



AN ASTOUND COMMERCE & INGENICO WHITEPAPER

# CHECKING OUT THE CHECKOUT

KEY STRATEGIES TO HELP YOU  
OPTIMISE YOUR CONVERSION RATES  
AT THE CHECKOUT

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# GOOD YEAR VS BAD YEAR

With retail margins always under pressure the efficiency of the checkout process can mean the difference between a good and a bad year, and getting it wrong during key trading periods can be disastrous. For a business with £10M e-commerce turnover and an average cart abandonment rate of 69%<sup>1</sup>, adding just 5% to that figure through poor checkout design or implementation could be a £1.5M problem.

<sup>1</sup> [WWW.BAYMARD.COM](http://WWW.BAYMARD.COM)



**It's little wonder then that those responsible for streamlining the customer journey are very protective of that particular piece of site real estate. They are constantly on the lookout for new ways to improve the process and it's not unusual to see heated debates amongst those responsible for brand and marketing.**

Those internal debates will always happen and ultimately a balance has to be struck. Many requests for brand presence and cross promotion on the checkout pages will be rightfully rejected. But there is one interest group that should never be ignored - only the customer knows the actual reason as to what caused him or her to abandon the cart. Their experience, their preferences, their feedback and an intimate knowledge of their behaviour is paramount in optimising the journey.

## **ONLY THE CUSTOMER KNOWS THE ACTUAL REASON AS TO WHAT CAUSED HIM OR HER TO ABANDON THE CART.**

This whitepaper examines the experiences of the heads of e-commerce from a range of leading retailers who gathered at an exclusive Astound event in London in January 2016, to discuss best practice in checkout design and technologies.





# THE HARD DATA IS YOUR FRIEND BUT NOT YOUR ONLY FRIEND

In the world of e-commerce checkouts, you live and die by analysis. That's one of the core messages that came out of the event but it doesn't simply apply to Google Analytics or other site behaviour analysis tools. Clearly that data, both historical and real time, will give you the who, what, where and when but it won't always give you the why.



**You might find the reason for cart abandonment in your traditional analytics data but machines, despite the advances, aren't very good at reading people's minds. Sometimes the only way to find out is to talk to your potential customers directly. What happened to make them go? Were they confused by the process? Were they put off by third party payment verification (e.g. 3-D Secure)? Did they have trouble entering their address details?**

You'll find that customers are actually the e-commerce experts. They know what works for them and talking to them about their experience will unveil new ways of configuring the checkout to

## **YOU'LL FIND THAT CUSTOMERS ARE ACTUALLY THE E-COMMERCE EXPERTS.**

maximise sales that won't be obvious. Some brands even treat men and women completely differently. They've learnt, for instance, that when gift buying for women, many men have a dramatically reduced capacity for distraction. The solution in that case is to get them to a payment solution as quickly as possible.

Single percentage point improvements in cart abandonment rates can have a huge positive impact on the bottom line and so it makes sense to use all of the intelligence you have available. The empirical data is extremely important but so too is direct customer feedback and experience.



# THE KEY FACTORS FOR CHECK- OUT SUCCESS

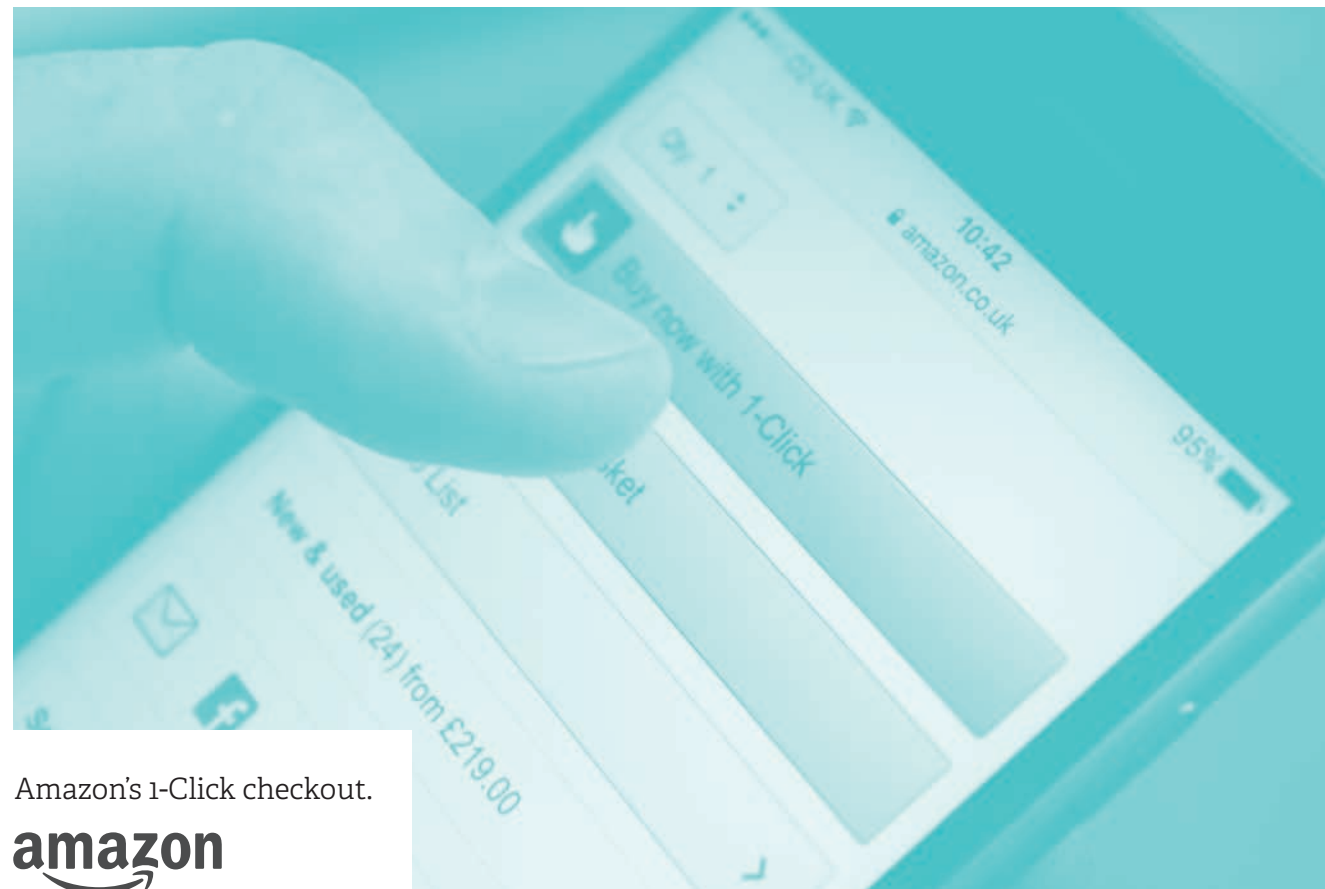
Checkout design, configuration and refinement is probably as much art as it is science and there is certainly no single approach that will work for every site. Despite that there are some common factors that the experts would advise you to ignore at your peril.

### Make sure the platform is easy to configure and highly adaptable

Think carefully before you bind yourself into a straightjacket of proprietary technologies. You need to be able to respond and adapt quickly, easily and efficiently to changing market conditions and customer demands.

### Aim for a seamless checkout experience

Amazon's 1-Click checkout is much admired by retailers around the world and for good reasons. It's a very low friction route to purchase. For a variety of technical and security reasons few retailers can achieve the same efficiency and convenience but you should be designing to get as close as you can to it from the outset.



Amazon's 1-Click checkout.



### Presentation is key

It's worth looking at high-end women's fashion. Brands working in that sector will often talk about reducing the possibility of rising guilt resulting in an abandoned cart. The customer that has just added a £600 pair of shoes to her basket should be taken quickly and quietly to the checkout. She won't typically be shown 'if you like that, you might like this' scenarios and the price is likely to be presented as '£600', rather than '£600'.

### Automate what you can

Help the customer by using auto complete for as many details as possible. Post code lookup, which eliminates a number of steps in the process and reduces buyer fatigue, is a great example. You'd have to have a very good reason not to use it.

### Keep it clean

You, or some of your colleagues, may be tempted to use the checkout to reinforce the brand but that's not really what checkout is for. The clue is in the name and so although you don't have to lose the brand you have to remember what the primary purpose is. Make the journey simple and reduce the steps and the distractions.

### Offer a variety of payment options

Even after optimising the checkout for conversion, you will lose the sale if you do not offer the customer's preferred payment method.



# CHECK- ING OUT ANY- WHERE, ANYTIME, ON ANY DEVICE

Smartphones and tablets have become increasingly important in retail e-commerce. That isn't in question, but it's important to know how they are used by customers across the entire digital retail experience. The Centre for Retail Research<sup>2</sup> (CRC) reports online spending by device for 2015 as follows:

REGION	PC	TABLET	SMARTPHONE
EUROPE	80%	7.5%	12.5%
US	73.2%	12.4%	14.4%

That spending profile suggests a relatively small proportion of the actual transactions taking place on mobile devices. However, CRC also notes that many of the retailers it questioned in its research report suggested that "up to one-half of website browsing occurs through customers using mobile devices, both smartphones and tablets."

UP TO ONE-HALF OF WEBSITE BROWSING  
OCCURS THROUGH CUSTOMERS USING MOBILE  
DEVICES, BOTH SMARTPHONES AND TABLETS.

What does that tell us? Firstly, and this should be obvious, that retailers should be thinking about the mobile checkout experience at the design stage. It's too easy, said one e-commerce head, to be looking at design and user experience on a 27" iMac and ignoring the reality for 50% of your potential customers viewing things on a small screen. You need to optimise for all screens and they each have very different requirements.

**Secondly, it's important to consider why those mobile users aren't purchasing in the same proportion as fixed screen users. In many cases it will simply be a convenience issue – browsing on the train etc. but it might also be that the checkout process doesn't work as well on mobile or that the platform isn't as well trusted.**

Answering those questions will require detailed analysis, and potentially reconfiguration. But it's also important to work closely with a payments service provider who not only understands the

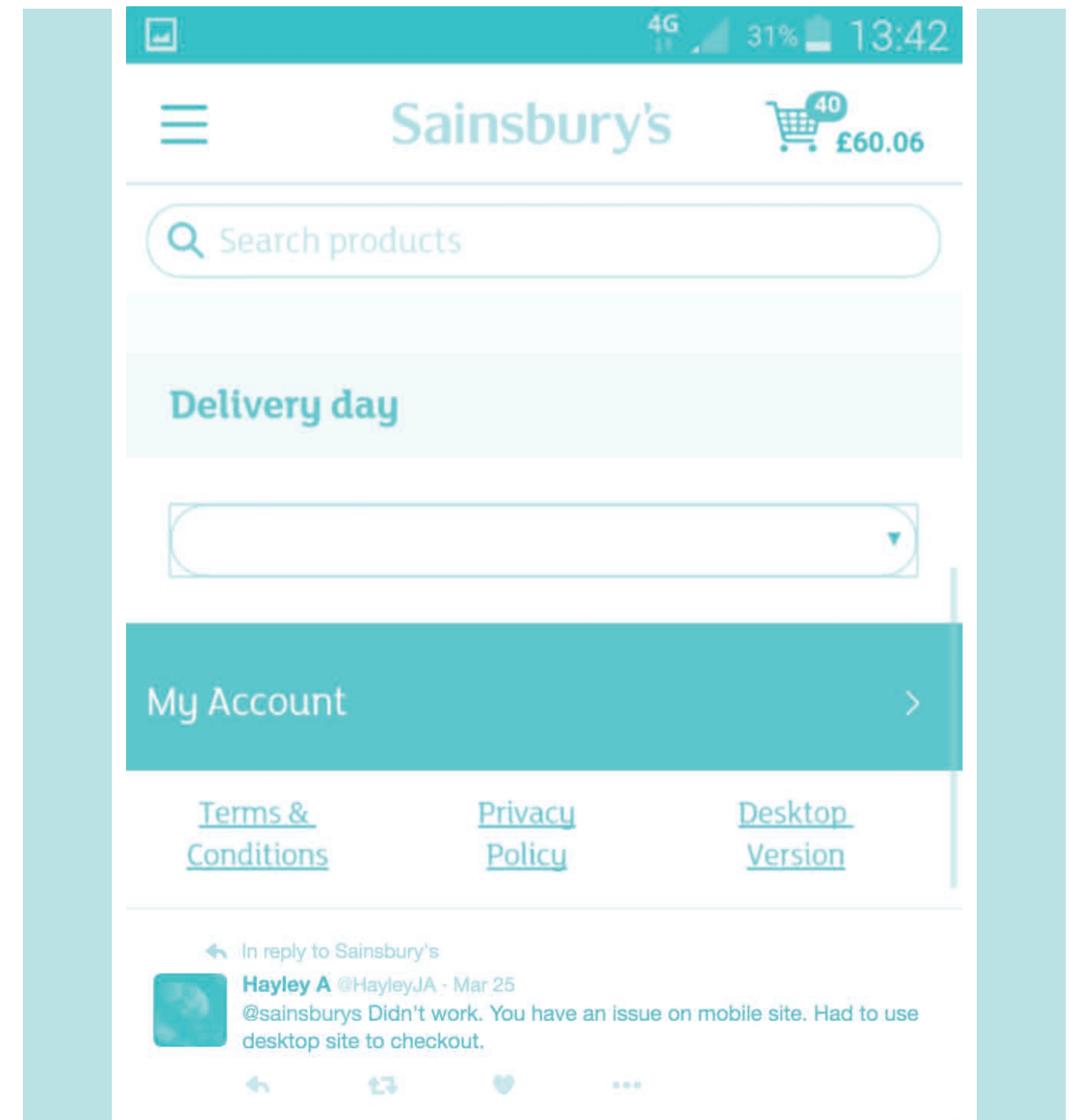
issues, but can deliver solutions that work on mobile platforms.

## **FEW SIGNIFICANT RETAILERS OPERATE IN ONE GEOGRAPHIC AREA AND A SINGLE CHECKOUT DESIGN IS EXTREMELY UNLIKELY TO BE SUITABLE FOR MULTIPLE COUNTRIES.**

Few significant retailers operate in one geographic area and a single checkout design is extremely unlikely to be suitable for multiple countries.

Apart from offering local payment methods, softer issues can affect retailers from going international.

The seasonal peaks are often different, cultural norms dictate different approaches and poorly translated text can destroy confidence and result in potential customers rapidly abandoning their carts.







Bancontact payment:



Not everybody uses credit cards. Buyer preferences differ from country to country. By offering more local payment methods, merchants will increase their conversion.



In Belgium for example, 27% of transactions are processed through Bancontact/MisterCash. In the Netherlands, the vast majority of buyers use iDEAL. And in Germany, payment methods such as giropay and sofort have gained in popularity.

If you want truly international support, the numbers for countries, currencies and acquiring partners supported by your payments partner should run into triple figures.



# DEALING WITH FRAUD

Online fraudsters are constantly developing their expertise and knowledge and so retailers need to do the same. 60% of card fraud in Europe is associated with online payments<sup>3</sup>. Online fraud can be very costly for merchants, with estimated cost between 0.3% and 3% of revenue. It's a complex area but if there is one thing that the experts agree on it's that combatting online fraud is a balancing act. You can implement the strictest

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FRAUD IN EUROPE IS  
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controls and reduce the incidence of fraud significantly but doing so might result in a correspondingly dramatic increase in false positives and, as a result, genuine purchasers will be denied. You could end up worse off in terms of the bottom line.





Google street view used to assess the likely financial status of the occupant.

**Once again, this is a time to make sure your payments partner has the scope, the infrastructure and the experience to deal with your requirements. The core tools of online fraud prevention ought to include some form of sector specific risk profiling and intelligence sharing, real time behavioural analysis, IP Geolocation and device fingerprinting. With those elements in place you should then be tailoring the solution to your businesses' individual requirements and establishing a risk profile that delivers the optimum return.**

Whatever the solution and risk profile adopted, it's important to remember that fraud prevention isn't a 'set and forget' exercise. Some retailers will choose not to adopt the additional security verification of 3-D Secure for the bulk of their transactions. They know that the additional steps and complexity can result in genuine customers dropping off, but they might also choose to direct some customers to 3D Secure when potentially significant behaviours are detected.

### **AT LEAST ONE HIGH STREET RETAILER REGULARLY USES GOOGLE STREET VIEW TO ASSESS THE LIKELY FINANCIAL STATUS OF THE OCCUPANT.**

Finally, even with the most sophisticated automated fraud prevention systems in place, for most retailers, particularly those dealing in high value goods, there will be times when manual checking is the only answer and that can take many forms. Calling the customer in question is one of the standard approaches.

However more unusual methods are also employed – at least one high end fashion retailer regularly uses Google Street View to assess the likely financial status of the occupant!



# CONCLU- SION

**It's clear that the design and active management of the checkout process can have a significant impact, positive or negative, on the profitability of all online business. In extreme cases, it can be the difference between success and failure. As one e-commerce head said, "If you are an aspirational luxury brand, a customer might visit your site 100 times or more before they decide to purchase. I'm going to do everything I possibly can to remove any barrier to that decision being realised as a committed purchase."**

That comment neatly summarises the approach that should be taken to building and operating efficient e-commerce checkouts. Everything that is done, from initial concept to design, partnership selection, implementation and operation should be focussed on breaking down any barriers that customers might perceive.

Most importantly, like the bricks and mortar world, the customer is always right. The checkout may look, feel and operate perfectly to you, but the experience and opinions of your customers may differ considerably.

This was encapsulated during the event by another participant who said "In my eyes, the inclusion of PayPal devalues the brand but the fact is a good proportion of my customers love it. I'm not going to argue with them." Neither should you.



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### About Astound Commerce

Astound Commerce is a global ecommerce agency. We create ecommerce and omnichannel solutions that are smarter, stronger and better integrated, for the world's favourite brands and retailers. Across strategy, technology, and interactive marketing services, we consistently deliver the most technically complex ecommerce projects in multiple geographical locations, sectors and markets. Our broad set of technology, digital and ebusiness solutions are designed to power each aspect of your online business and effectively integrate it across all channels. We'll work with you to develop a winning ecommerce strategy that aligns with your broader commercial and brand objectives, delivering a superior consumer experience and driving revenue growth while minimizing cost and risk.

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### About Ingenico ePayments

Ingenico ePayments is the online and mobile commerce division of Ingenico Group. We connect merchants and consumers, enabling businesses everywhere to go further beyond today's boundaries and creating the future of global commerce. As industry leaders since 1994, our innovative spirit drives us forward across all channels. We are the trusted partner of over 65,000 small and large merchants who rely on us to make payments easy and secure for their customers. With advanced data analytics, fraud management solutions and cross-border commerce expertise, we help merchants optimize their business and grow into new markets around the world.

[www.ingenico.com/epayments](http://www.ingenico.com/epayments)