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# **About the SeeWhy Conversion Academy**

The Conversion Academy is dedicated to furthering the understanding of online buyer behavior through primary research and analysis. Educators, speakers, and ecommerce industry experts use the Academy to share knowledge of conversion techniques through educational programs and materials.

For more information, together with other research materials, and to sign up for news, visit us here:

http://www.seewhy.com/conversion-academy.htm

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## **Executive Summary**

Why do some customers buy and others not? We set out to study online buyer behavior to try to answer this fascinating question.

On average, 71% of shopping carts are abandoned without a purchase. But what are the unique predictive factors that determine the likelihood of an abandoner becoming a buyer?

Research has told us why visitors *say* they abandon. For example, <u>Forrester Research</u> asked almost 3,000 people why they abandon, and the top five reasons can be grouped into price and timing objections. But there is another way of looking at the reasons behind abandonment: not what they say, but what they do.

In this eBook, we detail the results of one of the most extensive studies ever conducted into the behavior of website visitors when they buy and when they abandon their shopping carts. We analyzed the behavior of more than 600,000 people and a quarter of a million online transactions to understand what people actually do when they buy, and in particular, their behavior when they don't.

Surprising truths emerged.

Conventional wisdom suggests that website conversion is good, and abandonment is bad.

Abandonment = Bad?

Yet, one major conclusion of this research is that not all shopping cart abandonment is bad. In fact, shopping cart abandonment is an important part of the normal buying cycle for many customers and for many types of purchase.

This leads to the conclusion that abandonment, rather than being a rejection of the brand's value proposition, can be a step in the decision process for some buyers and for the majority of purchases. This is visible in the way that some customers will come back multiple times as they consider the purchase, storing items in their shopping carts as 'wish lists.'

Additionally, the data shows that a quarter of abandoners will never return. However, this leaves an astonishing 75% that will either return to purchase or return to abandon again. These visitors are revealing intent, and the more a site can get them to come back, the greater the chances of securing purchases.

There are several key insights and potential actions that ecommerce sites can immediately take away from this new research:

## Viewing abandonment differently

First, ecommerce sites need to rethink the way they view abandonment. For many customers, abandonment is part of the normal purchase cycle. This is not restricted only to new customers but applies across the board, including a site's most loyal repeat buyers.

## The importance of the permanent cart

Second, our new research suggests how the role of the shopping cart is evolving and how customers are adopting "permanent" shopping carts as a normal ecommerce feature. We know that carts are used for storing items for later purchase, and this convenience is now reflected in mainstream shopping behavior. For this reason alone, shopping cart persistence should be set to a minimum of 60 days to support these new insights on customer buying patterns.

## Support buyers while they're still considering

Third, sites need to think about how to support buyers during their consideration cycle. Getting visitors back to the site dramatically increases the chances of closing a sale. This explains why email remarketing works well. Rather than looking at a customer as lost when their session ends, remarketing can continue the dialogue with the customer and keep them engaged as they go through their consideration process.

## Customer welcome programs

Finally, since so few customers return on their own to buy after a first purchase, a 'welcome' program should be central to every ecommerce site. Getting new customers to return to the site, even if they abandon as part of their normal decision process, increases the chance of getting a second sale by 300%.

# Methodology

This study is based on a random sample of more than a quarter of a million (264,631) U.S. ecommerce transactions from July through August 2011. These transactions were distributed evenly across a wide variety of different ecommerce sites, with the majority in the Business-to-Consumer market. Overall, 617,247 individually identified ecommerce visitors were profiled as part of this research.

In some cases where we have made a selection from this sample, the sample size is noted on the chart (e.g. n=65,467), otherwise the sample size was the full 264,631 transactions.

In addition, for the section on the causes of shopping cart abandonment, we have drawn on analysts <u>Forrester Research</u> and, in particular, their <u>May 2010 'Understanding Shopping Cart</u> <u>Abandonment' report.</u>

## Introduction

On average, 2-3% of visitors to a website will purchase in the same session, while only 29% of those that add items to their shopping carts will purchase. With 7 in every 10 prospective purchasers abandoning their shopping carts, there is a lot of interest in understanding more:

- Who are these abandoners?
- Why are they abandoning?
- What can be done to convert them to customers?

In this study, one of the largest of its kind, the Conversion Academy research team set out to answer these critical questions. By analyzing transaction data, we have been able to look at behavior of more than 600,000 customers and more than quarter of a million abandoned and completed shopping cart transactions.

We used a large sample size to be able to segment behaviors and, in particular, study the differences between three unique customer segments:

- First time abandoners
- Serial abandoners
- Existing customers that abandon

These three groups have very different characteristics, and our analysis will probably change the way that you think about abandonment.

Throughout the research, we try to identify key takeouts. These are highlighted at the end of each section to make it easier for you to apply the insights from the data on your ecommerce site.

# Why Customers Say They Abandon Their Shopping Carts

154 million people in the U.S. make online purchases each year, amounting to \$155.2 billion in sales, or approximately \$1,000 each, according to a recent Forrester Research report. But these are just the ones that made it through the process; ever since the <u>first online purchase in 1979</u>, significantly more people abandon shopping carts than complete their purchases.

SeeWhy tracks the shopping cart abandonment rate every day. At the beginning of 2010, the shopping cart abandonment rate was 71%, and by June 2011, the rate had increased to 75%.

Despite all the improvements in ecommerce websites in recent years, abandonment rates are increasing. This is primarily attributable to the increasing sophistication of online customers. An <u>e-tailing group study</u> shows that 47% of online customers will not buy, or only in exceptional circumstances, unless a product is on promotion. A <u>comScore study</u> found that 36% of consumers will not buy unless free shipping is offered.

Consumers are abandoning more frequently because easy access to competitors to compare prices is changing buyer behavior, both online and in-store.

Looking specifically at online abandonment, <u>Forrester Research</u> states 88% of U.S. online customers abandoned at least one shopping cart each year, or 136 million people total.

There are also significant gender differences when it comes to abandonment:

#### Males:

- More likely to compare prices
- Less likely to abandon

#### Females:

- More likely to save products for later
- Take longer to buy
- Even more sensitive to shipping and handling costs

Additionally, <u>Forrester shows</u> how the typical abandoner earns more than the average income, is better educated, and has been shopping online longer than non-abandoners. Abandoners also spend 19% more each year than visitors that don't abandon shopping carts.

Forrester's study also asked approximately 3,000 people why they abandon shopping carts. Here are their top five reasons:



Source: Forrester May 2010 'Understanding Shopping Cart Abandonment'. Note respondents were able to give multiple answers

The cost of shipping is still the number one cause of shopping cart abandonment, as it has been for years. What's interesting is that the top five reasons have nothing to do with the actual checkout process. They're behavioral issues related to the visitor not being ready to buy or being unwilling to pay the final purchase price.

This conclusion points to what many ecommerce teams already know: Tuning the website to make the checkout process smoother is only part of the answer. In fact, many have learned that once tuned, abandonment rates are still high. In this report, we aim to understand why.

## Key take-outs from this section

7 out of every 10 shopping carts are abandoned.

The top two causes of abandonment are Price and Timing.

Abandonment rates are increasing as customers become more sophisticated buyers, with 47% unwilling to purchase unless a promotion is offered.

Men and women shop differently online.

# Traffic Sources and the Impact on Conversion

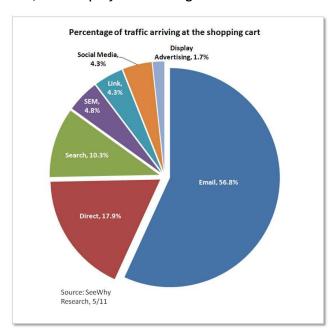
The quality of traffic arriving at your website will have a dramatic impact on your conversion rate, so we set out to examine exactly how.

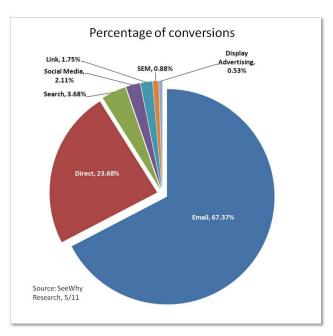
To answer this question, we took a sample of our data set specifically looking at where customers had demonstrated intent by adding an item to their shopping cart. Our logic here was that traffic arriving at the website as a whole is quite 'noisy' with a significant amount of misdirected traffic that bounces straight out again. We wanted something cleaner — where we could look at only the qualified traffic showing intent to purchase.

The results were pretty surprising.

All ecommerce teams know that email has a very strong link to conversions. But what we found was that email was the single largest source of traffic arriving at the shopping cart. This is, of course, a very different picture from similar reports that chart traffic sources at the point of landing on the site. In these more familiar charts, traffic referred from email is a long way down the list of top traffic sources.

Email represents more than half of all shopping cart traffic (57%), while direct traffic contributes 18%, and display advertising is lowest at 1.7%.

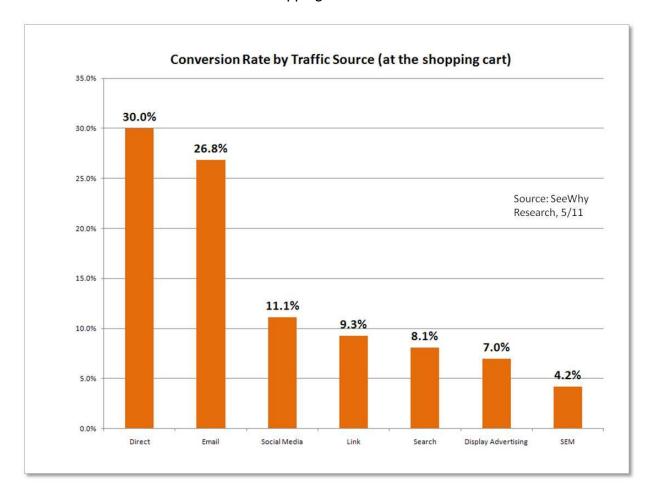




So, the next piece of the puzzle won't be a surprise to you: 67% of conversions came from email and 24% direct to the website. Since both of these percentages increased, it means the others went down, and the paid traffic sources — search engine marketing and display advertising — were both at the bottom with less than 1% of the converting traffic.

This indicates that the shopping cart conversion rates for each of these traffic sources vary considerably; while organic search generated 10% of the traffic, only 4% of the traffic that converted came from search.

Here are the conversion rates at the shopping cart for each of the traffic sources:



Note: This data can vary significantly between individual sites; for example, ecommerce sites that sell specific accessories or parts often find that organic and paid search are the top converting sources. Visitors aren't necessarily familiar with your site and are unlikely to buy again. The lesson here is that all sites are different, and you really need to crunch your own data. But you knew that already, right?

The overall conversion rate, including the long tail of other sources, was 23%; so in our sample, the shopping cart abandonment rate was higher than average at 78%.

## What does this tell us?

It tells us to some extent what we already know: that our best prospects are customers that already know us, or we already know.

Customers that are familiar with the brand, having previously purchased or signed up for emails, are the best source of traffic for conversions when you email them. After email, customers that enter the site directly (as opposed to any other traffic source) are the most likely to convert when they get to the shopping cart.

The surprise here is just how different the traffic source analysis looks at the shopping cart level compared with the site as a whole. This suggests that it is a worthwhile analysis to do on your individual site even though we are only looking at last-click attribution.

The data indicates that we should be thinking about traffic sources differently.

The further a visitor progresses down the funnel, the more likely that the eventual conversion will come following a click-through from an email.

The further a visitor progresses down the funnel, the more likely that the eventual conversion will come following a click from an email While the original source of the traffic might be, say, Display Advertising, only 1.7% of these visitors will convert. Two times out of three, the eventual conversion will be triggered by an email.

This suggests that we should be using different techniques at different funnel levels. At the top of the funnel, our goal is to drive maximum traffic from a variety of sources.

But once the traffic arrives onsite, if we can't secure a full conversion (which is statistically

a very low probability), then a secondary 'micro-conversion' goal should be to capture an email address. Thinking about different traffic sources contributing to the full conversion through a series of visits and 'micro-conversions' is helpful since it is unlikely that a new visitor will purchase on a first visit, regardless of how good your onsite conversion process is.

## Key take-outs from this section

90% of conversions come from visitors that you already know, or know you.

Two times out of three the eventual conversion will come from an email.

The further down the conversion funnel visitors progress, the more likely it is that you will convert them via email as the last click.

Think about techniques to incentivize email address capture for new visitors.

# **Buying and Abandonment Patterns**

Our traffic sources data showed that customers already familiar with your brand make up approximately 90% of all your conversions, and only a fraction (<1%) of visitors that have never been to your site before will buy on their first visit. So it's clear that visitors need to get comfortable with your value proposition and, over a series of visits, get comfortable enough to buy.

Our data shows that on average it takes 1.3 abandons for every purchase. This is, of course, somewhat misleading because of the different types of traffic flowing through your checkout process. Some will be new customers; some will be returning visitors; and others will be returning customers. Each of these has a different level of engagement and commitment to your brand.

For the purposes of understanding new vs. returning visitor patterns, we'll look at visitors that have demonstrated intent (entering the checkout process), defined as follows:

- New visitors No intent seen previously
- Returning visitors Previously abandoned or purchased

In our research sample, returning visitors make up only 12% of traffic, yet accounted for 36% of sales — so a returning visitor that has previously entered the checkout process is 3 times more likely to purchase than a new visitor.

## What happens when they abandon

When new visitors abandon, 25% will not return within a 28-day period.

81% of online merchants believe that the majority of abandoners are time wasters

This is much lower than we expected to find and defies conventional wisdom: We polled online marketers, and 81% believed that the majority of abandoners never return.

Conventional wisdom holds that many abandoners have no intent to buy, especially on sites where you need to go deep into the checkout in order to calculate the cost of shipping.

Of course, what this means is that an

astonishing 75% of abandoners have some degree of intent to purchase and will return to the site to either abandon again or purchase. [Note: This data includes the impact of email remarketing which encourages a return to the site, so it is highly likely that sites not using remarketing will see lower return rates.]

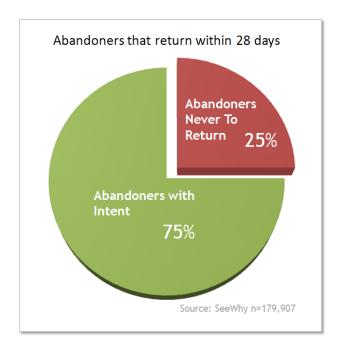
In contrast, when returning visitors abandon a second time, 53% will then not return again within 28 days. However, the remaining 47% will return, of which one in four will make a purchase.

These returning visitors that abandon are more than twice as likely to buy than a returning visitor that bought on the previous visit.

What this tells us is that most visitors don't buy immediately but require a series of visits and abandons over time while considering their purchase.

What is depressing is that so few visitors will return to buy at all. Looking at the table on the right is sobering.

A massive 89% of new visitors and 71% of returning visitors will not visit again in the next 4 weeks. This leaves only 29% of returning visitors, and only 11% of new visitors will come back to the site again.



Visitor Type	Segment	% That Never Return
New Visitors	All	88.7%
	Abandon	74.6%
	Purchase	94.8%
Returning Visitors	All	70.7%
	Abandon	53.4%
	Purchase	88.8%

## What happens when they buy

Even though the numbers are small, when they do return to buy, everything changes.

Returning visitors that have made a recent purchase (within the previous 28 days) are three times as likely to purchase again when compared to new visitors.

Only 3% of new visitors that make a first purchase will return to buy again, compared with 11% of returning visitors.

But if a returning visitor has also recently abandoned, then the probability of securing a sale shoots up to 23%.

Only 3% of new customers will return to buy again

What this tells us is that abandonment increases the probability of a return visit and possibly an eventual sale for both new visitors and returning visitors. But of the two groups, returning visitors are much more likely to buy — and more frequently: Returning visitors will buy 2.3 times more than new visitors making a first purchase.

This data quantifies the 'relationship' that exists between the brand and an online buyer. The more that a customer visits the site and the more that they buy, in general, the more they will buy in the future. For those of you familiar with RFM modeling (Recency, Frequency, Monetary Value), this will sound very familiar.

This also shows how abandonment itself is an essential part of researching for a potential future purchase, while a recent purchase increases the probability of a subsequent abandon. New visitors will require more time and more visits, and fewer will ultimately convert. A much larger proportion of returning visitors will buy, but their fewer numbers make this segment one that is often neglected.

## Key take-outs from this section

Less than 1% of new visitors will buy on a first visit.

Customers take time to buy, often spanning multiple visits and a series of abandons.

7 out of 10 returning visitors will not return in the next 4 weeks.

25% of abandoners will never be seen again.

Only 3% of new customers will buy again. This demonstrates the value of 'welcome' programs that nurture new customers.

## Serial Abandoners

To understand more about abandonment specifically, we created three segments looking at three different types of shopping cart abandonment behavior:

Segment Name	Description	Time Period
One-Time Abandoner	No abandons or purchases	Within the previous 28 days
Serial Abandoner	Abandoned more than once	Within the previous 28 days
Recent Goal Abandoner	One or more purchases followed by an abandon	Within the previous 28 days

## **One-Time Abandoners**

The patterns of one-time and serial abandoners split almost equally with 43% and 42% abandoned transactions. To gauge intent of these different segments, we looked at the percentage that return to buy when sent remarketing emails. This is shown on the pie chart as the Recovery Rate.

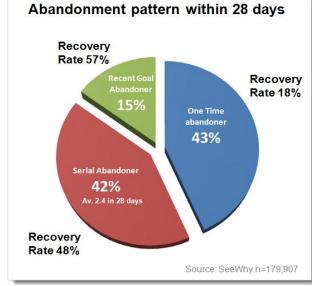
On average, 18% of one-time abandoners will come back and buy when sent remarketing emails.

# Meet the Serial Abandoner, Your Best Prospect

Contrast this with serial abandoners: A massive 48% will buy when remarketed. Serial abandoners are 2.6 times more likely to buy than one-time abandoners. It's not really surprising that the more a visitor returns to the site and abandons, the more likely they are to purchase.

This illustrates that abandonment, rather than being considered a 'bad' thing, should be

interpreted as a signal of intent. In fact, it can be considered a predictor of a potential future purchase.



...abandonment is part of the natural purchase cycle

This is a fascinating finding: It suggests that for the majority, customer abandonment is an essential part of the purchase cycle. As they have become accustomed to the convenience of

storing items in their shopping cart for later purchase, abandonment has become a natural part of their buying cycle.

Perhaps as a result, we should change the way that we think about abandonment and consider a strategy to support the buying cycle across multiple visits. This is where email remarketing comes to the fore: Deliver great service to abandoners, support their decision process, and on average, one in four will come back and purchase. If they abandon multiple times, then almost half will subsequently buy when remarketed.

## **Recent Goal Abandoners**

The data in the pie chart above also shows how a recent purchase makes abandonment more likely. Looking at the average number of abandons for each purchase, it rises from 1.3 for all abandoners to 2.2 for this segment.

However, recent goal abandoners have the highest recovery rate at 57%. While they are more likely to abandon, they are also most likely to return and purchase.

You can conclude from this finding that recent activity, in the form of either a purchase or abandon, increases the probability of recovering a sale after shopping cart abandonment.

Further investigation of this segment revealed two significant behaviors:

- (a) **Customers returning** to view the details of products they have just purchased, double-checking that they made the right choice; and
- (b) **Customers purchasing complementary products** to the original purchase (such as cables for electronics purchases).

The net impact of these two behaviors is a 64% higher-than-normal abandonment rate and a 43% lower-than-normal average order value for recovered transactions from this segment.

#### **New Customers**

New customers making a first purchase are an extra special challenge. Only 5% of new customers that make a first purchase will return to the site, and only 3% will make a second purchase. Since repeat customers are the key to profitability, this is an alarming statistic.

This indicates that remarketing should be considered as an essential technique for new customers. Customer on-boarding programs, as used in online banking and other sectors, often feature a sequence of triggered emails which help to ensure that new customers get active with their new online service.

In online retail, most companies are using welcome programs following a new opt-in subscription, but this research suggests that new customer remarketing following a first purchase should be an additional core capability of every ecommerce website.

## Key take-outs from this section

Customers take time to buy. Check that your shopping cart persistence is set to a minimum of 60 days.

Rethink the way that you approach abandonment. It is a part of the buying cycle.

Recognize that new buyers in particular will require multiple visits and, potentially, multiple abandons before purchasing.

Make sure your remarketing program is focused on supporting this process by offering great customer service with a sequence of well-timed emails.

A remarketing program that welcomes new customers will help to drive repeat sales.

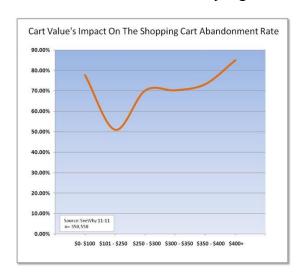
# Shopping Cart Size and Individual Product Abandonment Rates

Our research shows that there is a strong relationship between the shopping cart abandonment rate and the value of the shopping cart. Higher value shopping carts are abandoned more frequently, but it's not a linear relationship, and it is too simplistic to apply this as a general rule.

There are three key exceptions to this rule that all online marketers need to know:

- Low value carts have high abandonment rates.
- Carts at critical price points have very high abandonment rates.
- Individual products can have very different abandonment rates.

## 1. Low value carts have very high abandonment rates.



In the chart on the left, you can see that when the value of the shopping cart reaches \$100, the abandonment rate climbs. But it also shows how lower value baskets have very high abandonment rates.

The reason for this is that as the ratio of shipping cost to the value of the basket approaches 100%, customers abandon their cart. Many people face an emotional block if the shipping cost comes close to the cost of the item(s) in the cart.

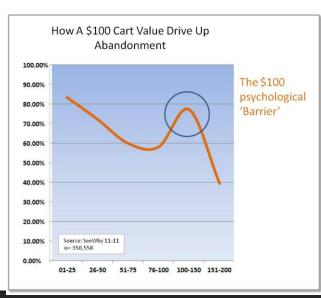
For example, would you buy a \$15.99 item if it costs an additional \$10.95 to ship? In this case, the shipping cost is 68% of the item value.

So, it's well worth checking the ratio of shipping cost to cart value for some of your lower value abandoned baskets and seeing whether you can adjust shipping policies to get the ratio below 20%.

# 2. Carts at critical price points have very high abandonment rates.

The psychological difference between a \$99 and \$100 purchase is more than one dollar. That extra zero means that we perceive the item to be significantly more expensive, even though it's not. The same emotional response applies to shopping carts.

In the chart on the right, we have broken down the abandonment rate curve for baskets up to \$200. Clearly there's a hurdle close to \$100.

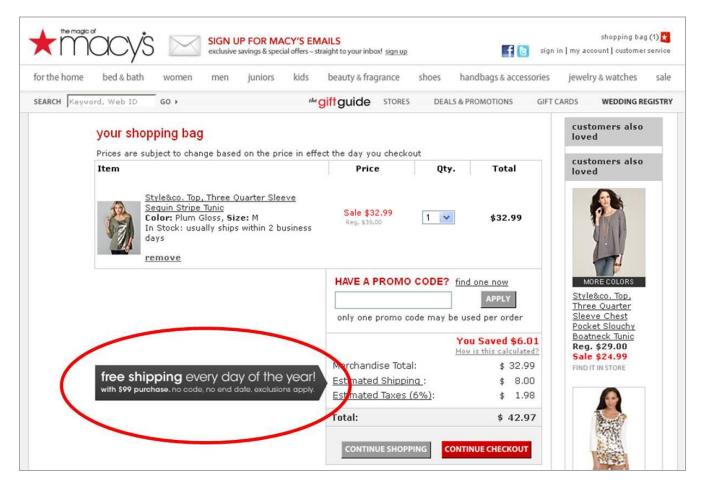


What this tells you is that there are some key price points at which spikes in the abandonment rate will occur. The \$100 spike is the most significant and has the highest volume, but there are similar spikes at \$250, \$400 and \$500.

What this suggests is that these are great break points at which you might offer minimum order free shipping.

If the cost of shipping takes the purchaser over the psychological barrier, then they are more likely to abandon. Minimum order free shipping will help with the low value cart/high shipping cost problem and often has the added benefit of increasing your average order value (by as much as 30%) as customers add items to their carts to reach the threshold.

Notice in the screen-grab below how Macy's offers free shipping at, yes, you guessed it, \$99.



Macy's also does a great job at reminding the buyer about its \$99 free shipping on the cart summary page, which is really important since the cart summary page is a high exit point.

In a perfect world, your reminder will tell the shopper how much more they need to spend in order to reach the free shipping threshold.

## 3. Individual products can have very different abandonment rates.

Individual products have their own shopping cart abandonment rates, and it's amazing to see how huge the differences are.

## Consider:

\$12.99 item

\$239.99 item

Both have a 99.8% abandonment rate

# Compare with

\$599.00 item

\$3.99 item

Both have a 50% abandonment rate

For example: the items above both have an abandonment rate of 99.8%. That means that the item actually gets purchased less than one time in every 100 times it is added to the cart. Yet one item is priced at \$12.99 and the other at \$239.99.

But two different items at the same retailer priced at \$599.00 and \$3.99 both have an abandonment rate of 50%, meaning that these products get purchased one in every two times that they are added to the cart.

There are many potential causes of this, of course, and sometimes these are completely understandable given the specifics of the item. However, if both of these products are frequently abandoned, it is worth examining why and seeing if you can address some of the causes.

Check the description on the product detail page and the shipping costs associated with these frequently abandoned items.



Router Table, \$249.99

- 87% Abandon Rate
  - 1st abandon: 7% recovery rate
  - 2<sup>nd</sup> abandon: 25% recovery rate

This router table is a bulky item; the shipping charges may be high, and customers may need to check compatibility with their router before purchasing. Offering an option to buy online and pick up in-store might work very well for this item.

The router table is abandoned 87% of the time and, as a consequence, is also difficult to recover (7% on the first abandon).

By contrast, this drill bit set has a 29% abandonment rate and is much easier to recover (31% on the first abandon).

But note also how the chances of recovering each item increases with a second abandonment.



Drill Bit Set, \$119.99

- 29% Abandon Rate
  - 1st abandon: 31% recovery rate
  - 2nd abandon: 75% recovery rate

A second abandonment for either of these items triples your chances that they will be purchased. This reiterates that, for some purchases, abandonment can be considered a natural part of the buying cycle and that abandonment is often a customer's signal of intent to purchase.

This data also illustrates the value of remarketing. Remarketing's number one goal is to keep the buyer engaged with the brand and the idea of purchasing the item they abandoned. A visit back to the website is a micro-conversion, and if it leads to a second abandonment, then statistically the

## Key take-outs from this section

Check the ratio of shipping cost to cart value for some of your lower value abandoned baskets.

Consider minimum order free shipping just below key break points (\$49/\$99 to overcome the \$50/\$100 barriers).

Check abandonment rates for frequently carted products and understand why some products are almost always abandoned.

For many products, recognize that multiple abandons are normal and that remarketing has a critical role to play in getting the sale

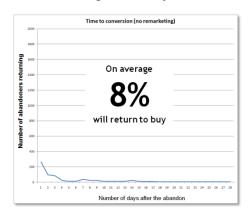
odds of recovering the transaction go up significantly.

## The Impact of Remarketing

Some customers come back and buy without prompting, so a few questions we wanted to answer are: What is the true impact of remarketing? How many come back and buy? When do they buy? And how much do they spend?

## Visitors returning to buy

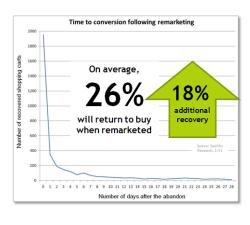
Without the benefit of any remarketing programs, some customers will come back and buy on their own. Many studies have shown that leads grow cold fast; two separate MIT studies have shown that 90% of leads go cold in just one hour.



The first 12 hours after abandonment are critical. During this period, the majority of customers that are going to buy will do so. You can see this in the chart on the left.

Note there are also slight increases in return-to-purchase after 7 days and 14 days, showing that people are creatures of habit. But the long tail represents a very small proportion compared with the crucial first few hours.

## Time to conversion, following remarketing



When we added remarketing into the mix, we found that the overall shape of the graph was similar, except that remarketing has the biggest impact within the first 12 hours.

This reinforces the need to follow up immediately on abandoned shopping carts since it's clear that a customer's interest in making a purchase goes cold fast.

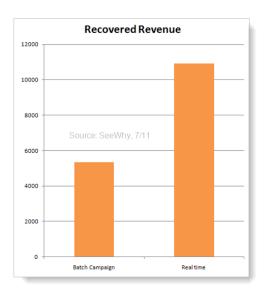
We found that on average 8% of shopping cart abandoners return without any form of remarketing. This is the organic return rate.

When a real-time remarketing campaign was added in, then the total return rate increased to 26%. Since 8% of abandoners return without remarketing, the lift provided by the remarketing campaign is therefore 18%.

## Abandoners spend 55% more when remarketed

Customers that abandon their shopping carts spend more when they receive email remarketing campaigns.

Using customers that make a purchase 'straight through' on an ecommerce site as a reference point, those that abandon their shopping carts spend on average 55% more. This parallels a research study from Forrester Research that concluded consumers that abandon shopping carts spend more online each year.



## Importance of Real Time

However, it's worth noting that the higher average order value we noticed in our data analysis doesn't apply to all remarketing campaigns.

We conducted an A/B split test where we measured the impact of the send time for the campaign.

Half the visitors that abandoned their shopping carts were sent an email after 24 hours; the other half was sent the same remarketing email in real time (i.e. immediately following the abandon).

There was a dramatic difference in the total revenue recovered by the two remarketing campaigns. The real-time

remarketing campaign generated 105% more revenue than the same email sent only 24 hours later.

What was fascinating, though, was how this additional revenue was made up. 30% more shopping carts were recovered by the real-time email. The real-time campaign also had a 66% higher average order value. This baffled us initially since this was the same identical email creative — the only difference was the timing of the send.

## Why remarketing generates higher average order values

So why would someone that abandons their shopping cart spend more than someone that doesn't? And why is timing so critical?

Our research suggests the following:

## Leveraging emotion

In many purchases, emotion plays a significant part. While it is very difficult to measure emotion directly, you can see its effect in the speed that leads go cold. A remarketing email just 24 hours after an abandon is much easier to ignore. The potential purchase is no longer at the front of mind, but long forgotten.

By contrast, the real-time email connects with the excitement of the purchase before the abandoner has been distracted. Our subconscious emotions are a powerful influence on what we buy.

#### • Brand trust

A good shopping cart recovery email campaign will demonstrate great service by reassuring the customer that the brand is there both during the purchase cycle and afterwards. Remarketing emails reassure prospective customers about the site through demonstrated service, reminders about warranty and no hassle returns, phone numbers of customer service, etc. Most won't call a phone number but feel reassured that it's there.

## • Buy more items

Having shopped around and decided to make a purchase on a site, they are more likely to purchase other items at the same time in order to maximize postage efficiency, taking advantage of a 'Free shipping with a minimum order' offer.

## Sophisticated online buyers

Abandoners tend to be better educated and higher earners. Leaving a cart full while they go and look for a better deal is a simple and familiar process.

## Carts as shopping lists

Customers are now using shopping carts as places to store items that they may buy in the future, in essence as a "shopping list."

## • Higher value carts

Higher value carts are more likely to be abandoned due to longer cycles as customers take more time to research expensive purchases. Remarketing supports this process by encouraging the visitor to continue evaluating and researching and, ultimately, to return to the site.

Remarketing, when done correctly, is well received by customers and builds on the following:

#### Bookmarks

Remarketing emails often get used by customers as easy bookmarks, making use of direct links back to the shopping cart. For this reason, many remarketing emails are kept, sometimes for months, and opened many times.

#### • Price

Price is the number one reason for shopping cart abandonment, and remarketing can address this issue very effectively with highly targeted promotions. The key is to get customers reinvigorated into buying one item; then, having decided to buy, they will buy more items, thus increasing the average order value of the cart.

## Nudging those not yet ready to buy

Timing is the second highest reason for shopping cart abandonment. Remarketing gently nudges prospective customers until they are ready to buy, keeping both the product they were interested in and your brand at their front of mind.

## Key take-outs from this section

Remarketing has a dramatic impact on visitors returning to buy, especially during the first few critical hours following abandonment.

Remarketing in the first few hours has an impact which lasts weeks due to increased emotion, mind share, and brand trust.

Send the first of a remarketing email campaign in real time. This will generate as much as 300% more revenue than one sent only a few hours later.

While larger carts are abandoned more frequently, overall abandoners spend more than those that do not abandon shopping carts.

## Lessons Learned: Rethinking Our Approach to Shopping Cart Abandonment

## 1. Viewing abandonment differently

First, ecommerce sites need to rethink the way they view abandonment. For many customers, abandonment is part of the normal purchase cycle. This is not restricted only to new customers, but applies across the board, including a site's most loyal repeat buyers.

Building a relationship with new visitors is critical if they are to trust the brand and, ultimately, return again to abandon or buy. Viewing abandonment as a stepping stone to a purchase is important to understanding why visitors buy, how long they take to do it, and what information they need to finish the purchase.

## 2. The importance of the permanent cart

Our new research suggests how the role of the shopping cart is evolving and how customers are adopting "permanent" shopping carts as a normal ecommerce feature. We know that carts are used for storing items for later purchase, and this convenience is now reflected in mainstream shopping behavior. For this reason alone, shopping cart persistence should be set to a minimum of 60 days to support these new insights on customer buying patterns.

## 3. Support buyers while they're still considering

Sites need to consider how to support buyers during their consideration cycle. Getting visitors back to the site dramatically increases the chances of closing a sale. This explains why email remarketing works well. Rather than looking at customers as lost when their sessions end, remarketing can continue the dialogue with the customer and keep them engaged as they go through their consideration process. Email remarketing is proven to recover on average between 1 in 4 and 1 in 5 abandoned shopping carts. This represents a significant revenue opportunity for most ecommerce sites.

## 4. Remarketing: the critical first few hours

The first few hours after an abandon are critical. Brands that reinforce their brand values and commitment to customer service will have a lasting impact on the customer relationship. Not only will a significant number come back and buy as a direct result of following up on abandoned shopping carts, but this drives higher average order values as well. In an A/B test comparing a single email

sent in real time with one sent 24 hours later, we found that the real-time email generated more than double the revenue, recovered 30% more carts, and had a 66% higher average order value.

## 5. Customer welcome programs

Since so few customers return on their own to buy after a first purchase, remarketing should not be used just for abandoners, but for purchasers as well. Getting new customers to return to the site, even if they abandon as part of their normal decision process, increases the chance of getting a second sale by 300%.

## 6. The return revenue path

Having spent many weeks burning the midnight oil analyzing this data, we found it fundamentally changed the way we view online buyers.

Many conversion experts advocate focusing on the shopping cart conversion process without ever considering that the majority of buyers will abandon as part of their normal buying cycle. Their goal is to convert more by optimizing the path. It's not a bad goal, just incomplete.

This research shows that there is a poorly understood second conversion path: the process by which new and returning visitors consider purchasing your offer. We call this the Return Revenue Path. You can think of it simplistically like this:

## Browse - Abandon - Consider - Research - Ask Friends - Browse - Purchase

The key to optimizing this process is to enhance support for their consideration process. The combination of email remarketing to site visitors, browsers, cart abandoners, and purchasers connects your site and value proposition with the customer.

Remember that this process is there to support the customer with service, not to sell. Customers must find value in your efforts. Doing so will dramatically increase visit times leading to more sales, and more revenue.

For more information on website conversion best practices and resources, please visit the Conversion Academy online at: <a href="http://www.seewhy.com/conversion-academy.htm">http://www.seewhy.com/conversion-academy.htm</a>