

**Shop 'til they drop.
An insight into shopping
basket abandonment.**





Introduction

The psychology of shopping is not confined to the real world retail environment. While the rise of online shopping is great news for online stores, the phenomenon of shopping basket abandonment is high due to the relative anonymity of the experience. Unlike shoppers who actually have to walk into a brick and mortar retail store, push a trolley around and proceed to the checkout, there is no embarrassment in abandoning a basket online. Like their real world counterparts, online customers love to window shop, the difference being that when window shopping online, they accumulate items using their shopping basket to keep track of items they're interested in.

Online retailers are continuing to explore the technology around behavioural targeting, using data collected from past visits to their sites to build a better picture of user behaviour with the aim of improving the visitor experience and increase sales by ensuring products presented are most relevant to the user.

However, if online retailers are to truly increase sales they must understand the motivations of their customers. They should be looking beyond the technology and deeper into the psychology of shoppers to identify why they continue to abandon their shopping baskets despite offering perfectly targeted products based on demographic and past purchase history.

Working with Karen Renaud from the Computer Science Department at Glasgow University, Amaze has developed this paper to present an analysis of self-reported online shopping behaviour – specifically their use of electronic shopping baskets and wish lists; introduce the types of behaviour found among online shoppers; and explain how online stores can nurture shoppers to engender a feeling of affective commitment, maximising the likelihood of converting a shopping basket into a purchase.



The conversion rate myth

Many online stores use conversion rates of shopping baskets to actual purchases in order to assess the usability of their site, but this focus may be misguided. This is particularly true if time, money and effort is ploughed into improving the usability based purely on conversion rates.

Abandonment rates should not be the sole indicator of a site's success and this paper shows how the online shopping experience has a distinct nature of its own, with unique characteristics, encouraging different behaviours. It will also plead the case for two distinct types of e-shoppers who use wish lists to monitor prices or keep track of items for possible future purchase.

A study in the form of an online survey was used to gain a better understanding of online shopping behaviours. The report confirms that while some online stores do have problems with the check out process, when it comes to the abandonment of the virtual shopping basket, they must look past the traditional solution of blaming the site usability and accept that abandonment could well be the side-effect of something completely different.

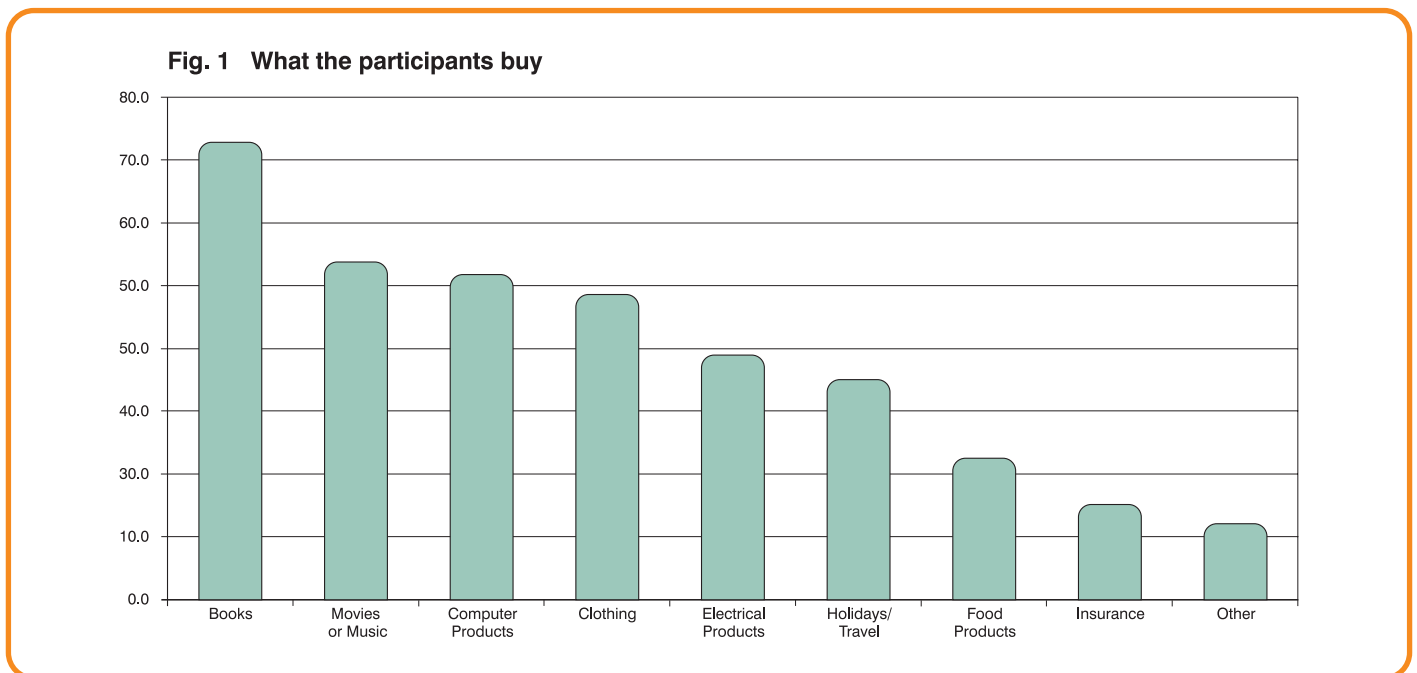


Research

The online survey was developed to discover more about user behaviour during the checkout process, and to understand just why people will place an item in a virtual basket and then abandon their potential purchase before checkout.

Questions were asked in order to ascertain whether abandonment was influenced by the object or service being purchased, or the relative cost of an item.

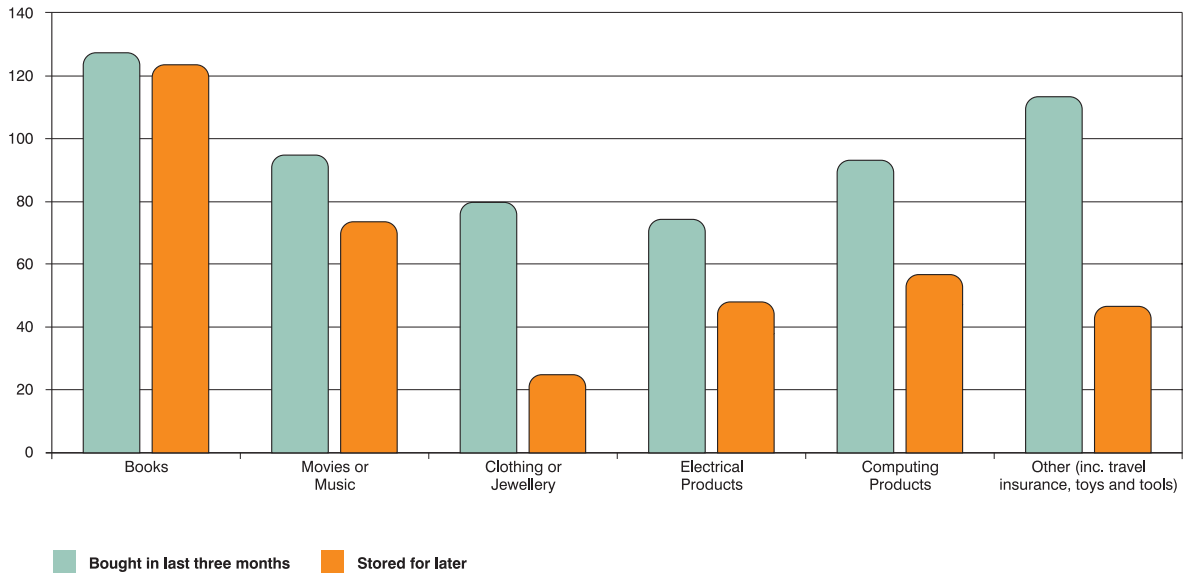
The findings showed that 95.7% of respondents had made an internet purchase, shopping for books (73.5%); movies (53.5%); clothes (49.5%); computer products (51.2%); electrical products (39.5%); food products (21.6%) and insurance (15.1%) three months prior to the survey (Fig 1).



Some 87.4% of customers had placed items into a shopping basket but not purchased them during the same session - 98.9% of respondents said they did this in the previous year. However, 74.2% said that they would return at a later date to purchase the items, effectively using their basket as a wish list. It was made clear that books, music and movies would be most likely to be stored for a later date, while clothing and computer products were more likely to be bought straight away. (Fig 2)



Fig. 2 What the participants store for later



When researchers explored the reasons behind users putting items into their baskets and purchasing at a later date, 79.4% claimed they used the displayed total to support their decision to purchase, while 61.8% stated that they considered their purchase before committing to spending. However, with only 46% indicating that they were more likely to do this for more expensive items, it has been concluded that it is not only the cost of the item that encourages abandonment.

It's clear from the findings that the pleasure of browsing without the pain of buying is a real phenomenon that online retailers have to take into consideration when developing the checkout element of websites.

Further analysis revealed the types of abandoners, wish list users and understanding of abandonment behaviour.



Types of shopper

It was discovered that there are three types of people, each of which exhibit different behaviours when shopping online (Fig 3). Such traits contribute to abandonment rates:

1. The vague shopper

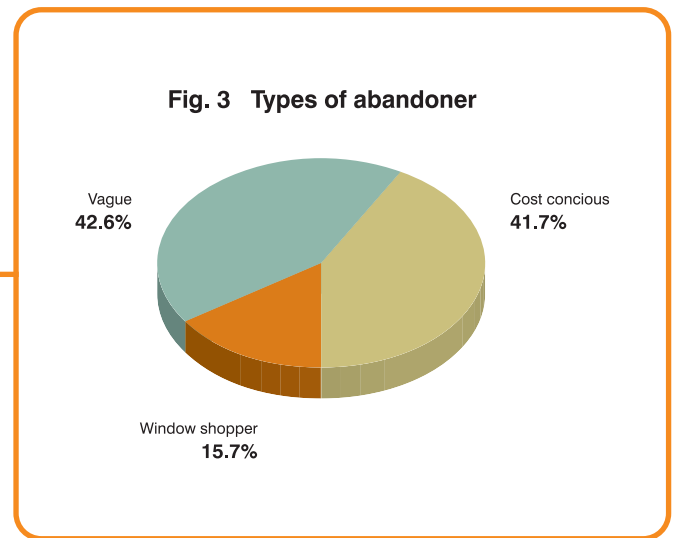
Seeks more information or input from other parties before they complete purchases, stating that they ‘wanted to think about it’, ‘changed their mind’ or ‘wanted to consult with someone first’. They had the strongest intention to purchase and the lowest rate of abandonment.

2. Cost conscious

Base their purchase decisions on purely rational cost criteria citing ‘high postage costs’ or ‘found the items cheaper elsewhere’ as the reason for leaving, suggesting that these shoppers would buy if the price was right and the store offering the best price will get their money.

3. Window shoppers

Stated that they ‘never intended to purchase’. They are browsing, in much the same way as a window shopper does with brick and mortar stores. It is clear they use their baskets as a wish list. Window shoppers may make the conversion rate look bad, but as they weren’t going to purchase anyway, abandonment is not a sure sign of poor usability.



Type of shopper	Reasons for abandonment	Behaviour exhibited
Vague	<ul style="list-style-type: none"> Wanted to think about it Changed their mind Wanted to consult with someone first 	<ul style="list-style-type: none"> Strong intention to purchase Low rate of abandonment
Cost conscious	<ul style="list-style-type: none"> High postage costs Found the items cheaper elsewhere 	<ul style="list-style-type: none"> Will purchase if price is acceptable Search for lowest price across multiple online shops
Window shopper	<ul style="list-style-type: none"> Never intended to purchase 	<ul style="list-style-type: none"> No intention to purchase items placed in basket Use basket as a wish list

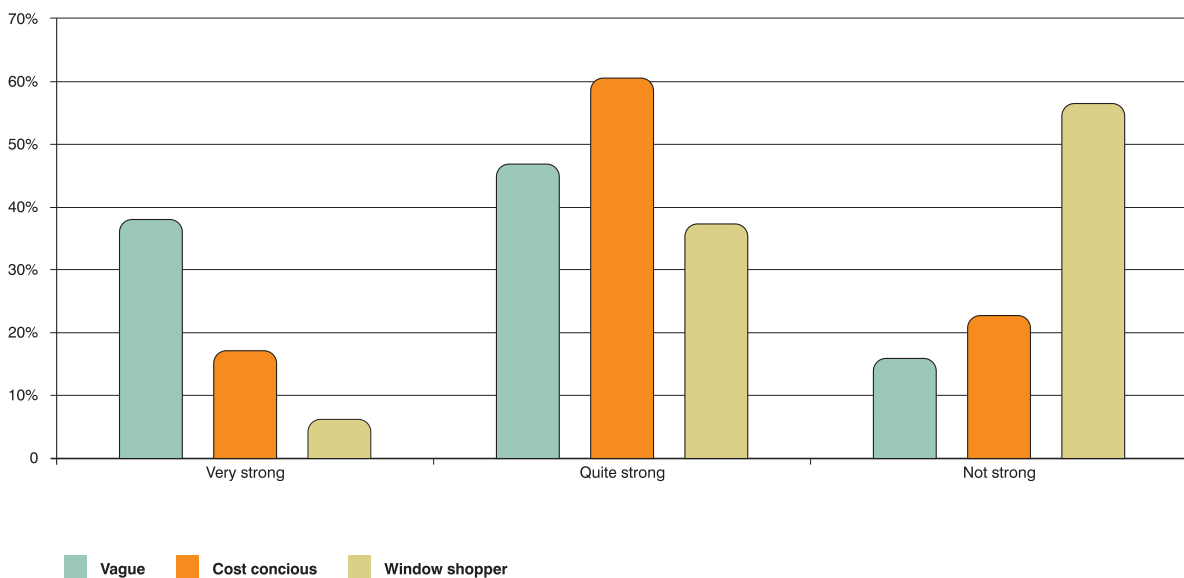


Abandonment behaviour

From the research it was clear that the 15% of window shoppers were unlikely to change their behaviour in response to any changes made to the site. The cost conscious shoppers would always be primarily driven by cost. They appear to exhibit a calculative form of commitment, where rational evaluation of the short term potential benefits outweigh a longer commitment to the brand. With these shoppers it may be possible to use below-the-line cost advantages to persuade these users not to abandon e.g. free postage, guarantees, price matching etc.

It is the vague shoppers who are the easiest targets. They seek reassurance and external input to help support purchase decisions. These shoppers seem to have affective commitment relationships with the brand, entertaining positive feelings about the brand, not overtly swayed by cost or rational evaluation. Given the right input they are likely to change from abandonment to purchase.

Fig. 4 Strength of intention to purchase by type or abandoner





Wishful thinking

It was also investigated who made use of wish lists, and it was discovered that it was older rather than the younger users who delayed gratification in this way.

In addition, two forms of wish list related behaviour were classified:

Cleaners: These participants stated they didn't like using their wish lists because 'it is public' and didn't like to keep recommendation lists or shopping basket contents. They were also more likely to cite cost as a reason for abandoning their baskets.

Hoarders: These participants stated that they like to use their wish lists to 'keep track of potential purchases', 'let family/friends buy me gifts' and 'save recommendations for later consideration'. They also liked stores keeping the contents of their basket for their next visit. This group had significantly more experience of e-commerce.

One explanation for these differences in behaviour may well come from theories of commitment.

The Cleaners exhibit calculative commitment. People in this form of relationship make rational calculations into the benefit of staying in the relationship against the cost of switching.

Hoarders exhibit affective commitment; a commitment based on the desire to continue the relationship because they entertain positive feelings about their choice of online store.

From an e-commerce perspective the nurturing of affective commitment is an expression of deeper brand loyalty and people who retain items in wish lists may be the sign of a Vague shopper.



Responding to shopper behaviours

By altering the visual hierarchy of page elements, making use of internal promotional tools and banners etc. an online retailer can dynamically adapt a page's content to reflect different users' behavioural traits and influence purchase or abandonment.

Once we have user behavioural analysis to identify a customer as a cost conscious purchaser then the persuasion architecture of the site and the calls to action should focus on cost benefits of dealing with this online store. To appeal to these shoppers, the site must be transparent about the total cost of a purchase as early as possible in the sales process. Internal promotion tools or message panels should focus on cost saving aspects of purchases, such as added benefits, free insurance, delivery costs, returns policy etc. The site should also promote customer reviews that focus on cost savings.

When dealing with vague shoppers, the site should promote user comments and user ratings as a way of supporting these shoppers in their purchase decision. Tools which help in the qualitative decision making process should also be promoted and brought to the attention of the user. Services which allow customers to seek assurance or additional information from sales representatives or a community of experts should also be promoted.

As for window shoppers, as in the real world, they are a fact of life. Customers with no intention to purchase but who are taking the pleasure of shopping without the pain of paying.

With all types of shoppers, the general rules of creating appropriate, responsive, engaging user experiences should apply. All potential customers should feel welcome and that the brand or online store is responding to their needs. There has been a move in the real world to make the retail experience more relaxing and to encourage a lingering browsing experience. The rationale is that the more comfortable and less pressurised a customer feels, the more time they will stay in the store increasing the potential they'll make a purchase. Delivering tailored responses to match customer purchasing behaviour is a way to provide customers, especially those that meet the Vague profile, with an experience which is both functional and encourages them to remain.

Type of shopper	Behaviour exhibited	Response
Vague	<ul style="list-style-type: none"> • Strong intention to purchase • Low rate of abandonment 	<ul style="list-style-type: none"> • Promote user comments and ratings • Add tools to support qualitative decision making process • Provide on-site support from customer service or enable engagement with community of experts
Cost conscious	<ul style="list-style-type: none"> • Will purchase if price is acceptable • Take the time to search for lowest price across multiple online shops 	<ul style="list-style-type: none"> • Ensure transparency around total cost of purchase as soon as possible • Ensure all messaging focuses on cost saving aspects of purchases • Highlight added cost benefits of purchasing from online shop
Window shopper	<ul style="list-style-type: none"> • No intention to purchase items in basket • Use baskets as a wish list 	<ul style="list-style-type: none"> • Accept as fact of life • Don't count against abandonment rates



Practical tips for online retailers

Online retailers have come a long way from the days when glaring basic usability errors prevented customers from purchasing an item. The findings show that the issue is bigger than pure usability.

It is clear that as people mature in their online shopping they become wiser and shop around for the best price before buying. As people become increasingly familiar with shopping online, abandonment behaviour is likely to increase which is why it is so important online retailers should analyse shoppers' behaviour now.

So, what action should online retailers take following these findings in order to increase their conversion rate?

- Price will always be a driver for a significant portion of users and, to combat this, retailers should display transparency in pricing as early as possible in the sales process while pushing the additional benefits that purchasing from them will provide.
- Develop metrics and analytical tools which can predict and recognise the different shopper types identified within this study
- Nurture online shoppers in order to engender a feeling of affective commitment to the online store, by means of adding value to the shopping experience. This can be done by offering service quality, for example the likes of shopping reviews and/or facilitating simple customer star rating systems.
- Stores should seek to cultivate hoarder type customers by retaining the shopping baskets contents from one visit to the next. The easy-to-implement facility will act as a personalised memory bank that allows hoarders to flourish.
- The online stores should also seek to give added value to shoppers rather than focusing purely on usability. Low conversion rates are not a sure sign a site is failing. It is agreed that while usability is important, fostering customer loyalty and delivering value-added shopping are also key.
- For each shopper type, online stores should also develop more sophisticated techniques which customise the calls to action and the methods of prolonging and reigniting the purchase process of subsequent visits in order to close the sale.



Conclusion

As customers become more savvy online, navigating easily around a variety of online stores, it seems inevitable that all customers will eventually abandon. But abandonment rates should not be held as a primary indicator of an online store's success rate.

Online retailers should be developing a deeper understanding of their customers' motivations, creating methods of identifying them in order to implement tools and techniques specifically for their behaviour model to dissuade abandonment.

While the technology to target consumers with product choices is developing, online retailers should be looking at the psychology of shoppers rather than just relying on technology related to behavioural targeting. This should take the form of online user surveys, ethnographic observational research and the application of insights gained from traditional psychology.

While window shoppers will remain a fact of life in the real and virtual world, it's now more important than ever that online retailers focus on human psychology rather than analytics if they are to get their share of the online consumer's wallet.



About the Author

Tunde Cockshott is a Creative Consultant at Amaze, working with Toyota and Lexus. He holds a PhD in Computing Science from Glasgow University and his expertise focuses on user centred design methodologies, usability practice, real world application of e-learning principles, application of mobile technologies to solutions, games development, user modelling and requirement capture.

He has previously worked on projects with Maxxium, Ssangyong Cars, 22words.com, E*TRADE, Dunnhumby, Nectar, DST International and Visit Scotland. Tunde has also worked with a diverse array of clients within the computer games industry including Dorling Kindersley, Europress, Segasoft, Warner Brothers, DC Comics, Electronic Arts and Oxford University Press.

About Amaze

Amaze is a Pan-European integrated marketing and technology company with digital in its DNA. By applying connected thinking, Amaze works with clients to develop and execute transformational ideas that enable them to compete, grow and operate more efficiently. The company does this by implementing in-depth understanding of the evolving media and technology landscape and its impact on society to business problems and marketing goals.

Amaze's clients include The Co-operative Group, Eurocamp, Greater London Authority, Lexus, Northern Rail, ODEON Cinemas, Siemens Enterprise Communications and Toyota Europe.

To find out more about Amaze email: info@amaze.com

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