



| WHITEPAPER

E-Commerce Checkout Optimization



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Introduction

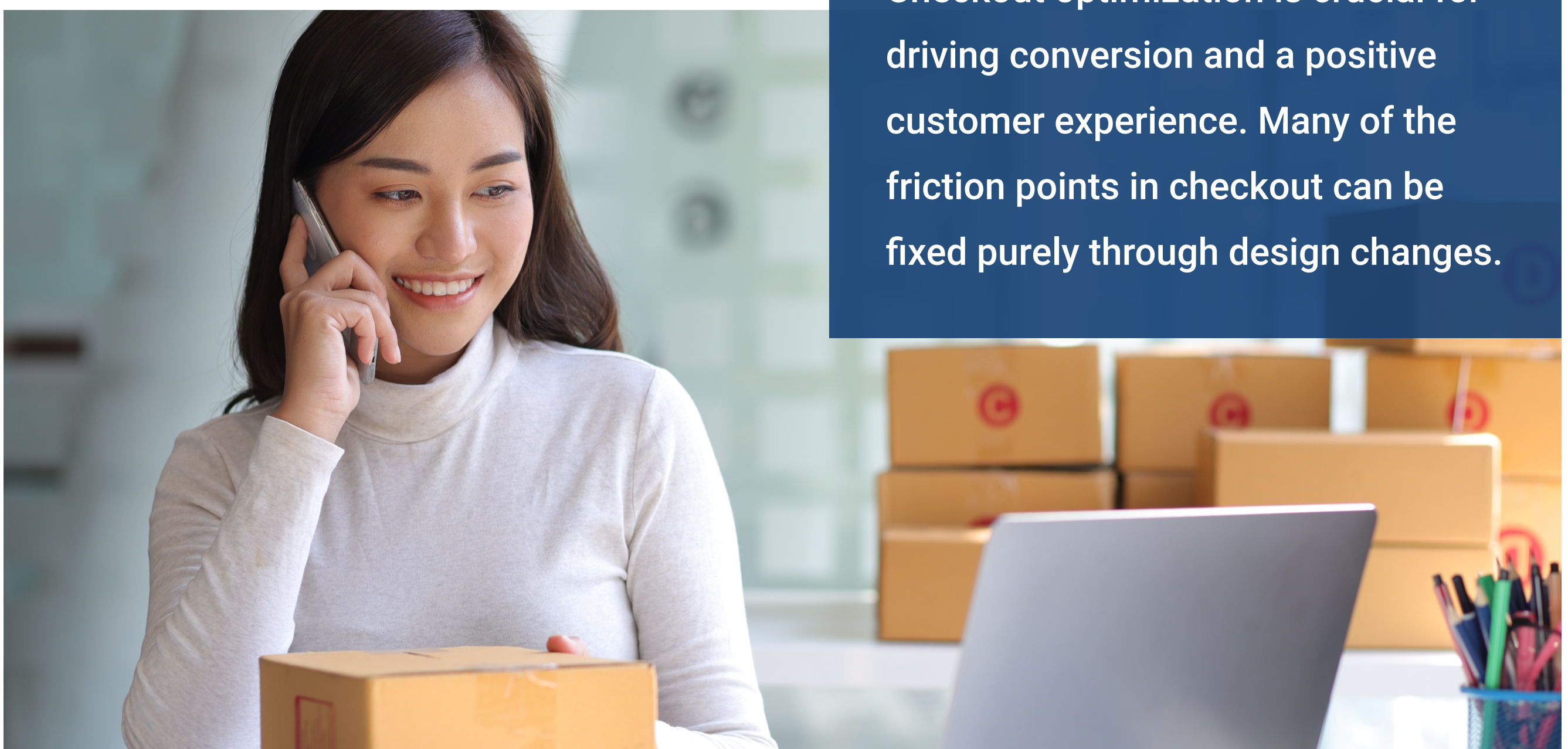
Over the past few years, the market conditions have been favorable for global e-commerce on unprecedented scales. The onset of Covid-19 has led to a further upsurge in e-commerce and accelerated the digital transformation. Post-pandemic forecasts signal that the upward trend shows no signs of decline. Despite its growth potential, e-commerce brands have been losing billions globally in yearly sales revenue due to abandoned purchases.

The checkout is a part of the process that consistently remains a regular hurdle for e-commerce sellers. As a burning issue that brands can no longer afford to ignore, it is crucial to implement strategies that can help dramatically reduce checkout abandonments. As the final stage in digital shopping, checkout is of utmost significance in adding to conversion and driving revenue. The design and experience of your e-commerce checkout impact how satisfied customers are with your service and how likely they are to return.

So the question is, "How to devise a frictionless checkout flow to get more people to complete purchases?" At ADROSONIC, we have worked with multiple e-commerce brands of varying scales and have gleaned the principles that can help in reaching a solution. Drawing from our years of service in User Experience Design, we have formulated effective strategies to design a best-in-class checkout process that is streamlined and easy-to-use for your consumers. This whitepaper is a comprehensive guide on how to design for maximum conversion and profit by optimizing your checkout experience.

You'll read about:

- Insights into the main causes for checkout abandonment and its business impact
- Powerful strategies to optimize the checkout experience
- Checkout benchmarks and metrics to identify pain points



Checkout optimization is crucial for driving conversion and a positive customer experience. Many of the friction points in checkout can be fixed purely through design changes.

The Standard Checkout Process



The e-commerce checkout is the final touch to your website's purchase process. The checkout process is the series of steps a customer follows to purchase the items in their shopping cart in an e-commerce store. Regardless of the flow and complexity, all checkouts have the same essential steps.

The checkout is initiated when the customer moves from the shopping cart to the buying process. In the succeeding steps, the customer is asked to input her billing and shipping information and to choose her preferred payment and delivery methods. Towards the end, a preview of the order is provided along with the option to confirm payment which finalizes the sale.

Two notable things happen during the checkout process; visitors become buyers and there is a change in ownership of the product. As a fundamental process of online purchases, checkout impacts the experience of every user and every transaction. Any shortcoming to this process affects the entire mechanism of your online selling.

For a consumer shopping online, the checkout process is preceded by thorough decision-making on the products to buy and the amount to pay. Reaching the checkout process can be a crucial turning point in the purchasing process. Until checkout, consumers have usually been able to go about their shopping with little disruption or pressure to make a choice. Unfortunately, once they reach checkout, things often don't feel right, leading to abandonment at this critical stage.

This is where the real battle begins to make sure the checkout flow on your website is the most effective it can be. It is therefore, a core area of focus for retailers as it leads directly to sales and profit.

What is Checkout Abandonment Rate?

Checkout abandonment is when a shopper that has initiated the checkout does not finish the purchase. The Checkout Benchmark Report, 2021 by Bold Commerce reveals that nearly half (48%) of shoppers that initiate the checkout process on an e-commerce site are abandoning before completing their purchase. The checkout abandonment rate is an important metric as a high abandonment rate could signal a poor user experience or broken sales funnel.

The industry's focused attention on cart abandonment has built an assumption that if retailers can get shoppers from cart to checkout, they'll complete the purchase. This is why checkout abandonment is often an overlooked challenge for retailers.

How is checkout abandonment different from cart abandonment?

Cart abandonment is when a buyer leaves the site after adding to the cart, without advancing to the checkout process. Cart abandonment rate is calculated by dividing the total number of completed orders by the total number of opened carts.

Both cart and checkout abandonment impact your platform in similar ways and point to weaknesses in your sales funnel. However, cart abandonment rates will almost always be higher, as more people add to cart at an early stage. Since checkout is farther in the customer journey, the abandonment rates will be slightly lower.



The checkout abandonment rate is calculated by dividing the total number of completed transactions by the total number of started transactions.

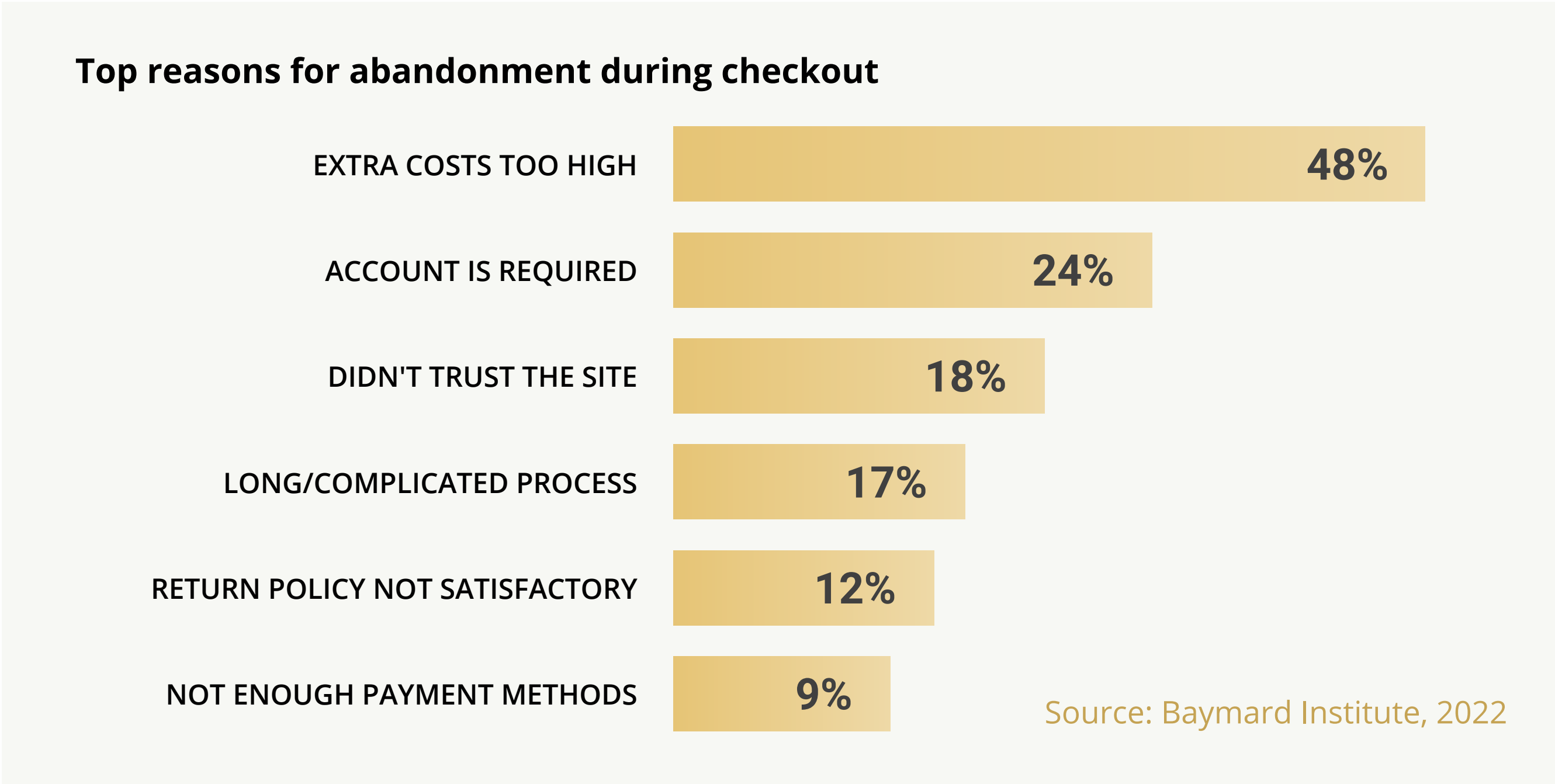
$$\text{Checkout abandonment rate} = 1 - \frac{\text{\# of orders completed}}{\text{\# of checkouts initiated}} \times 100$$

"During all 12 years of usability testing we have consistently found the design and flow of the checkout to frequently be the sole cause for users abandoning their purchase during the checkout flow. Either because users become so infuriated that they leave in anger, or because they don't know how to complete one or more fields, and thus have no other option but to leave."

Source: Baymard Institute

Top Friction Points in Checkout Flow

The best way to tackle checkout abandonment is to identify what can go wrong after the purchase decision is reached and address these problems head-on. While the reasons why customers are leaving might vary depending on your industry or niche market, major points of friction are common across all e-commerce stores.



Unexpected additional charges

Any additional cost (shipping, tax) at the time of payment makes the customer rethink the value of the purchase and causes them to abort.

Forced account creation

Being forced to create an account is the number two reason people abandon. This slows them down and discourages one-time buyers.

Long, complex checkout process

An overcomplicated checkout process can dramatically bring down the likelihood of someone completing their purchase. Users are consistently overwhelmed on seeing a high number of form fields and selections.

Concerns about security

A lack of trust in a site and its ability to safely handle credit card and other sensitive information can dissuade the customer from further engaging with the purchase.

Ambiguous return policy

Shoppers want to be assured that they have the option to return items and get proper refunds. An insufficient return policy can cause them to second-guess the purchase.

Lack of available payment methods

Customers can be particular about using the payment methods they prefer. Not including alternative and popular payment methods can not only lose you a single transaction, but a potentially loyal customer.

Business Impact of Checkout Abandonment

Based on research done by Baymard Institute on 149 top-grossing US and EU e-commerce sites, trillions are at stake for retailers globally when checkout experiences are hard-to-use and clunky. The average large-sized e-commerce site can achieve a 35% increase in conversion rate through better checkout design, according to 10 years of extensive testing at the Baymard Institute. This translates to a whopping \$260 billion worth of lost orders which are recoverable in the US and EU e-commerce market alone.

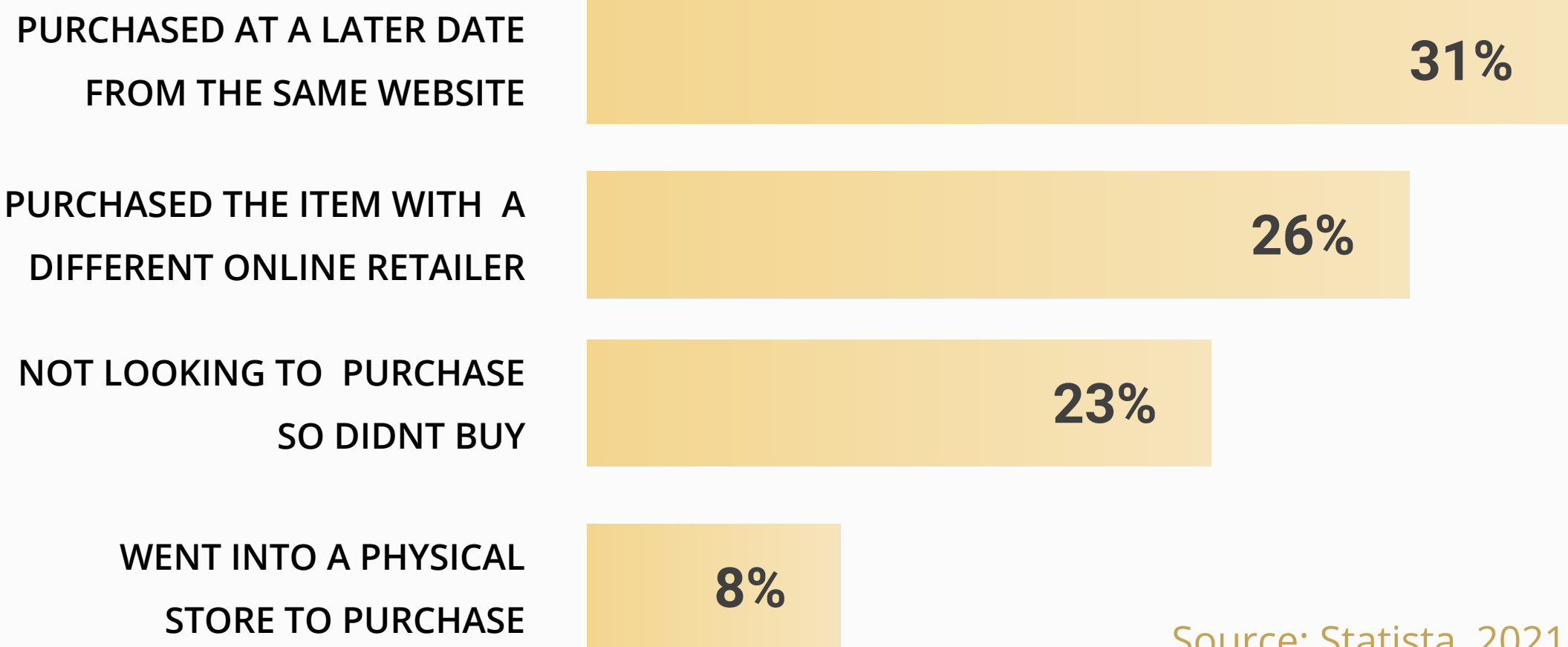
Yearly losses from abandoned checkouts



Source: FinancesOnline, 2021

The behaviour of customers after dropping off their purchases is an indication of the long-term (and costly) impacts of abandonment. Research from Statista found that when UK shoppers abandon carts, less than a third return to buy. A quarter of them buy the same product from a competitor. Losing two-thirds of potential customers is a huge blow to your e-commerce business. But major gains are still possible - a study conducted by Baymard Institute shows that the average e-commerce site has 39 potential areas for checkout improvements. The coming pages will explore best strategies to fine-tune your shoppers' journey on the way to a sale.

Where do shoppers go after leaving carts?



Source: Statista, 2021

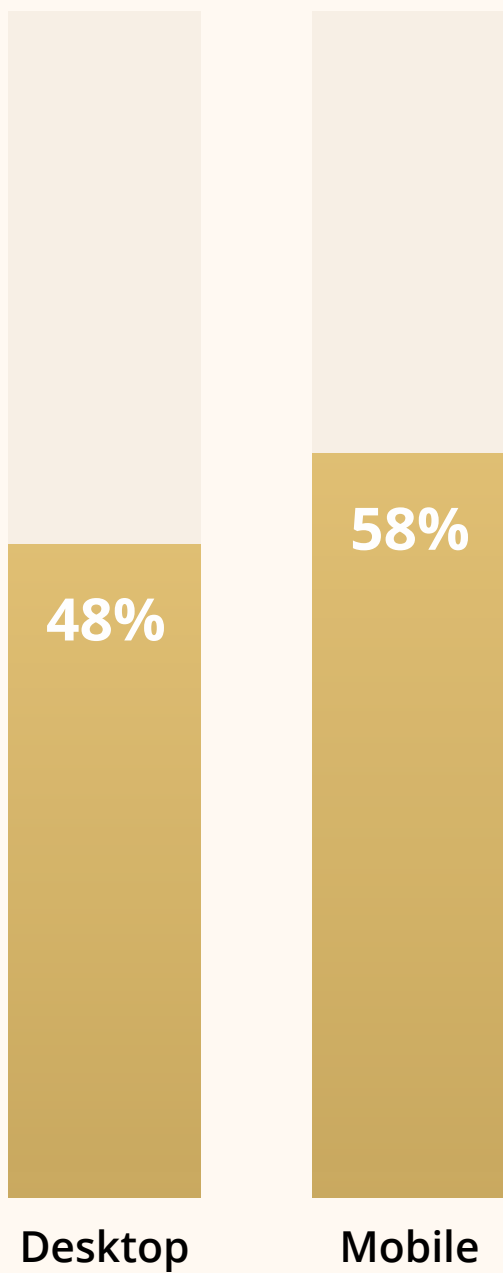
Best Design Practices for Optimization

As we have established, a poor checkout flow is a barrier to your e-commerce conversion. Customers shopping online are looking for a straightforward and convenient experience. Investing in the checkout design can make a huge difference and improve conversion rates. The simpler you can make the entire flow, the easier it is for customers and the more conversions you will see. Perfect your checkout experience by eliminating any unnecessary steps, reducing the number of form fields, and saving customers precious time. Here are some proven strategies to motivate buyers to finish their purchase:



Checkout Abandonment Rate By Device Type

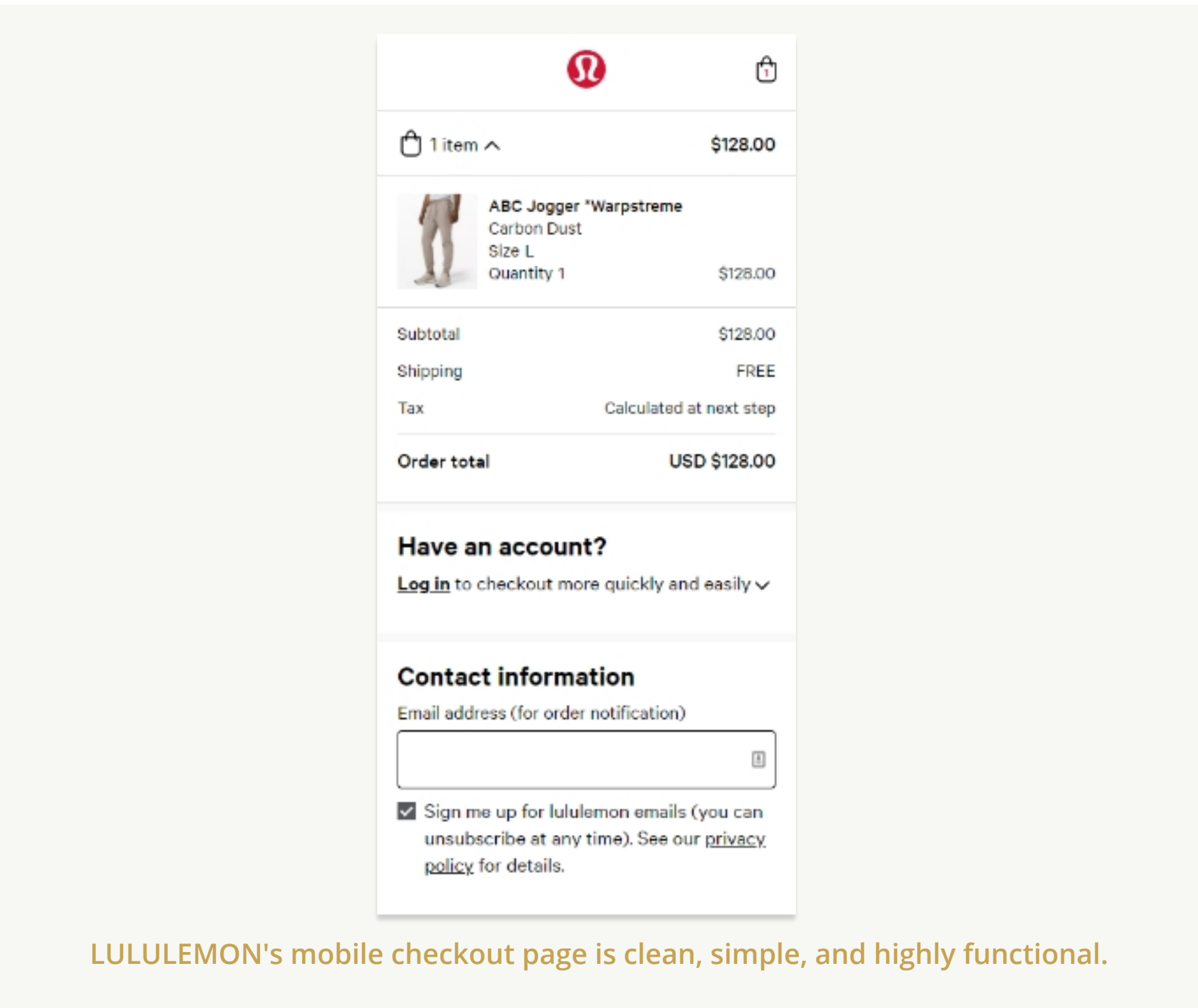
Checkout performance varies across devices, where the mobile experience gap is clear.



Source: The Checkout Benchmark, 2021 by Bold Commerce

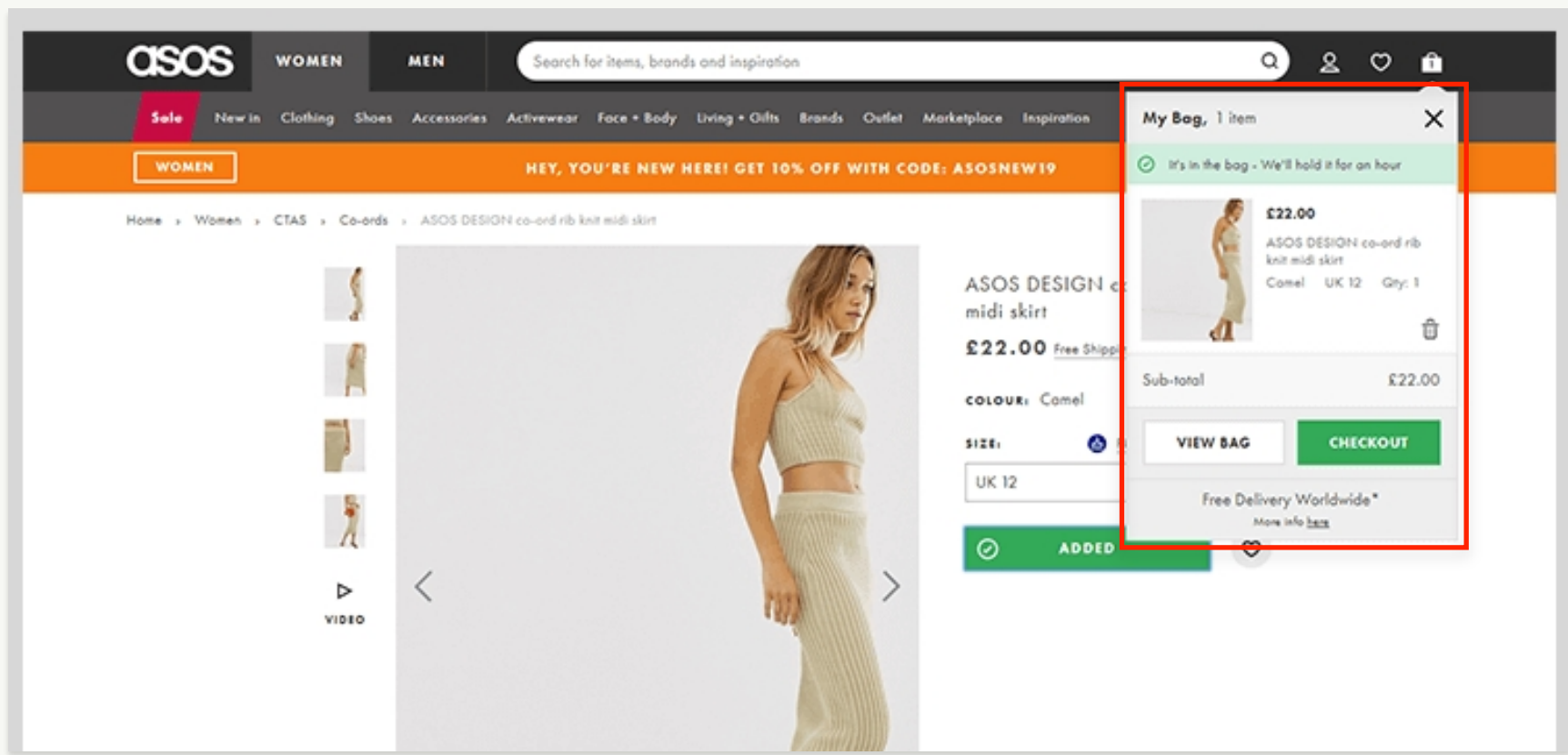
1. Optimize mobile-friendly first

More than 50% of online shopping is now done using a mobile device. Failing to optimize for mobile could result in losing out on a large segment of your customers. Every inconvenience on desktop is further intensified on smartphones resulting in a higher abandonment rate. To mitigate this, design responsively by utilizing simpler layouts that are easy to navigate.



2. What should “Add to Cart” look like?

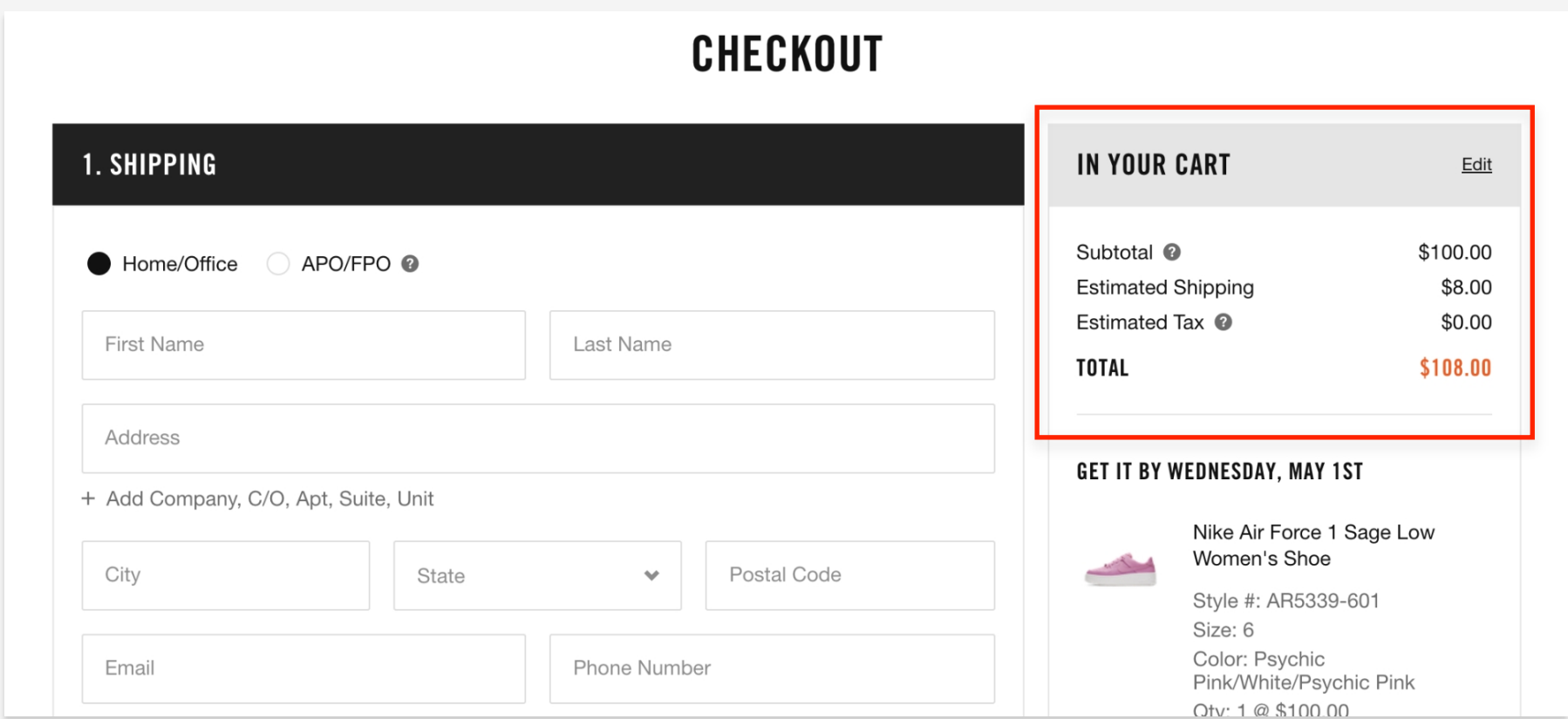
It all starts with adding to the cart, which is when a browser turns into a shopper. A dire mistake that sellers make is not providing clear confirmation when a product is added to cart. The first strong prompt to checkout should be emphasised by an animation or confirmation text that’s not hard to notice.



ASOS nudges you toward the checkout right after a product is added to cart, by highlighting the call-to-action for checkout.

3. Show additional charges as early as possible

Providing transparent information about costs (including shipping) early on is extremely important. You have to be upfront about non-standard costs by disclosing unexpected service fees and delivery costs early in the process. Display shipping costs before even getting to the shipping page to avoid losing customers. In fact, free delivery is already becoming a standard option – in 2019 Digital Commerce 360 reported that over 65% of internet retailers offer free shipping on at least some of their products.



NIKE displays the estimated shipping cost early in the checkout process.



Allow easy order editing

Make it easy for users to amend their orders by facilitating options to adjust quantities, delete items, and add more products. Use the product images throughout checkout to reinforce their motivation. For those who want to purchase later, include the option to save items for later.

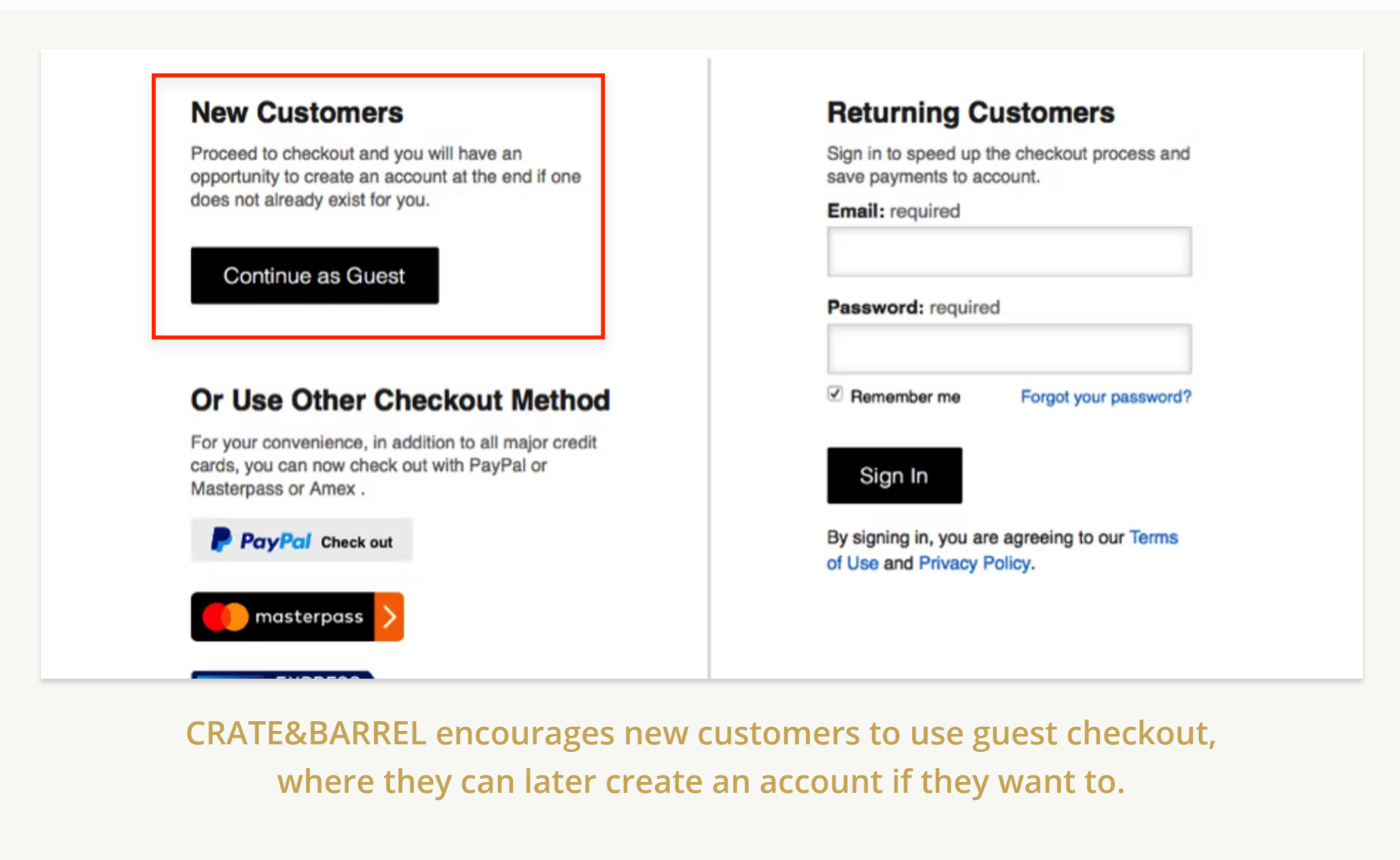


Don't make coupons prominent

When people see a coupon code input field, many leave the site to look for a coupon and never return. This is a common cause of checkout abandonment. To solve this, provide a text link to enter a coupon code that opens an input field when clicked. Customers who already have a coupon code will find it and apply their code.

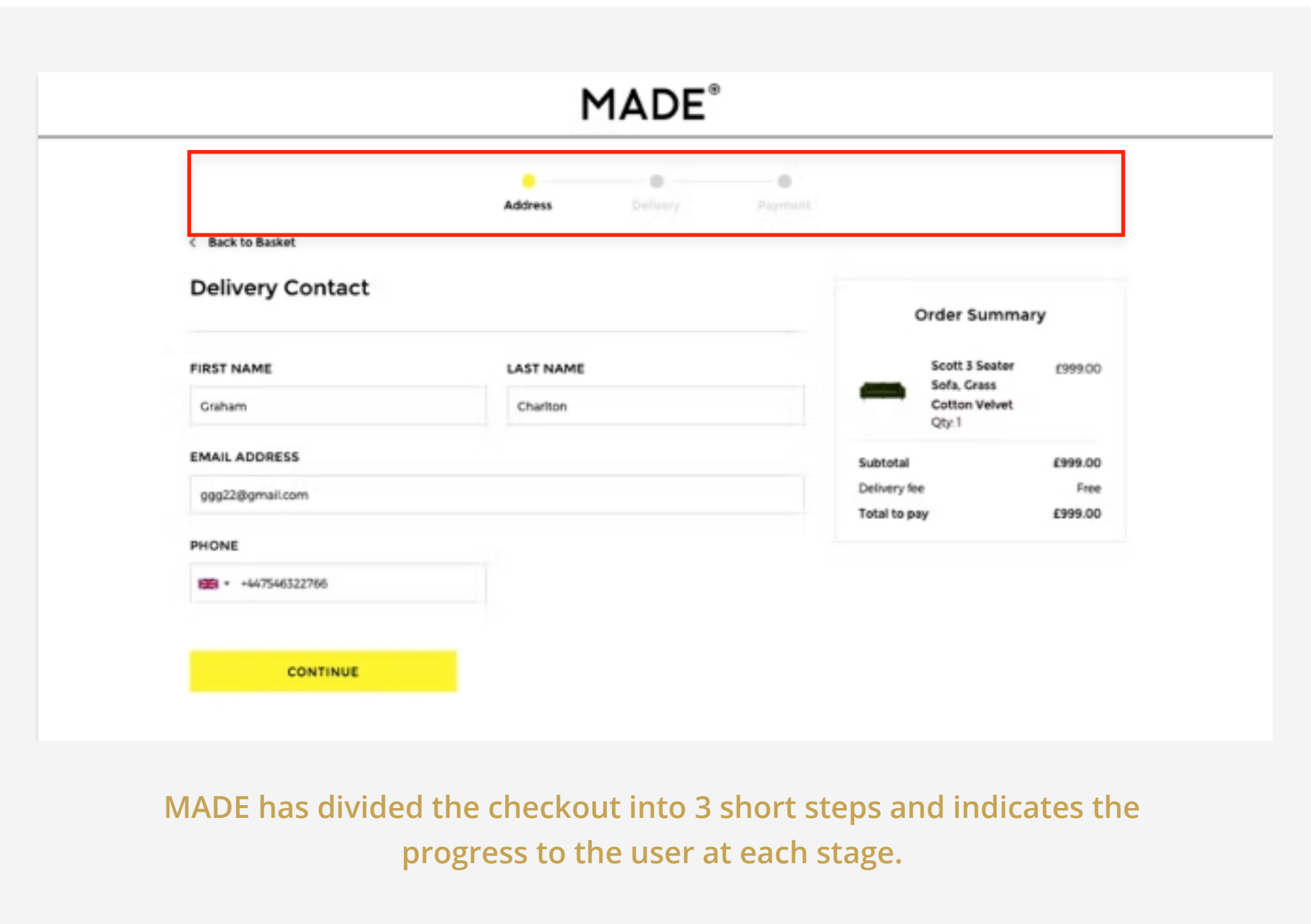
4. Offer guest checkout

Forced account creation is the second leading cause of abandonment which will cost you a lot of sales. Make sure that a guest checkout is available to customers so that visitors can easily buy. This allows one-time buyers to input their email and continue with their purchase.



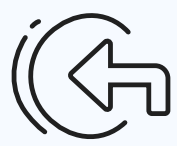
5. Indicate checkout progress and reduce forms

According to Accenture, 87% of online shoppers will abandon their carts if checkout is complex and 55% will abandon the retailer completely. Use a progress indicator to let shoppers know how short your checkout process is. It is also vital to minimize the number of visible form fields to improve the overall usability.



Enable social sign-in

Speed up the registration process for visitors by allowing them to sign-up via a social account. 94% of 18-34 year-olds utilise social login, preferring this method as opposed to creating a username and password for each site. This gives consumers control over how they want to engage with you and can motivate them to return to your store.

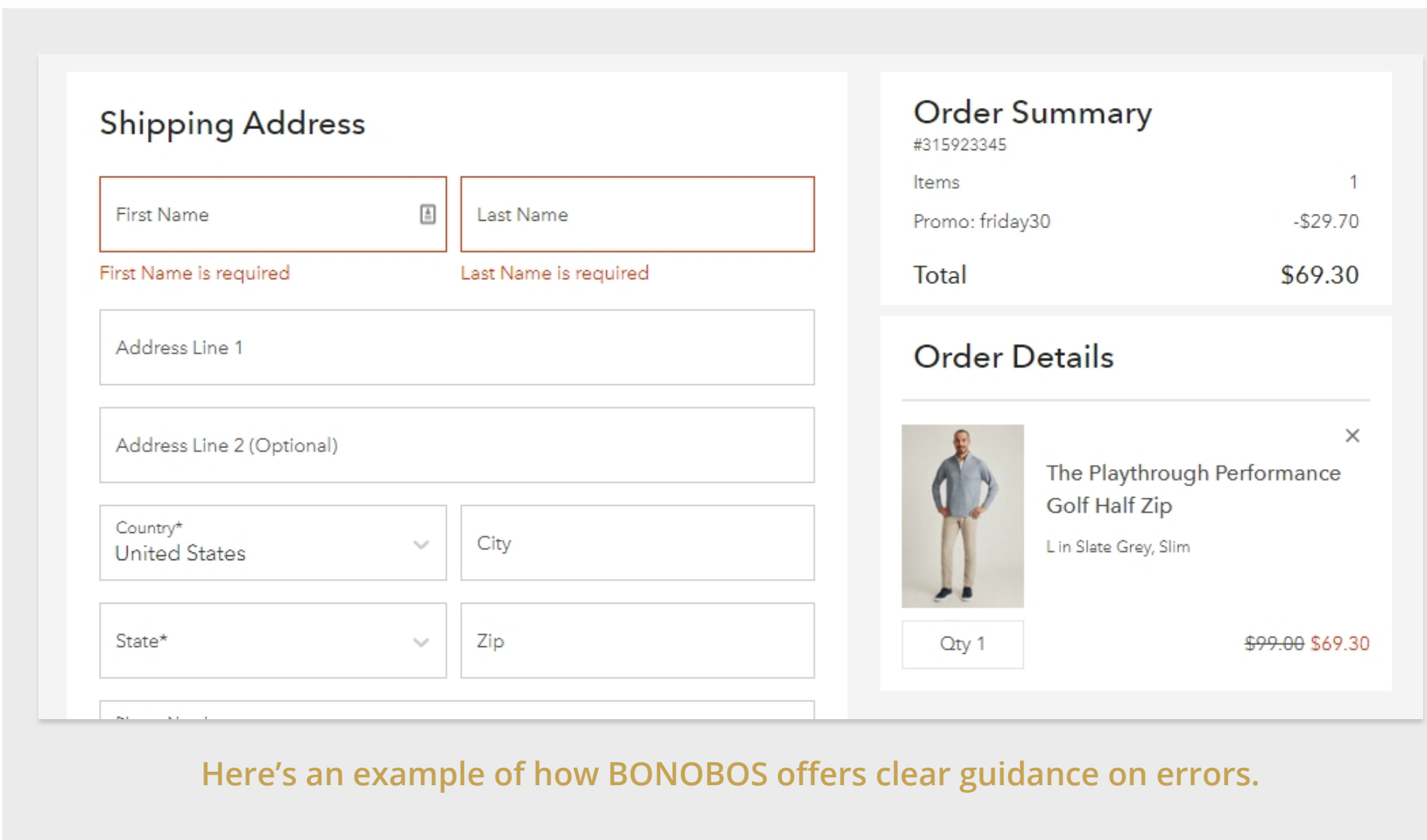


Make the back button reliable

Too often in the checkout, hitting the back button on browser either entirely erases the user's progress or returns strange errors that can cause confusion. It is essential to keep a reliable back button that leads your users to the previous page without losing any of the data they have already shared.

6. Auto-populate and validate forms

Having to re-enter information is a major cause of user frustration, which results in 55% of users abandoning checkout. To speed this up, auto-populate fields when possible and provide real-time form validation. Avoid asking for unnecessary information to reduce friction.

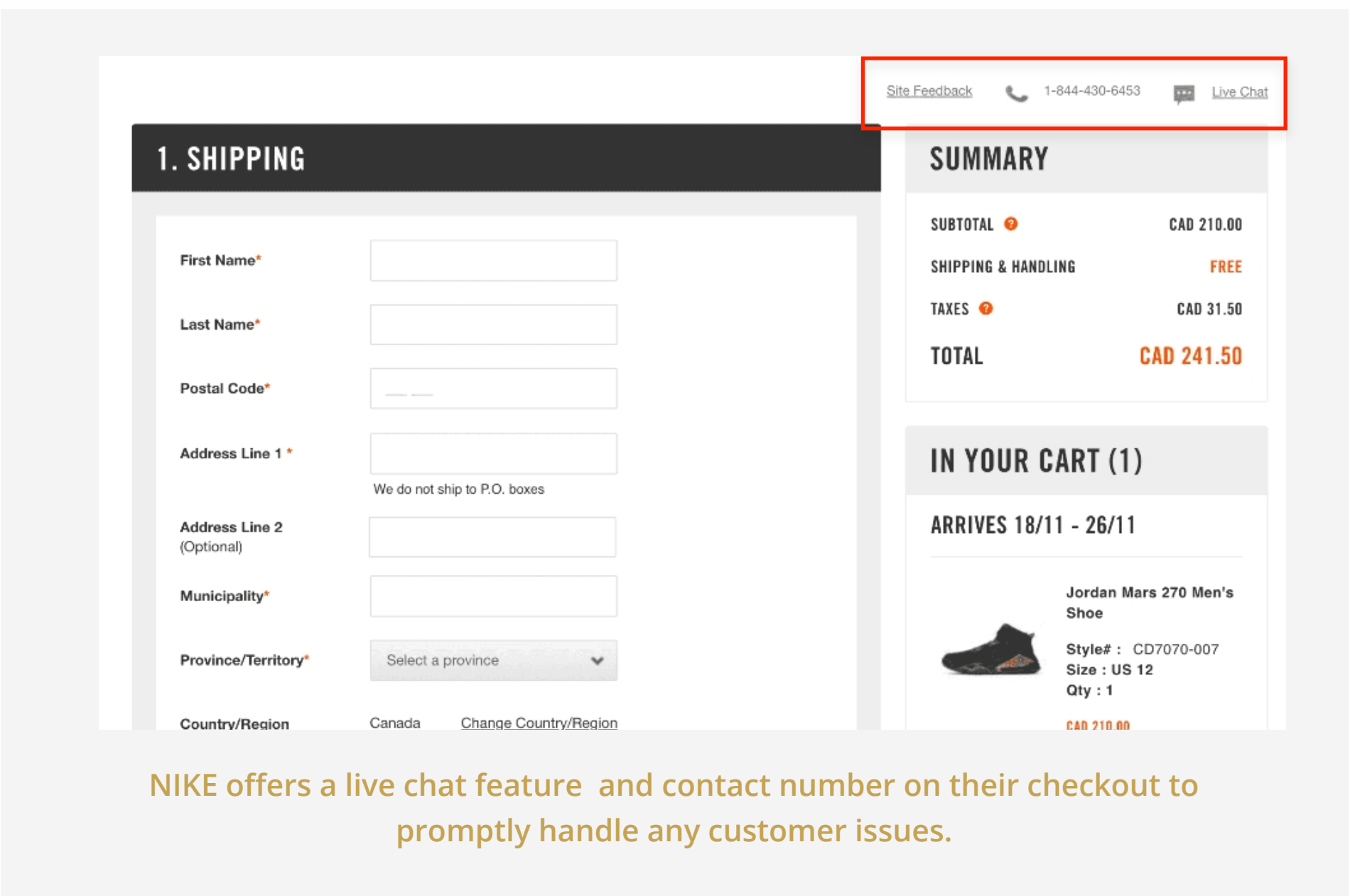


Auto-detect address fields

Seize the opportunity to save shopper's time by providing auto-detection in shipping address. By auto-detecting both "City" and "State" (or "Region") based on the ZIP / postal code, you can reduce typing by 40%. Plus, it helps eliminate typos and saves users from having to fiddle with long drop-downs.

7. Connect users to customer support where they need it most

Lack of support is detrimental to shopping cart abandonment rates. A study conducted by LivePerson found that 83% of online shoppers want help while they are on site. Enable a knowledge base, a call center, and a live chat to give customers the communication method they prefer.

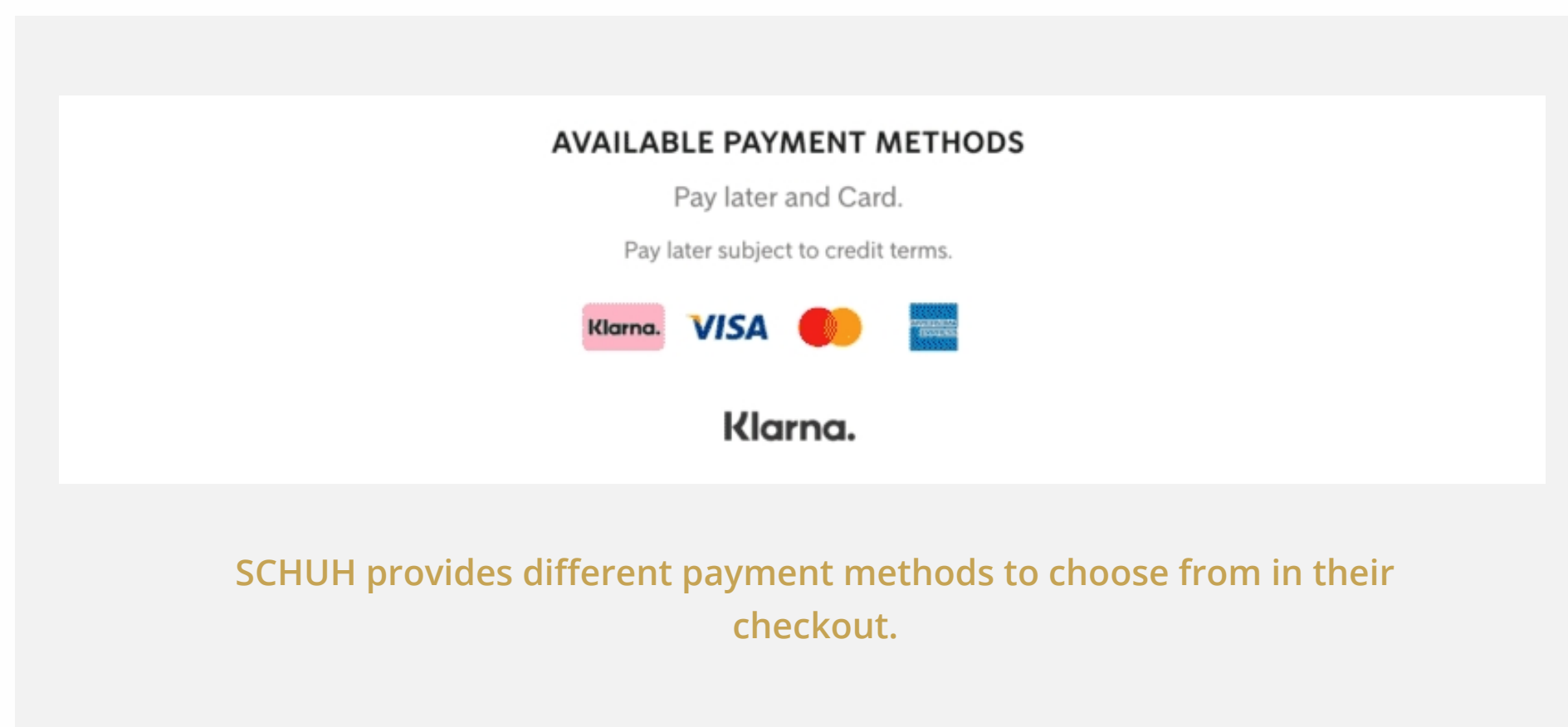


Include links to information pages

Up to 55% of shoppers choose not to spend when the return policy isn't satisfactory. Gain trust and credibility by including links to your most important resources. This could include privacy, return and shipping policies, FAQs or terms and conditions to ensure shoppers have all the information they need to finish the purchase.

8. Provide multiple payment options

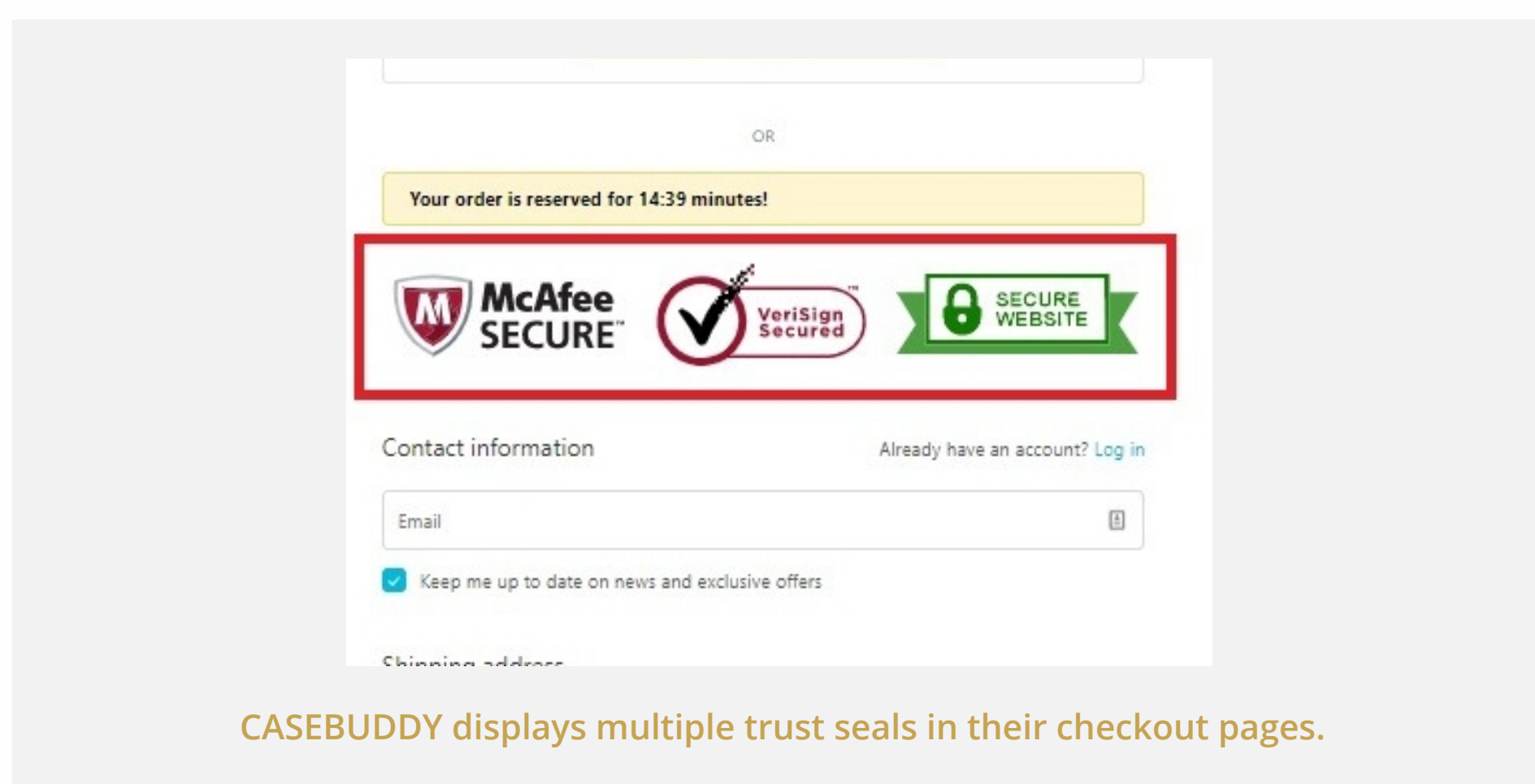
The more payment options you can provide a potential customer, the better. While many customers will choose a method of payment available, some customers will leave if their preferred method of payment is not available. Offer all popular payment methods to not lose out on any potential customers. Also, offering incremental payments allows customers to pay for more expensive items conveniently.



9. Display trust signals

Customers require a safe, transparent system to be confident in the security they have. Prominently display security badges and seals to ensure customers that their purchase will be 100% safe. These include:

- SSL certificate badges that show your site is secure
- Security seal badges, such as McAfee, to ensure your store meets industry security requirements
- Payment gateway trust badges on your checkout pages to show payment methods are secure



Provide multiple shipping options

Offer different methods of shipping to choose from in your checkout page. Customers who are in urgent need of their items will usually opt for express delivery while others go with standard delivery. Amazon takes it a step further by allowing users to choose their preferred delivery day for multiple orders.

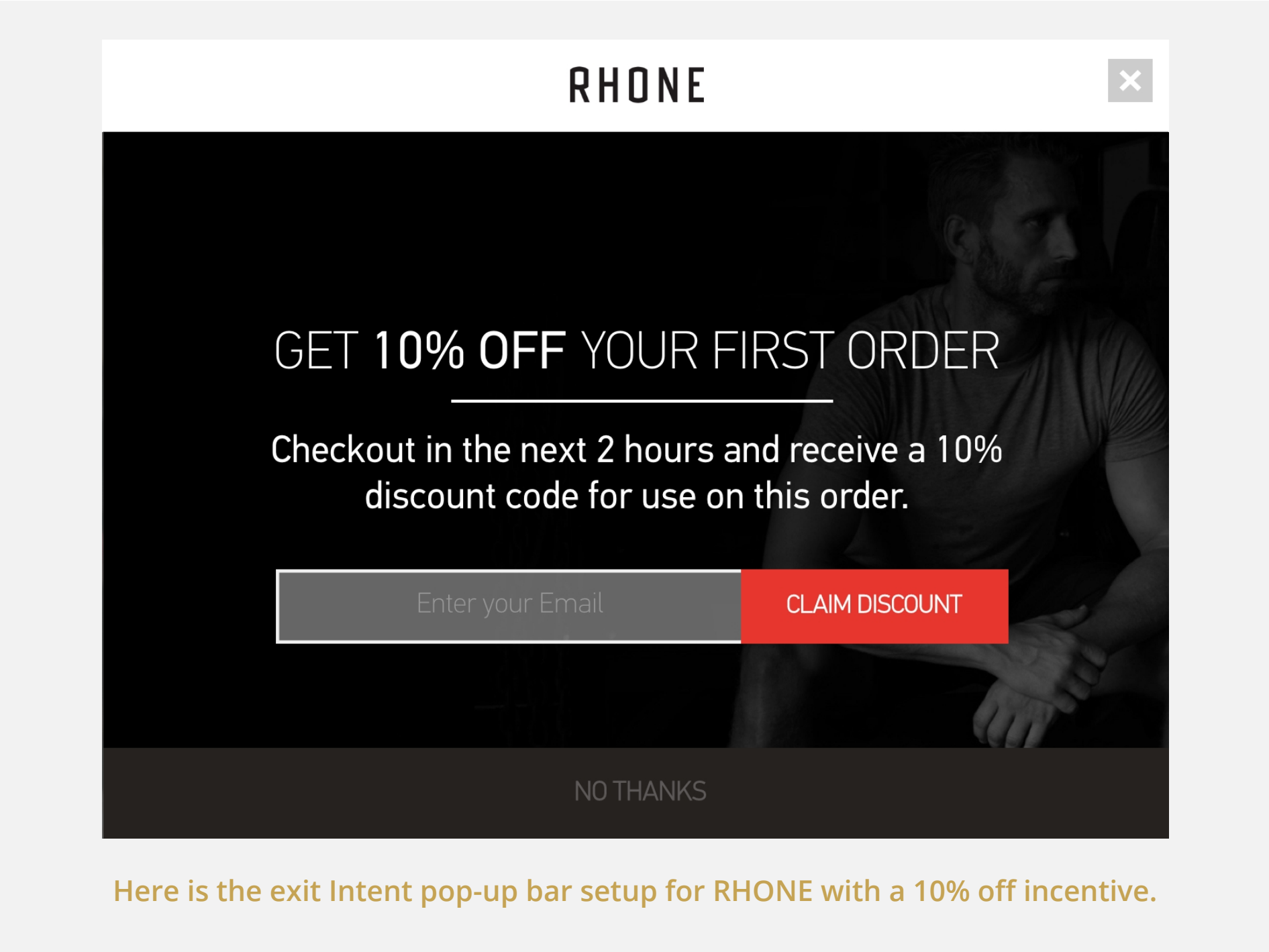


Keep the domain consistent

Try your best to use the same domain name for your e-commerce store and checkout page. The practice of sending to a third-party gateway URL for checkout can scare shoppers away. While this may not affect security, it will disrupt the flow and create distrust in potential customers.

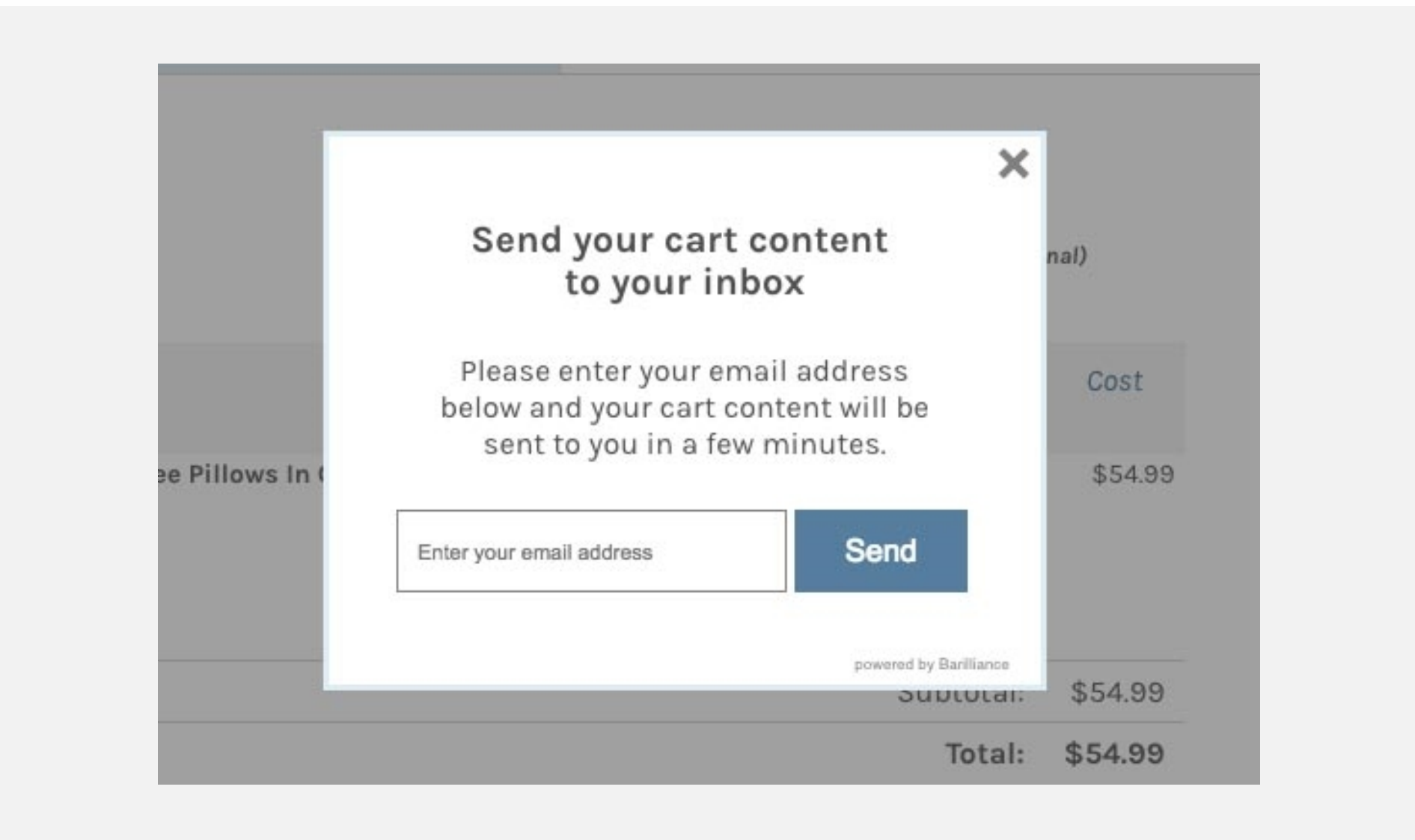
10. Provide exit intent pop up

A fraction of users will inevitably abandon the checkout process. If they're already leaving, you can present a popup as the last step to try to get them to continue with the checkout. It is smart to add an incentive by offering a time-bound discount or coupon.



11. Save the cart contents when abandoned

Lastly, it is not uncommon for customers to leave the purchase with the full intent of coming back. One of the best ways you can ensure you don't waste the conversion opportunity is to return the visitors to the "saved" state of their carts. Pre-load the content when they revisit your site so that they can easily pick up from where they left.



Capture emails early

Make email capturing a priority in the checkout journey by making it the first step. A fraction of your customers will always be window shoppers who might convert down the line. Capturing emails early gives you a way to push remarketing and email campaigns to make them return.

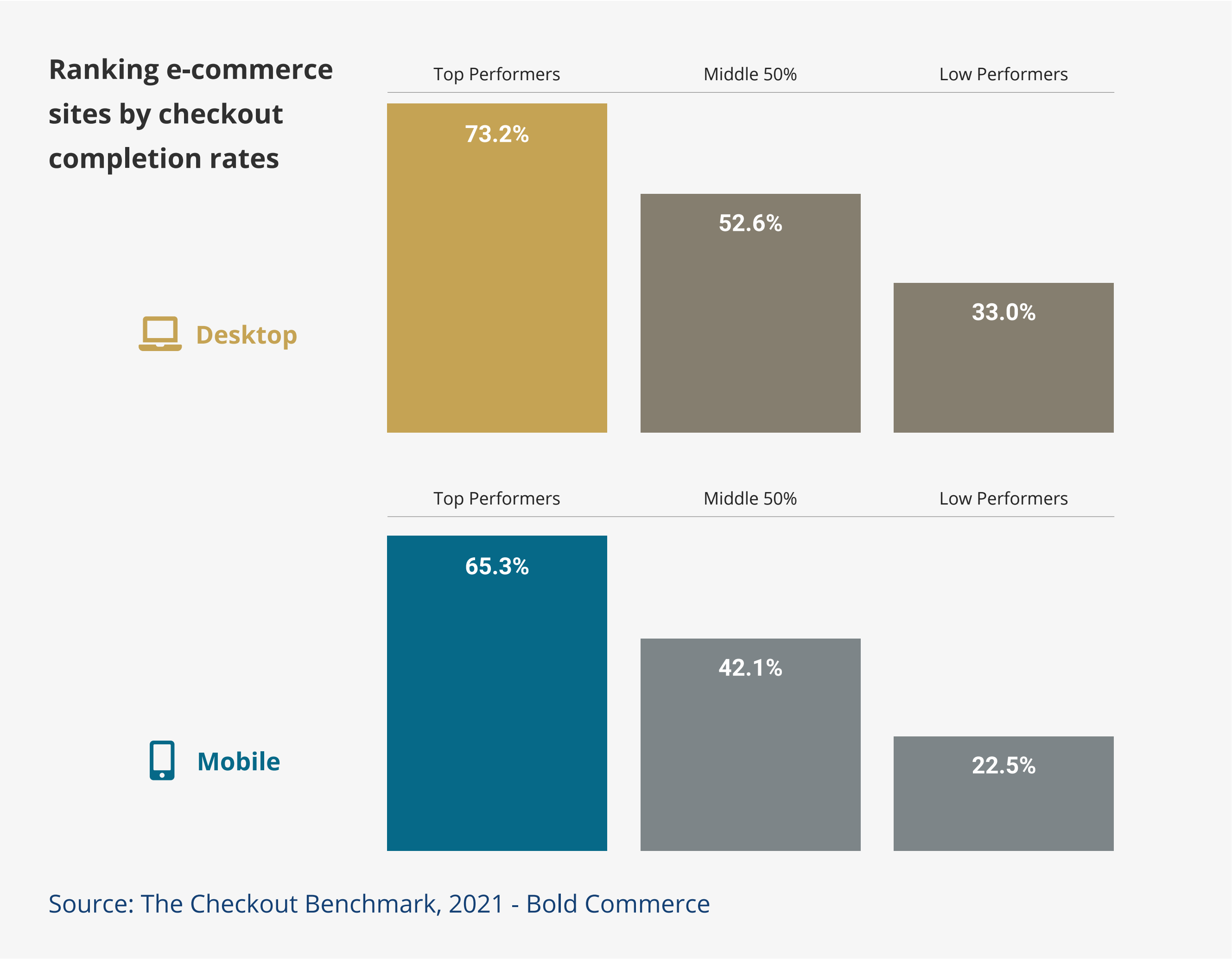


Limit distractions and add USPs

Keep the distractions at bay by removing the main navigation. Apart from the company logo and back button, keep it as minimal as you can to keep the shopper focused. At the same time, remind users of your USP in the checkout funnel to motivate them. Highlight key selling points through specific messaging on delivery, return and discounts.

Checkout Industry Benchmark

While you may be familiar with the industry benchmarks for cart abandonment and overall website conversion rate, it is important to explore the checkout completion rates to better analyse your checkout performance. The performance ranking of different e-commerce sites can help you gauge where you stand and how you can improve. Based on research done by Bold Commerce, checkout leadership emerges clearly with top performers. The top 25% of brands are achieving 73.2% checkout completion rates on desktop and 65.3% on mobile, more than doubling the lowest performers. Anything below the average checkout completion rates - 52.5% for desktops and 42.4% for non-desktop shopping - should be corrected immediately.



A brand's desktop checkout is performing in the top quarter of checkouts if its completion rate is 73.2%. If a brand's checkout completion rate is lower than 33%, it is performing in the bottom quarter of checkouts.

If a brand's mobile checkout completion rate is 65.3%, it's performing in the top quarter of mobile checkouts. If it's lower than 22.5%, the brand's checkout is performing in the lowest quarter of checkouts. There is a tremendous opportunity for enterprise brands to improve checkout conversion rates by optimizing the checkout experiences — particularly on mobile.

Metrics to Track Abandonment

To gain an understanding of how checkout abandonment affects your business, you need more than just the checkout abandonment rate alone. You can create a complete picture of checkout abandonment by examining a set of checkout abandonment statistics that need to be tracked and analyzed for meaningful and actionable insights.

Here are some of the most impactful checkout abandonment metrics that can be used to uncover where your checkout experience is lacking. An efficient experience can be provided by focusing optimization strategies on these areas in your purchase funnel that need improvement.



Time to complete order

Knowing how long the average customer takes to make a purchase will help you find ways of reducing this time. It also helps put into perspective how long the process takes and the effort required to convince the customer to buy. This data helps to isolate areas for improvement in the purchase funnel and identify any technical problems that could be slowing down the customer.



Transaction path length

It's important to track your customer journey from the time your customer visits your website to the time a sale is completed. The number of sessions it takes a customer to complete a purchase shows how well they are converting potential customers. A high average number of sessions to convert could indicate a problem in your process.



Email capture rate

This is the rate of emails captured from users who have started the checkout process to the total number of visitors to your store. The email capture rate represents the number of potential buyers with whom you can communicate after they've abandoned payment. It is also a sign of genuine user trust in your platform. You can use these leads to remarket and recapture lost sales.



Segment by device type

Ascertain whether users are accessing the checkout process through a tablet, mobile app, mobile web, or mobile device. Each device will have a slightly unique checkout. Tracking checkout abandonment based on device type makes it easy to determine if the problem is common to all devices or unique to one specific checkout process.

Conclusion

As we have seen, the success of e-commerce businesses hinges on checkout optimization to a large extent. With the digital movement upon us, brands are called to improve the entire shopper journey, right through checkout, or risk being left behind. Leading brands are paying close attention to their checkouts, learning where and why they have drop-offs, and finding ways to improve those areas to increase checkout completions.

Checkout optimization is an ongoing process. A diligent approach to improving the checkout experience is what will help brands close the checkout completion gap and unlock more revenue. Get as much feedback from customers and offer all available, convenient solutions for your customers. Eventually, you'll discover that optimization can impact abandonment rates favorably and can pay off big in return on investment.



For more information, visit ADROSONIC at www.adrosonic.com



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Fida Parween is a senior UI/UX design specialist working as Research and Innovation Engineer at ADROSONIC.

With her broad experience in designing and improving the online experiences for multiple e-commerce brands across the globe, Fida offers thoughtful insights on how businesses can raise their game by leveraging user experience. She has assisted multiple B2B and B2C clients in launching a wide range of superior digital products including websites, mobile applications, SAAS platforms, software UI, and analytics dashboards. Her approach to design is marked by a passion for user advocacy with an eye on execution.

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