible (ideally all on one page).

2 Second, some purchase flows require shoppers to create an account. This is a common reason for cart abandonment. Shoppers will end up giving you personal information when they make their purchase anyway. You do not need to force account creation to create shopper records. Instead, give shoppers a "guest" option. If necessary, you can also then add code that imports guest checkout details into your CRM or marketing database.

3 Third, with alternative payment options on the rise, keep in mind that some of these options force shoppers to add additional personal information because the shopper is actually applying for new credit rather than using existing credit (which is a major advantage of Splitit's solution). You can find out more about the relative advantages of payment options here. This information can even be personal or sensitive such as a date of birth or Social Security Number. In addition to adding yet another step to the purchase process, this can be off-putting by raising privacy and security concerns; Statista data also found 17% were concerned about security. Additional credit is useful to some shoppers, but the additional steps may frustrate those who are impatient or suspicious enough that they simply abandon their cart.

The solution to purchase flow problems is to reduce it to the absolute minimum; ask for as little data as you need to complete the transaction, and deliver it in as few steps as possible.

Purchase Recovery

Put simply, purchase recovery means trying to catch users as they "walk out the door." There are three main options to bring back your audience.

1 Recapture departing users. Add an exit pop-up that gets their attention as they try to close their browser window or navigate elsewhere. Such pop-ups can reinforce the benefits and value of your products, offer a discount code, prompt them to save their carts and return if they provide an email address, or just get them to reconsider leaving their cart by asking "Are you sure?" Web marketing software provider Wishpond provides a helpful library of 51 examples of this approach.

2   **Send cart abandonment emails.** If shoppers have gotten far enough in the process to provide an email address, you can set up automated emails to remind them about the items in their cart, either immediately after they leave or within a couple of hours. These emails demonstrate a high success rate. Email marketing service MooSend [found](#) that 45% of these emails are opened, and nearly 11% result in a completed purchase.

3   **Retargeting to them later.** Retargeting has become increasingly sophisticated, often in conjunction with social media platforms. With the many options for tracking user behavior after they visit your site, you can place tracking codes on their device. As they navigate to other sites which include ads, or as they use social media such as Facebook or Instagram, you can display ads to them again with the goal of bringing them back to your site. Because they are more likely to recognize you from having visited your site before, they are more likely to click, and with a lower cost of acquisition. This technique also works for users who have not yet added items to their cart. It's a complex area that requires a good deal of specialist knowledge either in-house or via an agency, but is a high-impact option to consider. [Here](#) is a helpful guide with more information.

📈 Payment Experience

As we discussed in a [recent blog post,](#) flexibility and control over personal debt has shoppers turning to installment payments as an alternative payment method. 18% of online abandonments were due to price, and a further 6% due to lack of payment options. The reason why is that payment options reduce the friction of making a purchase. Shoppers have one less reason to change their mind and decide not to purchase at the last minute.

In fact, they have a reason to justify adding another item to their cart: including the item they thought they might purchase later, upgrading to the better option they previously felt they couldn't afford, or adding that accessory that complements their main purchase perfectly. An additional benefit of offering installment payments is that they increase your Average Order Value. For example, with Splitit your shoppers will place orders for as much as an 80% higher value than they would without installments.

If you factor in the additional increase in revenue from both shoppers who choose not to abandon their carts and new shoppers you acquire, you achieve an even greater share of the revenue pie from [site visitors moving from deciding to purchase your products to completing actual purchases](#).

What's Next?

There are many ways to reduce cart abandonment. So how can you determine which are right for you?

Start by optimizing your web analytics data to get the most value from it with smarter, data-driven decision making. Google Analytics, for example, offers robust "User Flow" reporting so that you can identify where people have dropped off. Other platforms offer similar intelligence. The most simple and direct approach is to take the three worst "sore spots" where site users drop off and invest in fixing those drop-off points. For more advanced web analytics, you can also make sure to build out robust goals, events, conversion funnels, and more. This requires additional coding on your website, however, as well as advance planning on what to measure. The payoff is that better data will allow you to make better decisions.

Next, whenever possible, test two alternative solutions (i.e., A/B testing). If your hypothesis is that there is a design issue with your "Confirm" button, create one version of the page with the button a different color, and a second version of the page with the button in a different location. In order to do this, you need to have A/B testing built-in to your content management system, or you need one of many add-ons that provide testing capability. This allows users to receive either the A version or B version at random. Once enough data is collected to be statistically valid, the A/B test will find a "winner" that delivered your desired result more often.

Finally, if you are unsure what is bothering your site users, ask them. You can do online surveys that offer respondents a discount or a credit, and deliver those surveys either as emails to existing customers (keep in mind, they already did make a purchase, so they are not a complete sample, although may be more likely to respond), as emails to any email addresses you have, or as a pop-up on your site (keep in mind, you should minimize any interruption to the purchase flow here). Surveys should ask as few questions as possible, even as simple as asking just one question. If you need more qualitative information, and rich data about the user experience, there are many services that will conduct user tests online, capture the user's browsing session, and ask them questions about their experience. Costs include the cost of the service itself and any compensation for participants.

One last bonus tip: try to eliminate shipping costs where possible (based on order amount, for example). Shipping costs, especially when they are a surprise, are the number one cause of abandonment. More than 50% of users who abandon their cart name extra costs as the reason they did not purchase according to Baymard.

Whichever approaches are right for you, reducing cart abandonment rates provides you an enormous opportunity to improve your business and increase your revenues. We are happy to answer any questions you have about how to improve your outcomes using Splitit as well as the many options at your disposal.

Contact us with any questions!