



THE ECOMMERCE CHECKOUT REPORT

A Quantitative Look at the Tactics of the
Top 100 Retailers

elasticpath

Ecommerce Checkout: A Quantitative Look at the Tactics of the Top 100 Online Retailers

Once shoppers enter the checkout line in a physical store, they are almost certain to buy. Why isn't that true online?

We studied the checkout processes of 100 major retailers, in four major categories, to see how their use of 23 different checkout tactics related to their success, as measured by conversion rates and growth rates. We were hoping to better understand:

Which online checkout practices are used (or avoided) by the largest online retailers?

For major categories of online retailers, which checkout tactics are used by the firms with high growth and conversion rates?

This study kicks off a process of discovery that we will be working through with online firms, analysts, and industry pundits. We'd like you to be a part of it. The process will look something like this:

1. Publish an initial **descriptive** study (this paper)
2. Obtain feedback via a public webinar in May 2007, as well as ad hoc feedback
3. Design and complete the next level of investigation
4. Publish a **prescriptive** study with specific recommendations for improving conversion rates via optimal checkout tactics for your segment

Some of the findings in this report are what you'd intuitively expect (e.g. a simpler checkout process that provides credible security assurances is associated with higher conversion rates). But as always, the devil (and the value) is in the details. For example, we found that a shorter checkout process seems to help far more for lower ticket items than big ticket ones. *For time-starved ecommerce staffers, we believe the value of this series will be in selecting the highest impact tactics and prioritizing your testing efforts.*

The increased sophistication and confidence of online buyers also has ramifications for how the checkout process should work. That shows up here in the form of findings that run counter to conventional wisdom. For example, traditional "peace of mind" features like emphasizing the return policy, providing a final order confirmation screen, and providing last-minute chances to change orders, may actually *reduce* conversion rates for many types of purchases.

Whether this report surprises you or supports what you already felt, we hope you will enjoy it and participate in the webinar and other follow-up work.

Join the conversation and submit ad hoc feedback at:

www.elasticpath.com/ecommerce-checkout-report



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Methodology

Data Collection

We walked through the end-to-end checkout process on the top 100 ecommerce sites, answering the following questions for each:

Speed and Ease of Use

- Is **navigation/search** available during checkout?
- What is the **number of pages** in the checkout process (for a new account)?
- Is there **coupon code** entry?
- Can you **edit your items** during checkout?
- How are **errors** displayed?
- Is **Ajax** used within the checkout?
- Does **creating an account**/logging in take you out of the checkout?
- Are **alternative payment** types accepted?
- Is **live chat** prevalent during checkout?

Security and Confidence

- Is a **phone number** prevalent during checkout?
- Is an **address** prevalent during checkout?
- Are **return policies** prevalent during checkout?
- Can you see **shipping estimates** prior to entering personal information?
- What form of **shipping calculation** is used?
- Is a **security badge** displayed?
- Is an estimated **shipping date** displayed?
- Can you checkout as a **guest/anonymously**?
- Are cart items always **visible during checkout**?
- Is the cart **total always visible** during checkout?
- Is a **CVV** number required?
- Is a **final order confirmation** screen used?

Profit enhancement (for vendor)

- Are **cross-sells** displayed on the **cart** page?
- Are **cross-sells** displayed during **checkout**?
- Can **gift wrapping** or messaging be added to items?



Analysis

We performed correlation analyses and linear regressions against the data, using answers to the above questions (“tactics”) as independent variables, and conversion rate and growth rate (“performance”) as dependent variables, while controlling for merchant type and average transaction size (*). The most statistically significant and interesting results came from using the following groupings:

1. Apparel/Accessories - 21 firms,
2. Computers/Electronics - 23 firms,
3. Other - high ticket products (> \$75 average purchase)- 22 firms, and
4. Other - low ticket products (<=\$75 average purchase) – 34 firms.

We performed two sets of analysis, and produced two sets of results and conclusions:

1. **General:** For each of the four groupings, we identified firms who were in the top quartile in their grouping in both conversion rate and growth rate. We then looked for differences in tactic use between these “high performer” firms and the rest.
2. **By Grouping:** Within each grouping, we looked for differences in performance by tactic use (e.g. what kind of conversion rate did Apparel retailers who offered alternative payment types have, versus those who did not offer alternative payment types?).

(*) Obviously, factors besides checkout tactics will impact conversion and growth rates. We did not, for example, control for merchandising tactics, site response time, advertising levels, and so on. Also, correlation does not necessarily imply cause and effect.

To mitigate this, we set a high bar for drawing Findings. Unless the ‘high performance’ group was at least 25% more likely or less likely to use a given tactic, we drew no Findings regarding the effect of that tactic on results. For “By Grouping” Findings, a given tactic had to be associated with at least a 25% difference in conversion or growth rate to qualify.



Findings - General

Results

Below is a summary of the overall results showing how likely high performance firms were to use the tactic, relative to other firms.

Speed and Ease of Use

- Is **live chat** prevalent during checkout? **63% more likely**
- Is **Ajax** used within the checkout? **118% more likely** (caution: very small sample size)
- Is there **coupon code** entry? **26% less likely.**
- Are **alternative payment** types accepted? **30% less likely**
- Is **navigation/search** available during checkout? **No significant effect**
- What is the **number of pages** in the checkout process (new account)? **No significant effect**
- Can you **edit your items** during checkout? **No significant effect**
- How are **errors** displayed? **No significant effect**
- Does **creating an account**/logging in take you out of the checkout? **No significant effect**

Security and Confidence

- Are **return policies** prevalent during checkout? **40% less likely**
- Are cart items always **visible during checkout**? **40% less likely**
- Is the cart **total always visible** during checkout? **67% less likely**
- Is a **security badge** displayed? **No significant effect**
- Can you see **shipping estimates** prior to entering personal information? **No significant effect**
- Is an estimated **shipping date** displayed? **No significant effect**
- Can you checkout as a **guest/anonymously**? **No significant effect**
- Is a **CVV** number required? **No significant effect**
- Is a **final order confirmation** screen used? **No significant effect**
- Is a **phone number** prevalent during checkout? **No significant effect**
- Is an **address** prevalent during checkout? **No significant effect**

Profit enhancement (for vendor)

- Are **cross-sells** displayed on the **cart** page? **No significant effect**
- Are **cross-sells** displayed during **checkout**? **No significant effect**
- Can **gift wrapping** or messaging be added to items? **No significant effect**



Results – By Grouping

Apparel

Associated with higher performance

Tactic	Degree of Correlation	Comments
Fewer pages in checkout	High	Growth and conversion rates are far higher with 2 page checkout than with 3 or more
Free shipping	High	Growth rate over double
Error display at field level only	High	Growth rate over double
Provide shipping estimates	Moderate	Conversion rates over 50% higher
Coupon code entry	Moderate	Conversion rates over 50% higher
Cross sells on cart page	Moderate	Conversion rates about 30% higher and growth about 50% higher
Live chat during checkout	Moderate	Growth rate about 50% higher
Return policies prevalent	Moderate	Growth rate double
Use of Ajax	Moderate	Growth rate 40% higher
Creating an account takes you out of checkout	Moderate	Growth rate 40% higher
Alternative payment types accepted	Moderate	Growth rate about double

Associated with lower performance

Tactic	Degree of Correlation	Comments
Final order confirmation screen	Moderate	Conversion rates about 50% lower
Address prevalent during checkout	Moderate	Growth rate far lower
Anonymous checkout	Moderate	Growth rate about half
Cart total always visible during checkout	Moderate	Growth rate about half
CCV required	Moderate	Growth rate about 40% lower
Final order confirmation screen	Moderate	Growth rate about half
Gift wrapping or messaging added	Low	Growth rate about 30% lower



Electronics/Computers/Office Equipment

Associated with higher performance

Tactic	Degree of Correlation	Comments
Final order confirmation screen	High	Growth rate more than double
Ability to edit items during checkout	Moderate	Conversion rate double
Error display at top of page	Moderate	Conversion rate double
Creating an account takes you out of checkout	Moderate	Growth rate double
Gift wrapping or messaging provided	Moderate	Growth rate double
4 Pages in checkout (optimal for both conversion and growth)	Low	Conversion rate 30% higher, growth rate slightly higher

Associated with lower performance

Tactic	Degree of Correlation	Comments
Cart items visible during checkout	High	Conversion rate under half
Cart total visible during checkout	High	Conversion rate under half
CCV number required	High	Conversion rate under half
Chat prevalent during checkout	High	Growth rate under half
Cross sells displayed on cart	Moderate	Conversion rate 40% lower
Gift wrapping or messaging added	Moderate	Conversion rate about half
Coupon code entry	Moderate	Conversion rate about half
Use of Ajax	Moderate	Conversion rate about half
Navigation / Search during checkout	Moderate	Growth rate about half
Phone number during checkout	Moderate	Growth rate about half
Estimated shipping date displayed	Moderate	Growth rate about half
Alternative payment types accepted	Moderate	Growth rate about half



Other – Low-ticket items (under \$75 average order)

Associated with higher performance

Tactic	Degree of Correlation	Comments
Fewer pages in checkout	High	Growth and conversion rates are far higher with 3 or 4 page checkout than with 5 or more
Return policies prevalent on page	High	Growth rate far higher
Cart items visible during checkout	Moderate	Conversion rates 25% higher
Cross sells displayed during checkout	Moderate	Conversion rate double
Use of Hackersafe or security	Moderate	Growth rate double
Estimated shipping date	Moderate	Growth rate double
Edit items during checkout	Moderate	Growth rate double
Alternative payment types	Moderate	Growth rate 40% higher
Gift wrapping or messaging provided	Moderate	Growth rate double
Free shipping	Low	Conversion rates 25% higher
Error display at top and field levels	Low	Conversion rates 25% higher
Use of Ajax	Low	Conversion rates far higher, but growth rates far lower
Phone number prevalent	Low	Growth rate 25% higher
Coupon code entry during checkout	Low	Growth rate 25% higher

Associated with lower performance

Tactic	Degree of Correlation	Comments
Return policies prevalent	Moderate	Conversion rates about half
Cart total visible during checkout	High	Conversion rates under half
CCV number required	Moderate	Conversion rates about half
Final order confirmation screen	Low	Conversion rates 25% lower
Shipping estimate before enter personal info	Moderate	Growth rate half
Cross sells on cart page	Moderate	Conversion and growth rates 25% lower
Anonymous checkout	Low	Growth rate 40% lower
Creating account takes you out of checkout	Moderate	Growth rate half



Other – High-ticket items (\$75 or higher average order)

Associated with higher performance

Tactic	Degree of Correlation	Comments
Correct number of pages in checkout	Moderate	Conversion rates double with 4 or 5 page checkout than with fewer or more (no effect for growth rate)
Shipping date displayed	Low	Conversion rate 40% higher (but growth rate half)
Cart items visible during checkout	Low	Conversion rate 25% higher
Final order confirmation screen	Low	Conversion rate 25% higher
Anonymous checkout	Low	Growth rate 50% higher
Errors displayed via popup	Low	Growth rate 25% higher
Use of Ajax	Moderate	Growth rate double
Gift wrapping or messaging provided	Low	Growth rate 25% higher

Associated with lower performance

Tactic	Degree of Correlation	Comments
Return policies prevalent	High	Conversion rate far lower
Coupon code entry	Moderate	Conversion 40% lower
Edit during checkout	Low	Conversion rate 25% lower
Creating account takes you out of checkout	Low	Conversion rate 25% lower
Alternative payment types accepted	High	Conversion rate less than half
Cross sells during checkout	Moderate	Conversion rate 25% lower, growth rate 40% lower
Cross sells on cart page	Low	Growth rate 25% lower
Cart total during checkout	Low	Growth rate 40% lower



Discussion

The most interesting “conclusion” that can be drawn at this level is that there are very few conclusions that can be drawn! Looking at results across all 100 firms masks intra-category effects, of which there are many (as we shall see in the next section, “Results – By Grouping”).

It is clear, however, that several tactics that would intuitively seem to make life easier on the customer are actually far less likely to be used by the most successful sites. Prevalently displaying return policies and cart contents, and offering coupon code entry and alternative payments at checkout, all fell into this “counter-intuitive” category.

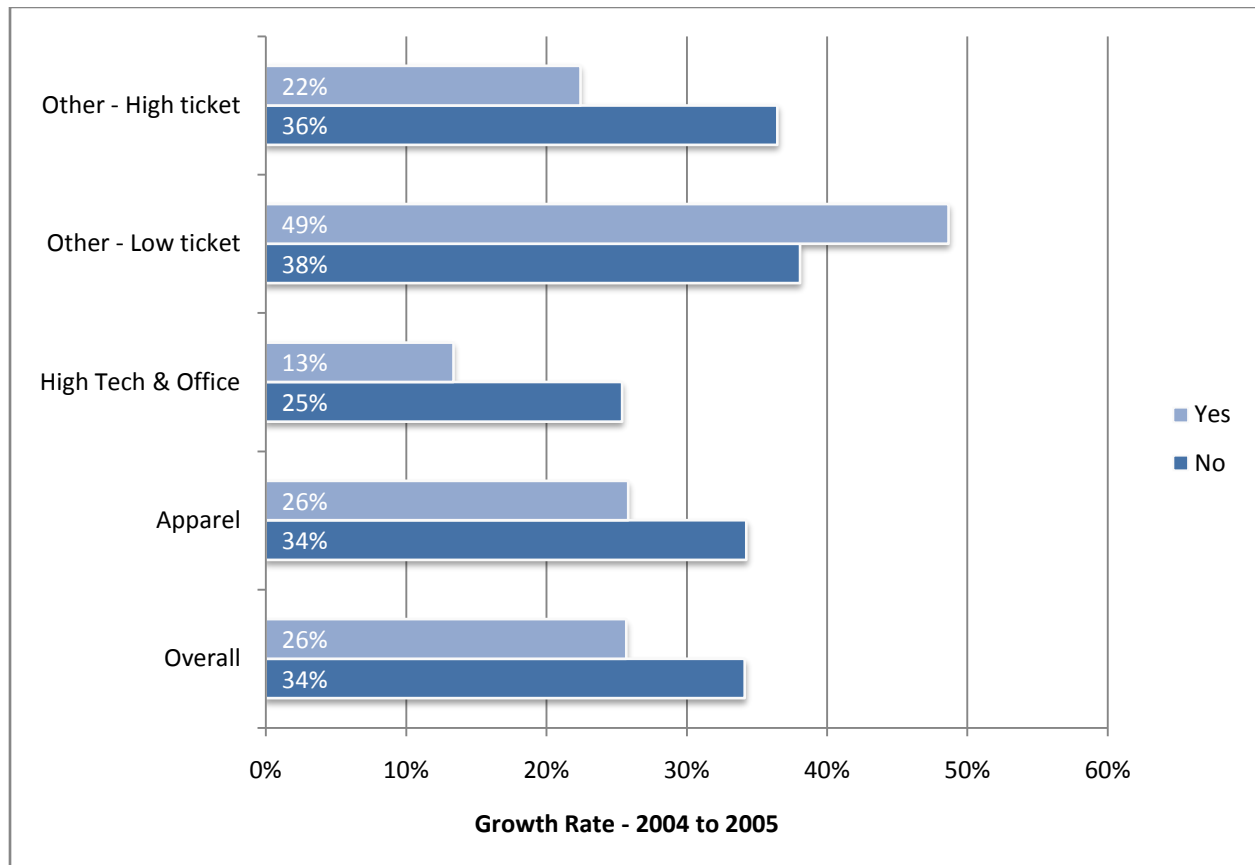
Perhaps the message here is that checkout page tactics that slow down checkout or give the customer a chance to reconsider their transaction may inadvertently reduce the likelihood of closing the deal. (As any good salesperson will tell you, “once the customer says ‘yes’, shut up!”.)

On the positive side, live chat and the use of Ajax are significantly more likely to appear on high performance sites than low ones. These tactics both have to do with reducing the real-time learning, effort, and involvement required to buy. The message here would seem to be that, as in physical stores, respecting the limited time and attention span of shoppers is extremely important.



Findings – By Tactic

Is navigation/search available during checkout?

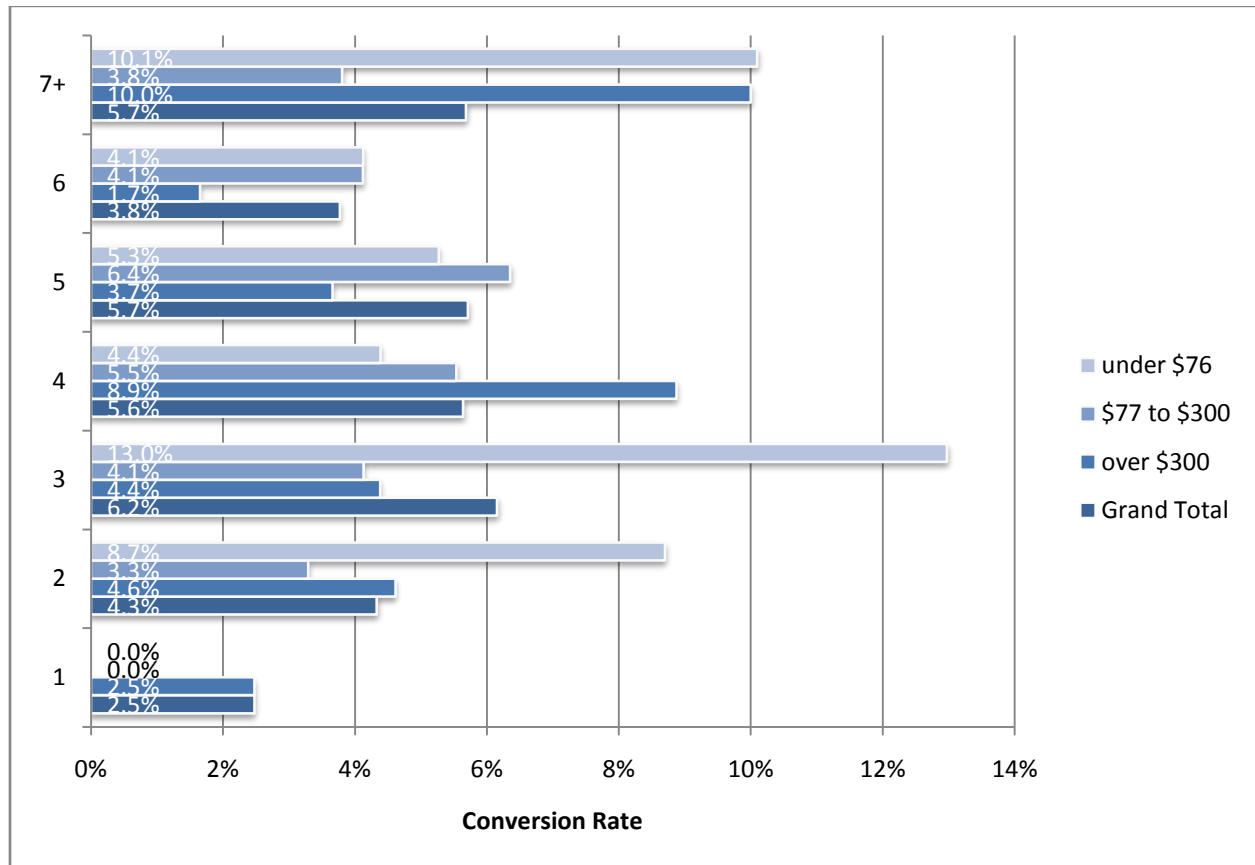


The debate whether to herd customers like cattle through a step-by-step checkout by removing all navigation and search options will remain. Overall, there was no clear growth or conversion winner between the two camps – to have or to hide. However, computer and electronics retailers who suppressed navigation during checkout had almost 2x the growth rate of those who made it available. Those selling high ticket price items also had a 60% higher growth rate where navigation was not made available. This suggests when selling items that are a highly considered purchase, it may be best to reduce the avenues a shopper may use to re-consider the decision – put the blinders on and herd them through to order confirmation.

Overall, 57% of Top 100 online retailers choose to make search and navigation available during the checkout process.



What is the number of pages in the checkout process (new account)?



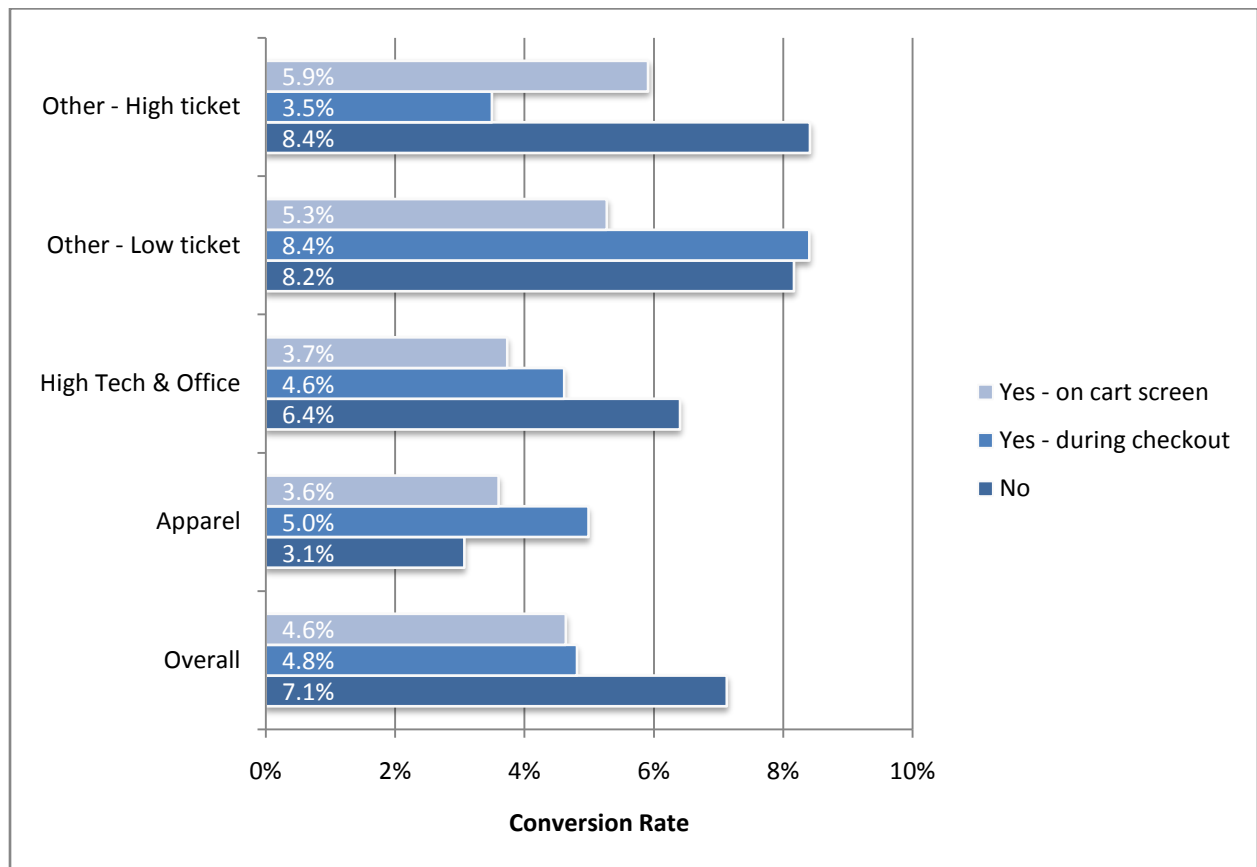
One of the most discussed tactics when it comes to the online checkout process is “what is the optimal number of steps?” We don’t feel that the number is as important as the flow or removal of conversion barriers, but it is an interesting observation nonetheless.

Three steps seems to be the number that converts the best at 6.2%, followed by four, five, and seven+ steps all between 5.6% and 5.7%. Two steps and six steps had significant drop offs at 4.3% and 3.8% respectively. One of the most surprising findings is only one Top 100 retailer is using a single page checkout process. Keep in mind, a low number of retailers fall into each grouping/number of steps combination, so conversion rate totals are highly influenced by outside factors.

We aren’t sure what can be taken from these results but there was high correlation between forcing a user to register by taking them out of the checkout process and the number of steps involved in checkout. The percent of use numbers show an interesting bell curve with diminished use at each extreme and four and five steps forming the pinnacle.



Is there coupon code entry?

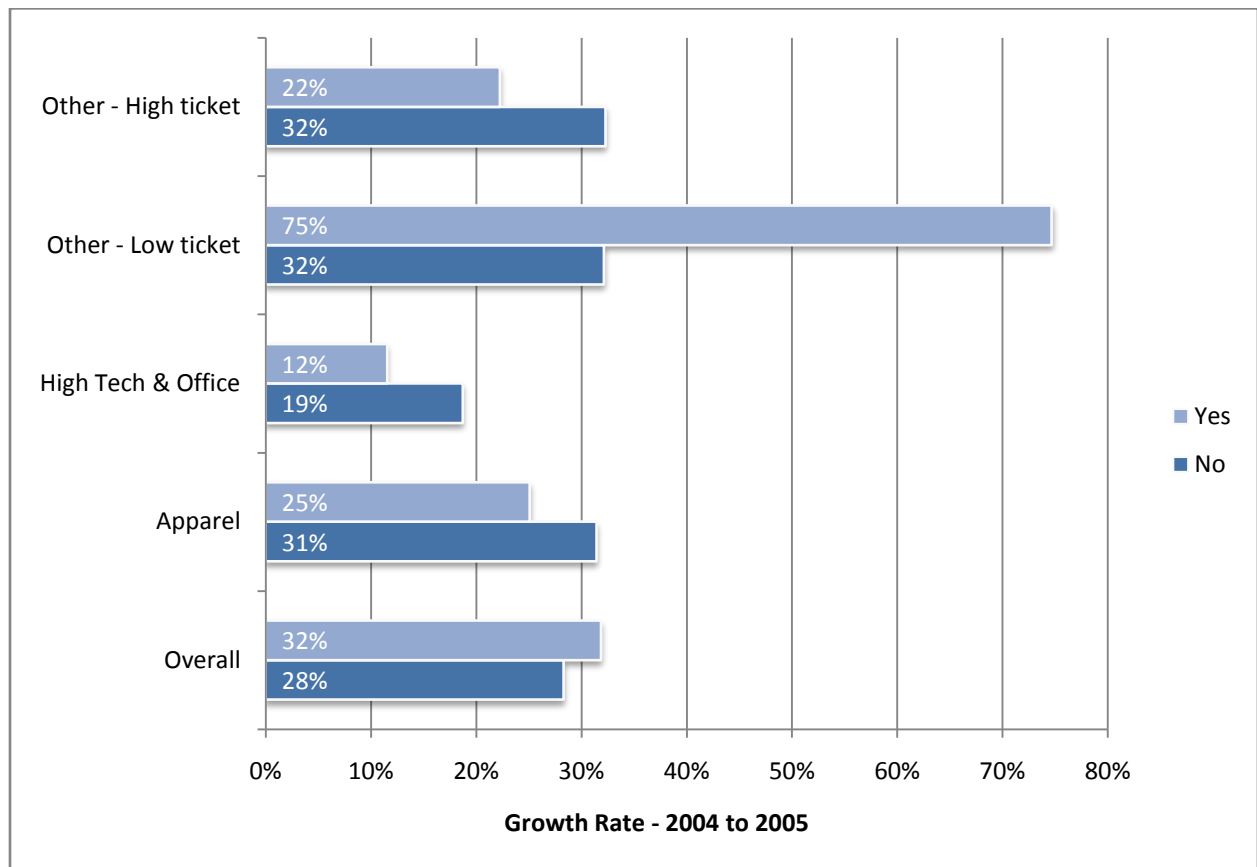


Conventional wisdom dictates coupon codes help increase conversion rates because customers save money. However, computer and electronics retailers showed a 40% higher conversion rate when coupon code entry was not available. Likewise, conversion rates were nearly 2x higher at retailers selling high ticket priced items when coupons were not available. Our best guess is in a highly competitive vertical where consumers make major purchases such as flat panel TV's or jewelry, the benefits of having a coupon are worth the invested time of abandoning a cart and searching the web for one. Shoppers may feel they are not getting the best deal possible and look elsewhere or delay the purchase for a future date, thus lowering conversion rates. The possible savings on low ticket items does not seem material enough to warrant the time investment required to abandon and look for a coupon, thus the comparable conversion rates for both available and unavailable.

25% of Top 100 retailers do not offer coupon code entry, while 33% ask for a coupon on the cart page and 62% ask for them within the checkout process.



Can you edit your items during checkout?

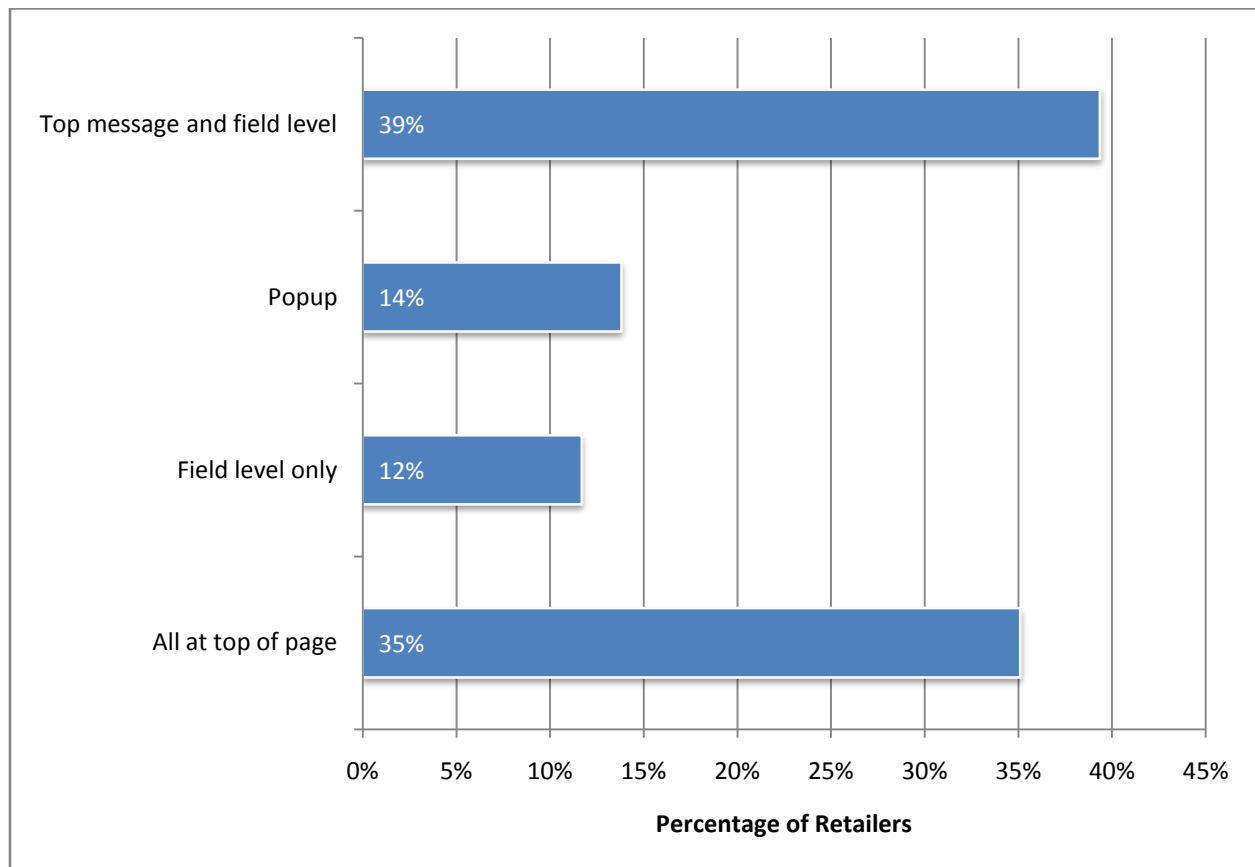


In a similar vein as having navigation or not, editing cart items triggers the “once they are in the checkout process, keep them there” debate. In the real world, we can modify the contents of our cart at any time we feel necessary – even halfway through the checkout process. We decide the extra batteries are not necessary and the clerk puts them to the side and we complete the checkout. Online however is often much different. Many stores force shoppers to abandon the checkout to remove or modify their cart contents. Yes, this may reduce the customer experience, but retailers may feel the payoff of higher conversions makes up for it. However, there is no evidence in our research that suggests either method is more or less effective as conversion rates were only a touch higher on sites who allowed cart editing during the checkout process. The single anomaly is retailers selling low ticket price items and allow cart editing have a growth rate over 2x those who do allow cart editing.

72% of Top 100 retailers do not let shoppers edit the contents of their cart once they have entered the checkout process.



How are errors displayed?

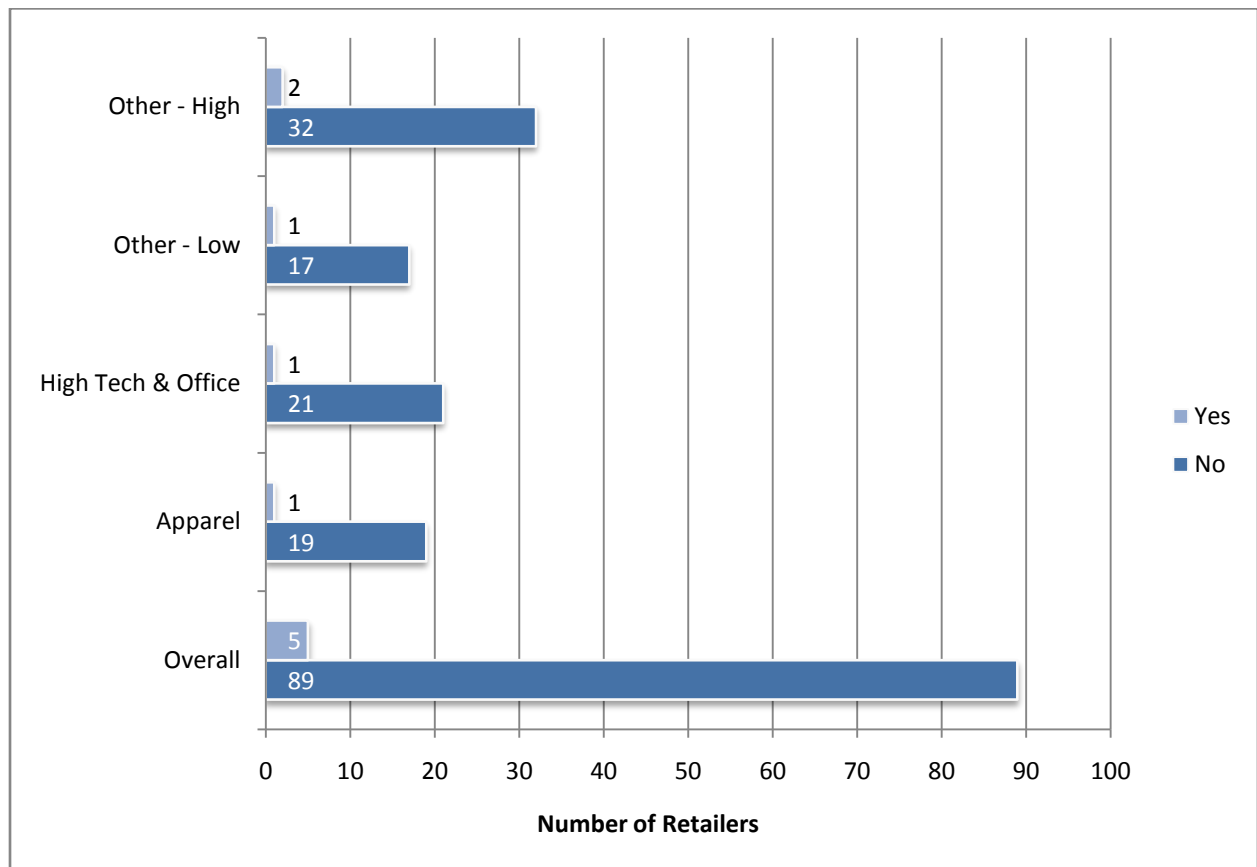


Errors are a fact of life in online retail – an invalid credit card, a mistyped email address, or an expired coupon code is just a few of the things that can go awry. How a store deals with those obstacles and keeps the checkout process moving along is what determines a good user experience and ultimately a purchase. Traditionally, all errors were shown at the top of the page and a user was left to their own devices to match those up with the fields on the screen and make the correction(s). This is still the case with 35% of Top 100 retailers. 39% however, have advanced to the point where an error message is displayed at the top of the screen AND the corresponding fields or field labels are also highlighted. Intuitively this is much better, but there is no empirical evidence that shows an increase in conversion rate with either method.

Of note: New methods of validation are available with the increasing use of Ajax, however very few of the Top 100 retailers have employed this method to date. I.e. Fields such as address can be validated immediately without waiting for a “form submission - page reload - hunt for error notice” and immediate feedback can be delivered to a user right at the input field using a checkmark or the like. We expect to see this deployed on more sites within the coming year.



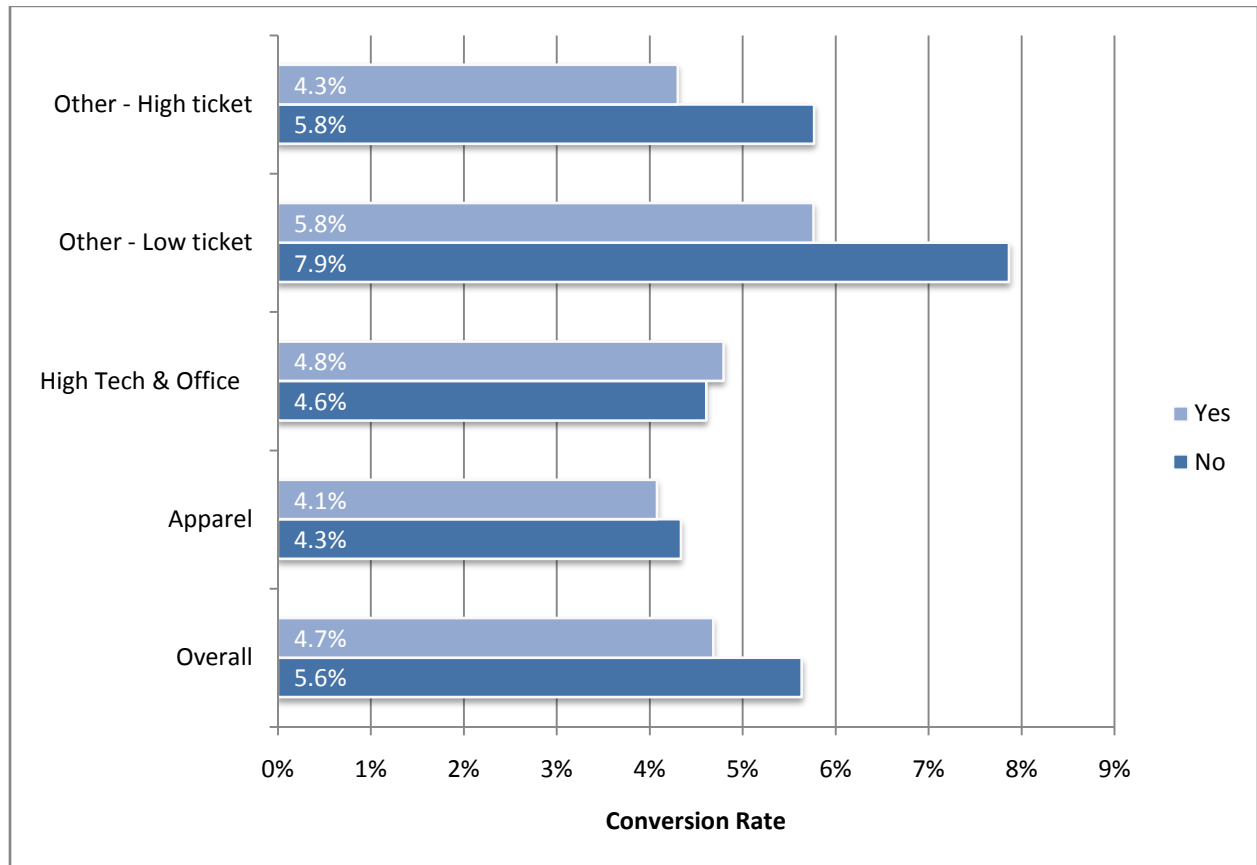
Is Ajax used within the checkout?



As one of the most promising web technologies for improving the user experience, we expected more Top 100 retailers to have deployed Ajax within the checkout process. We could only identify a handful of sites using it and had to loosen our definition of Ajax to achieve even the handful. The reality is only one site had used Ajax in any material way within the checkout process. It had a single-screen checkout in play and the billing address was being verified in real-time. Shipping options were updated dynamically based on address, and totals were updated based on selected shipping methods. Because of the very limited sample size, we are unable to draw any correlations between the use of Ajax and conversion rates or growth rates. The most important finding is Ajax is grossly under-utilized within the Top 100 as of this study, but we expect an increase in sites testing this functionality in the coming year.



Does creating an account/logging in take you out of the checkout?



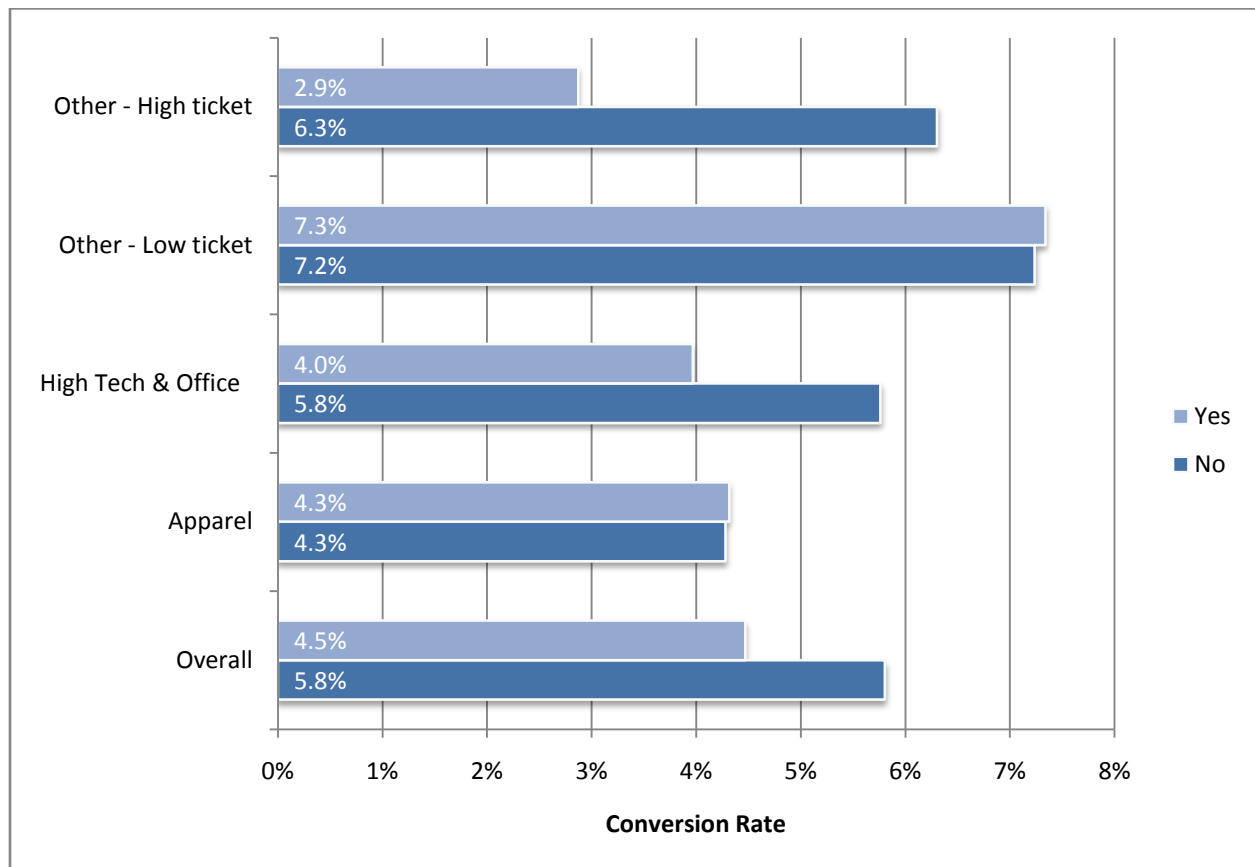
This was a very difficult tactic to evaluate as many times it was unclear as to whether you were still in the checkout process or not. It appears that maintaining a flow for the user is beneficial. In some categories such as low ticket items, a 2 point lift in conversion rate was achieved if users were not shuffled out of the checkout process and forced to create an account or log in. This may have something to do with maintaining a scent for users. Bumping them around a site may be distracting as navigation and visuals often change. However, if a retailer provides the means to determine final prices including shipping and taxes prior to asking for personal information, this measurement becomes less important.

Costco.com was the biggest culprit of the Top 100 retailers as items could not be added to or viewed inside of a cart until you had created an account or logged in. This may be attributable to their business model, but even non-Costco members can make purchases on the site (for a 5% surcharge). We found this to be one of the most disruptive experiences of all tactics evaluated.

33% of Top 100 retailers push shoppers out of the checkout process to force registration or log in.



Are alternative payment types accepted?



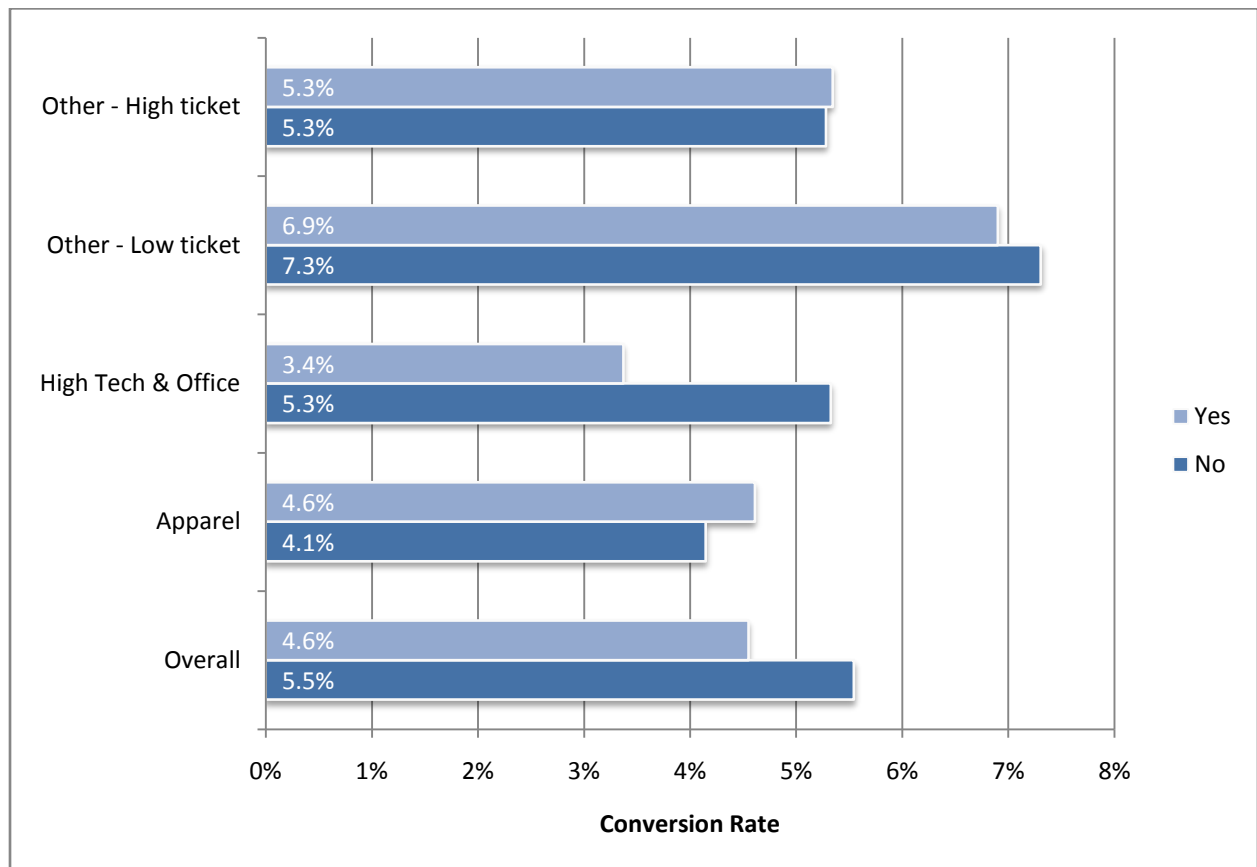
A growing trend among retailers is to offer alternative payment options such as PayPal, Google Checkout, and Bill Me Later. Many analysts and vendors have reported success from retailers deploying this tactic. And why shouldn't we believe them? With a massive eBay user ecosystem, PayPal certainly has the legs to be a ubiquitous payment form. The same goes for Google. Bill Me Later adds a level of convenience by deferring payment and offering 'instant credit'.

The results shown by Top 100 retailers tell a confusing story however. Conversion rates were convincingly higher at retailers who *did not* offer alternative payment types – more than double at retailers selling high ticket value items. Overall growth rates were about even for each camp, but distinct categories showed noticeable polarization – the most dramatic being apparel showing more than 2x the growth rate for those offering alternative payments. Because conversion rates are more directly attributable to tactic deployment, we feel the merits of alternative payments should be investigated further in light of the study findings.

36% of Top 100 retailers offer shoppers the chance to use an alternative payment method.



Is live chat prevalent during checkout?



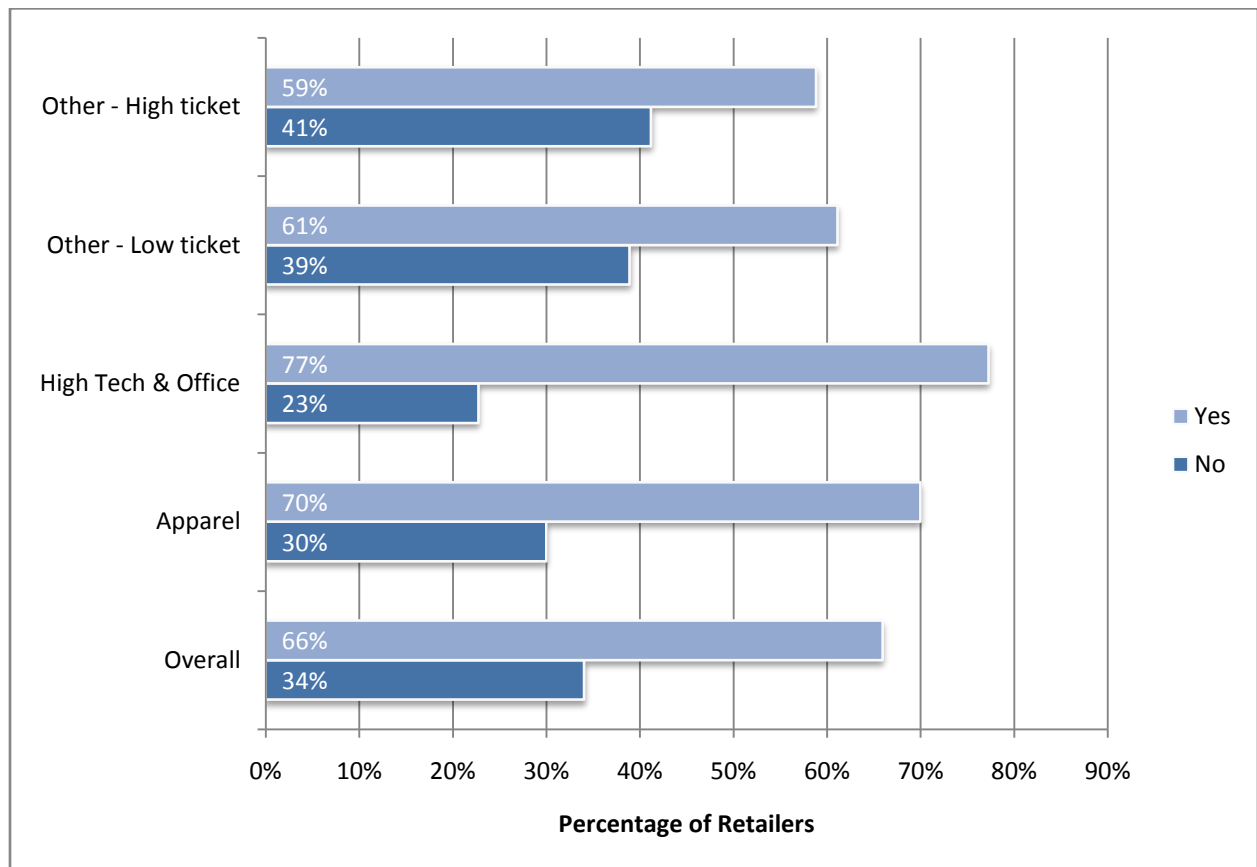
Live chat has the potential to bridge the customer service gap that exists between online shoppers and retailers. It can be the extra little push a shopper needs to get over any conversion hurdles that may exist such as purchase uncertainty, product questions, or technical and policy assistance. We expected live chat to have a positive effect on conversion rates and the balance between additional staffing and ROI was to be the only gating factor to deployment, but the data doesn't support it. Overall, conversions were nearly a point higher on sites without live chat. On a category by category basis, the sample size of sites with live chat was not high enough to draw solid conclusions.

Because this is counter-intuitive, there are a few things to test when considering live chat. Do average order values increase? Does initiating a chat session actually turn customers off – after all a benefit of shopping online is a sales person does not pester you? Does live chat just add to page clutter and become distracting?

Just 22% of Top 100 retailers offer live chat to site browsers in the checkout process.



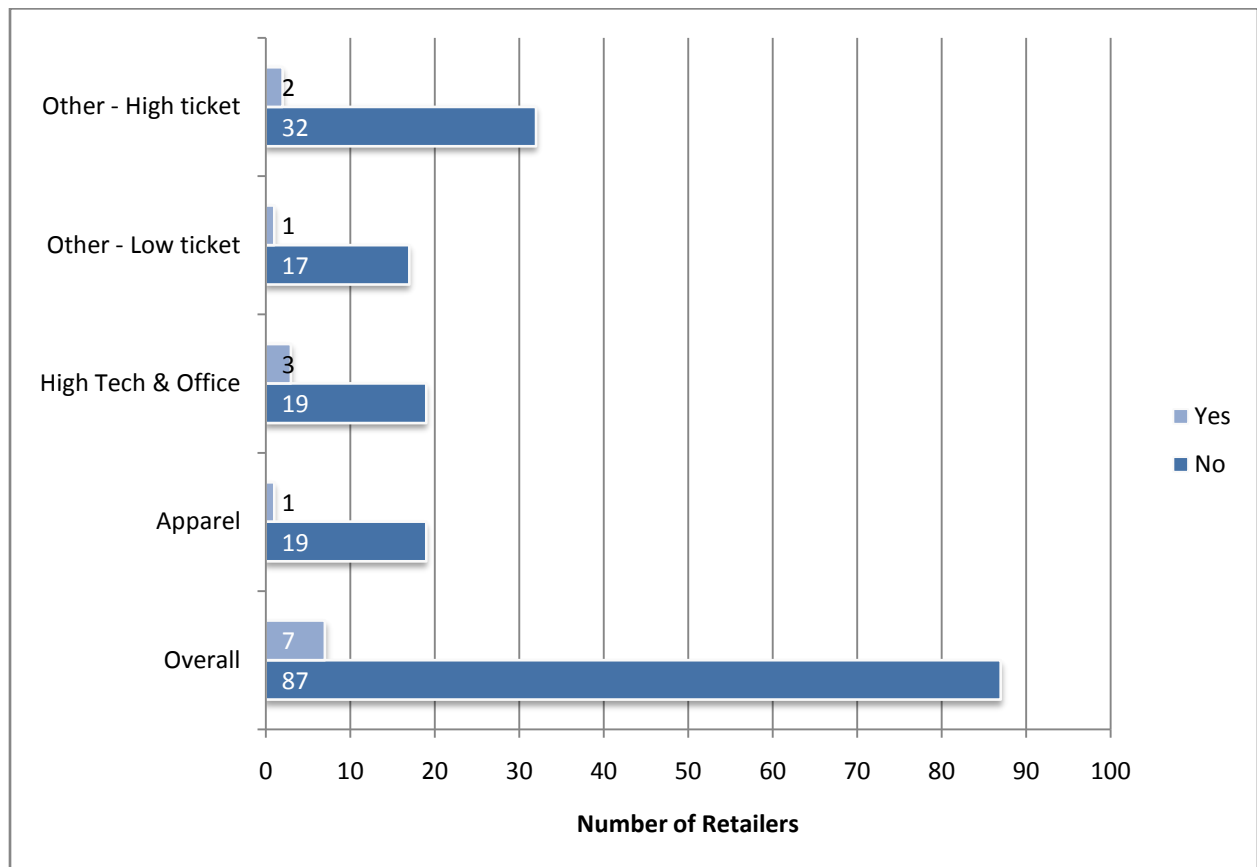
Is a phone number prevalent during checkout?



Just knowing there is someone available *IF* you need to talk to them regarding your order is often all a shopper wants to know. They may never actually pick up the phone and make an order or ask a question to the expensive call center rep, but the assurance they *could* is the difference between a purchase and an abandoned cart. 2 out of every 3 Top 100 online retailers display a phone number during the checkout process. We suspect this has much to do with the origins of the business as much as anything else. Those that were founded as or have active call-centers for catalogs are likely to take advantage of phone number prominence, while those with bricks-and-mortar roots may not. The displaying of a phone number does not appear to have a material effect on conversion rates within the Top 100 retailer group however.



Is an address prevalent during checkout?

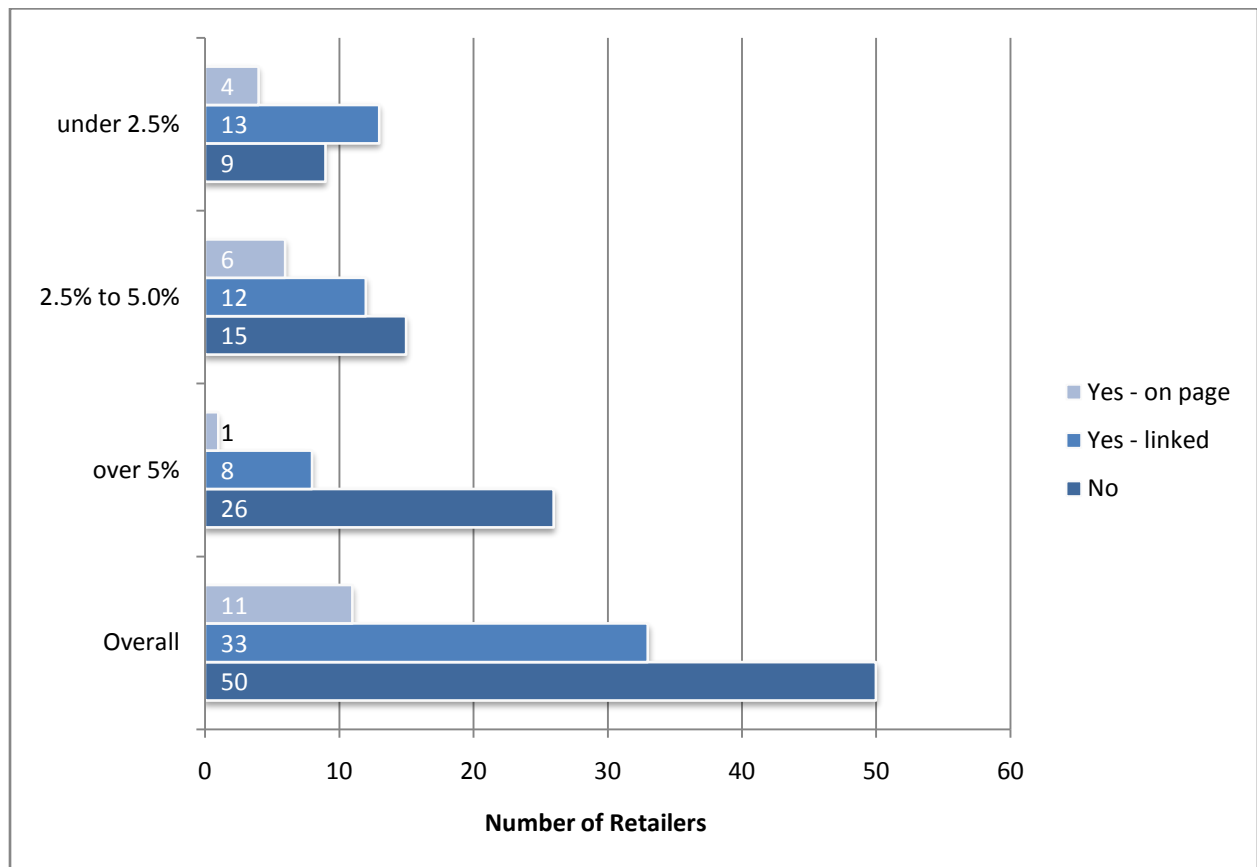


Top 100 retailers are afforded the luxury of having trust inherently built into their brand. Users must know there are people behind the scenes to support them with an order because fewer than one in ten display a physical mailing address on checkout pages. Ironically, the largest of all offline retailers, Wal-Mart, does display an address on each checkout screen. Because of such a low positive sample size, no correlation can be identified between having an address present and conversion or growth rates.

Just 7.5% of Top 100 retailers choose to show an address on checkout screens.



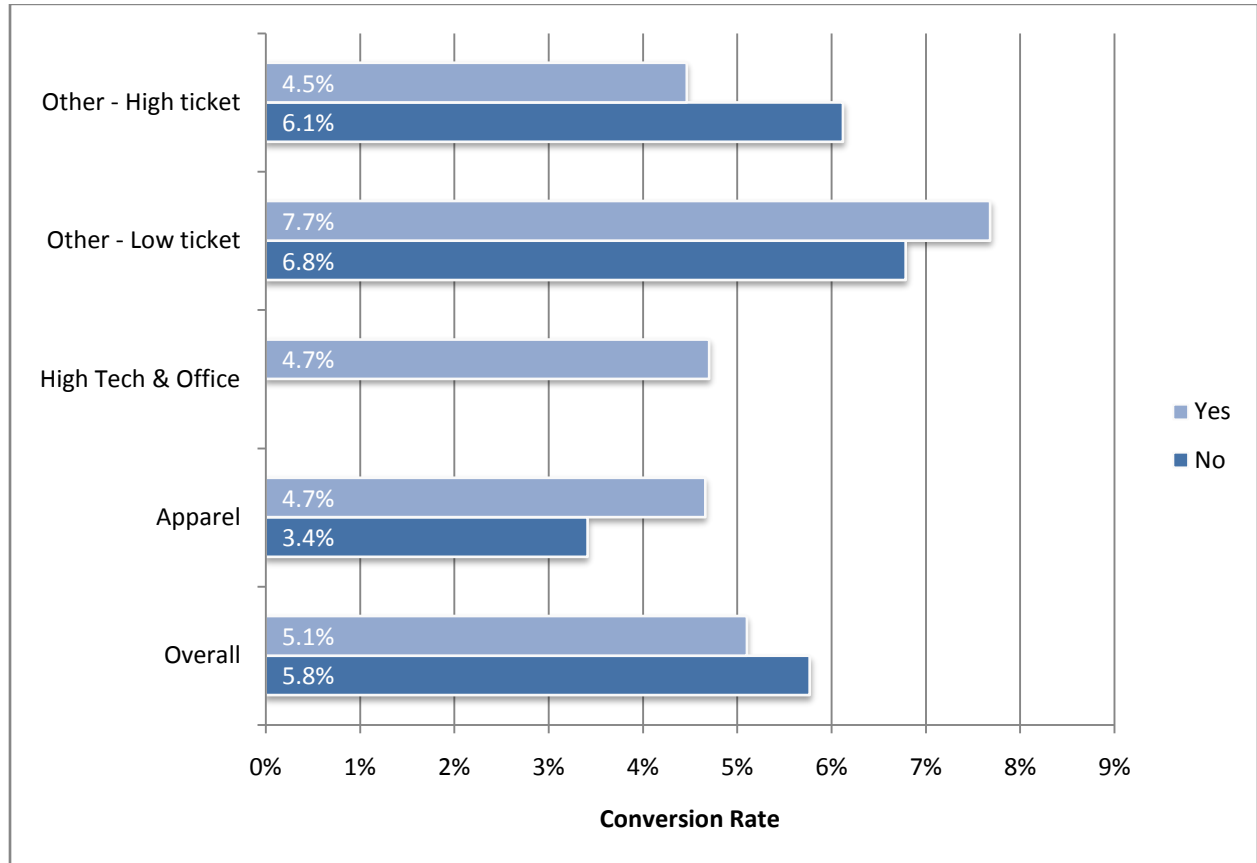
Are return policies prevalent during checkout?



More trust is required when looking for goods online because shoppers are evaluating products in absence of tactility. Returns have long been viewed as a means to offset this negative aspect of the online shopping experience. We were surprised to see just 47% of Top 100 retailers actively promoting their return policies either directly on checkout pages or via links on checkout pages. Even more unexpected was of the 35 merchants with high conversion rates (5% and over) 26 opted to not display any form of return policy.



Can you see shipping estimates prior to entering personal information?



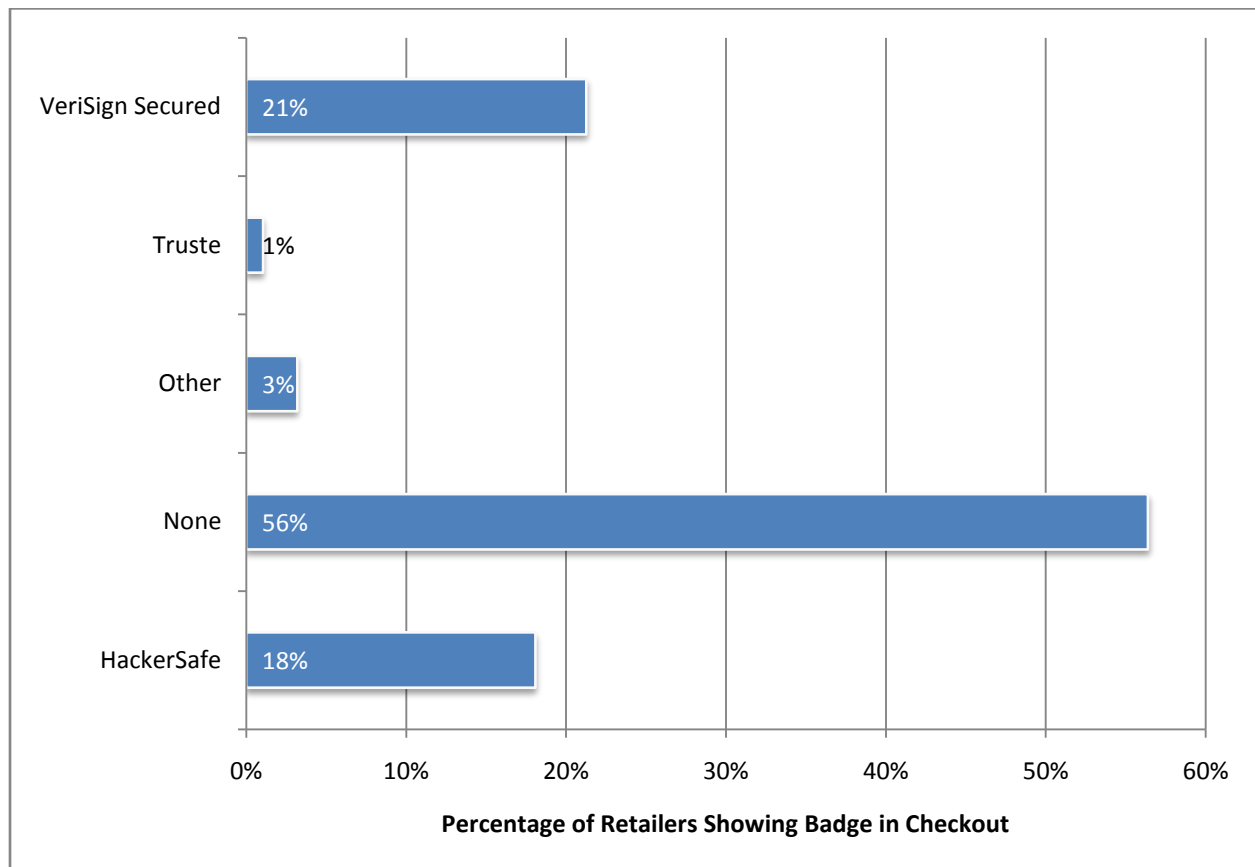
Consistently cited as a top peeve of online shoppers, not being able to see the total cost of an order before entering personal information is an important tactic to evaluate. Before collecting data, this tactic was high on our radar as we firmly believed retailers who are forthcoming deliver a better user experience and should be rewarded with a higher conversion rate.

We were surprised to see within the high ticket item group a 1.6% lift in conversion rate where shipping estimates were not available until after personal information was collected. This is a very counter-intuitive finding and the sample sizes for each were even, so the number has increased validity.

Overall, 67% of Top 100 retailers allow shoppers to see shipping estimates prior to entering personal information. Most interesting - 100% of retailers in the High Tech & Office group allowed shoppers to see estimates. Perhaps it is an indication of the importance shoppers in this space put on knowing the total cost involved with a major purchase.



Is a security badge displayed?



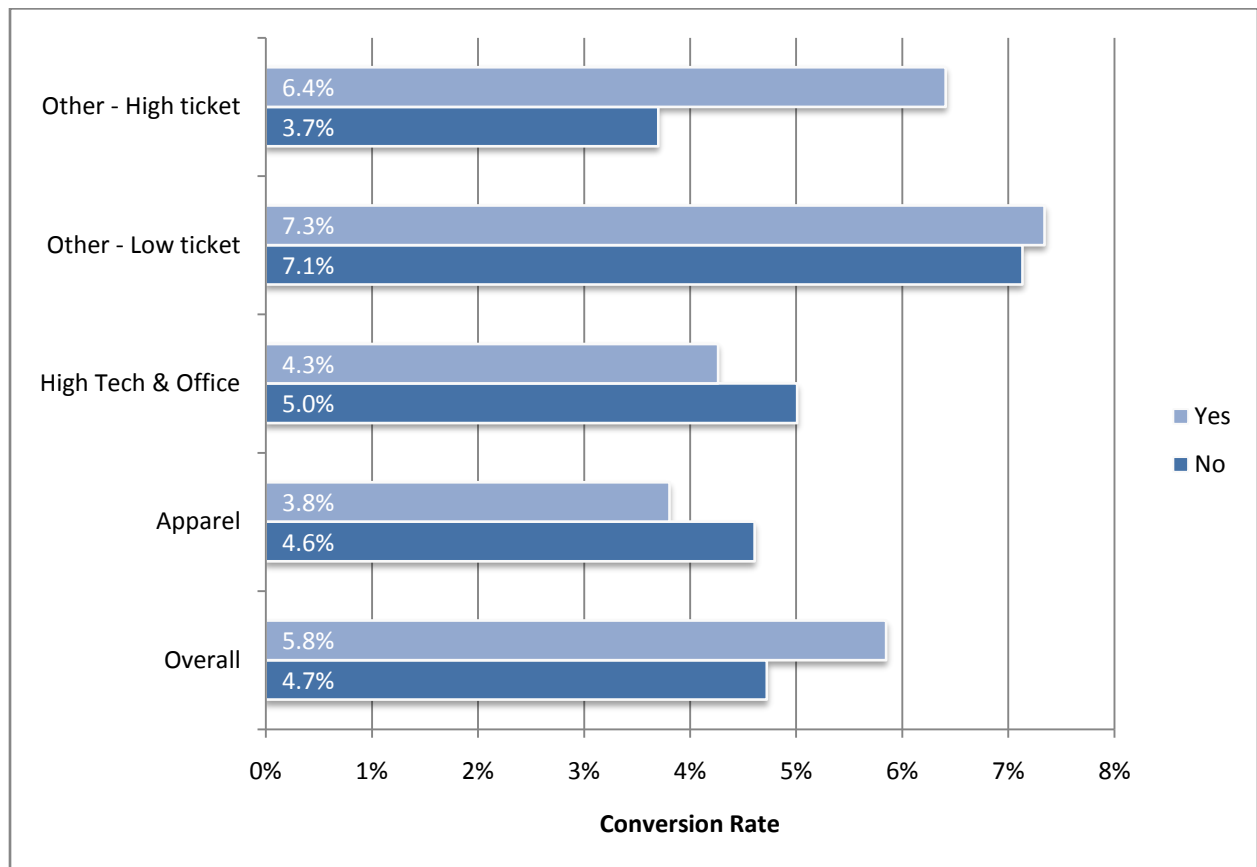
If you follow the media covering online retail, you may come to believe that every major ecommerce site is using a Hackersafe security badge. After all, it has been demonstrated to lift conversion rates up to 13%. However, within the Top 100 online retailers the majority (56%) do not display ANY security badges within the checkout process. Hackersafe had space on just 18% of the Top 100 sites. Most surprisingly is the sites that used a Verisign security badge consistently had the highest conversion rates of the bunch – 6.9% compared to an average conversion of 5.3%.

In our best estimate, sites using Verisign badges have likely been around the longest and have the greatest brand affinity. This naturally lends itself to having higher conversion rates because of a greater base of repeat purchasers. As with every ecommerce tactic, testing is the best method of assuring which is best for your business, especially because sample sizes were smaller than desired.

Note: Some sites had security badges on most of the site, but for whatever reason removed them during the checkout process. These were counted as not displaying a security badge.



Is an estimated shipping date displayed?



More and more purchases are done online around time sensitive occasions like birthdays and weddings. Knowing when a product will arrive is often the mitigating factor between shopping online or off.

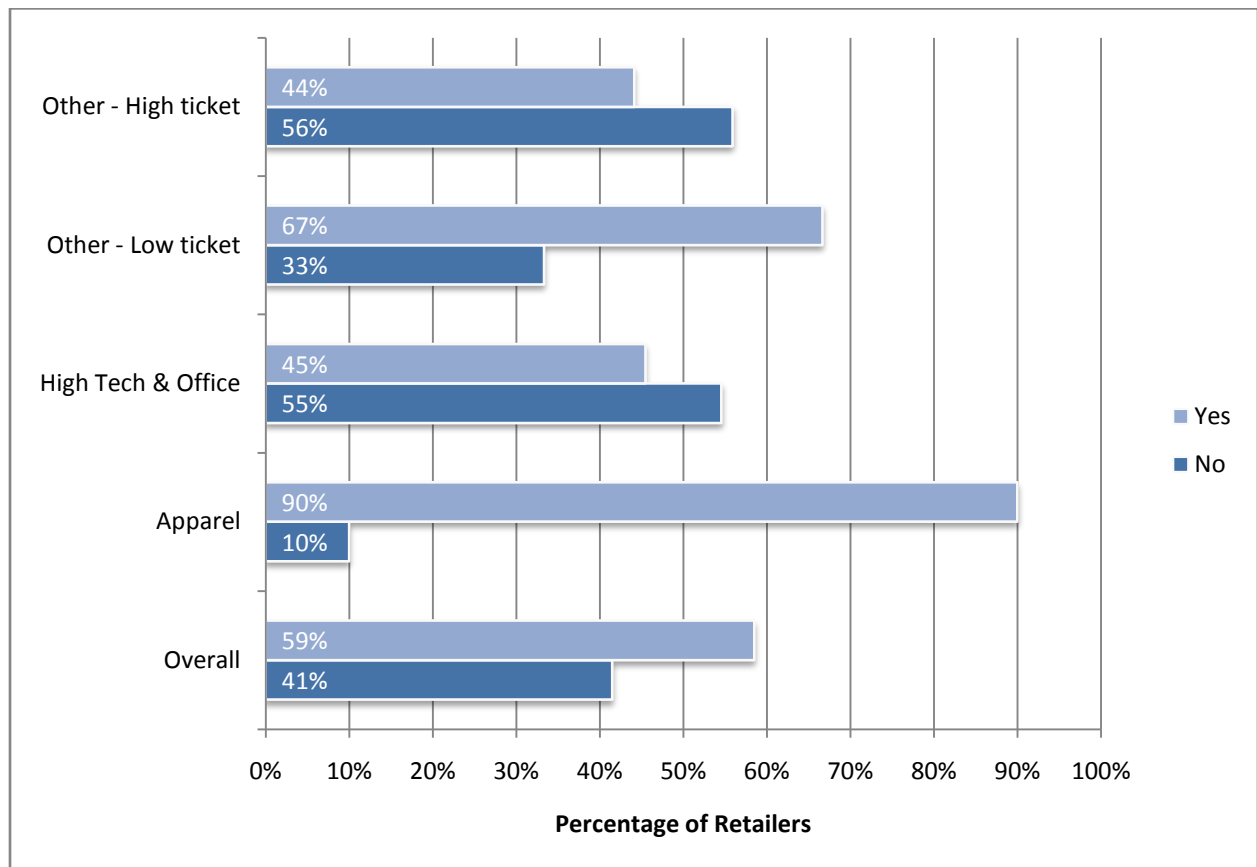
The high ticket item group who showed estimated shipping dates included retailers such as Schwan's Home Service, Omaha Steaks, Peapod, 1-800-Contacts, and Blue Nile. The first three have obvious implications for long lead times, while 1-800-Contacts is often re-filling a product about to run out and Blue Nile – well, better not be late with that important anniversary present.

The 1.1% greater conversion rate achieved by the yes group is as expected. The challenge is managing expectations. If you claim you can get a product to someone by a certain date, failing to do so is quite damaging. Because so many retailers are not in command of the entire shipping process and outsource a large portion to carriers, risk increases. Perhaps retailers should take a clue from how Disney manages it's Disneyland lines – tell someone the wait is 45 minutes and get them there in 30, they will be happy they 'beat the estimate'.

Overall, 53% of Top 100 retailers choose to show estimated shipping dates.



Can you checkout as a guest/anonymously?



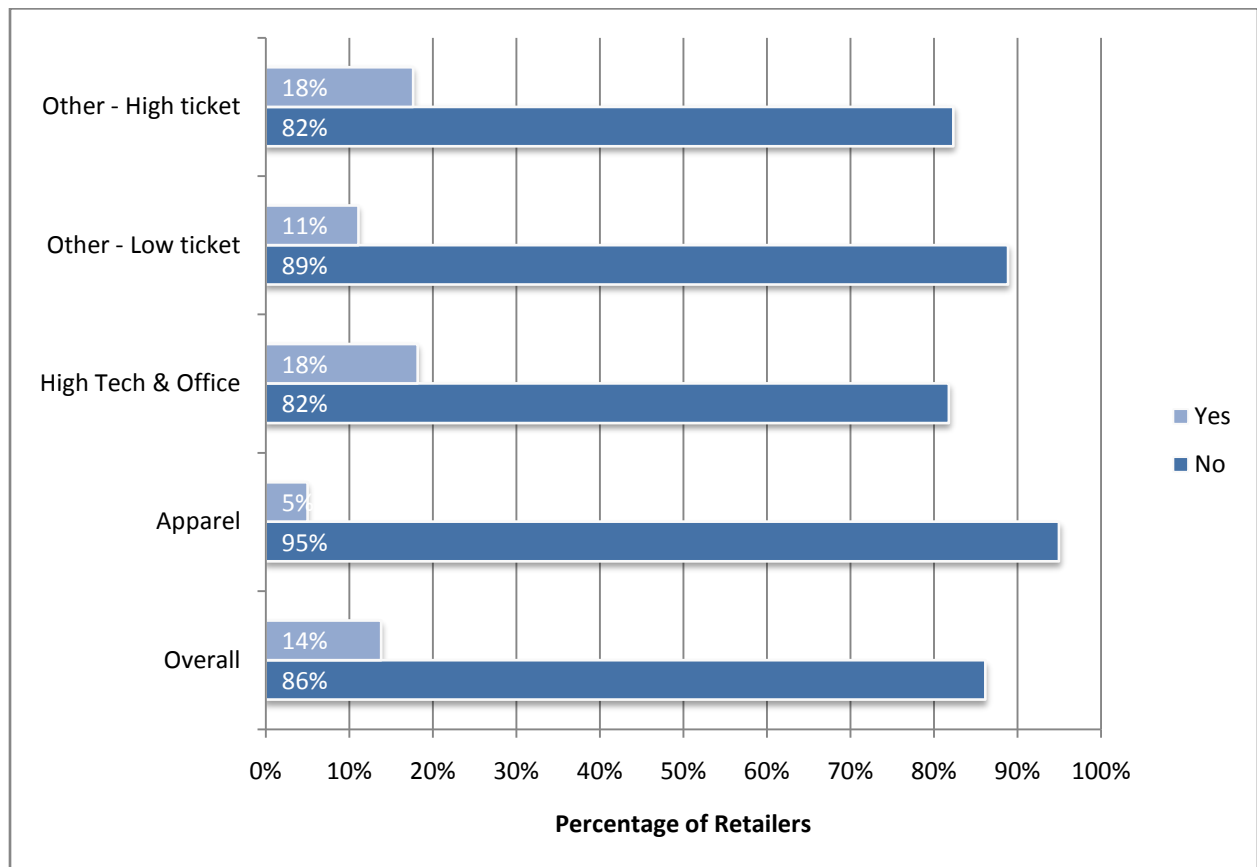
The internet maintains the promise of anonymity, yet in most situations it is simply a manufactured feeling of being in control of the information one provides – but perception is often reality.

It seems that in the apparel and low ticket items groups, there was a higher tendency for offering guest checkout. In the combined groups just 26% required accounts to be created. This is consistent with the faster more impulsive nature of low ticket value purchases. The high tech and high ticket item groups favored not offering anonymous checkout. This makes sense as the higher the degree of consideration that goes into a purchase, the more buy-in a retailer should be able to garner. These accounts are then able to be marketed to and entice future purchases.

However, there was only a small difference in overall conversion rate with the no group having a half percent lift at 5.6% compared to 5.1% for the yes group.



Are cart items always visible during checkout?



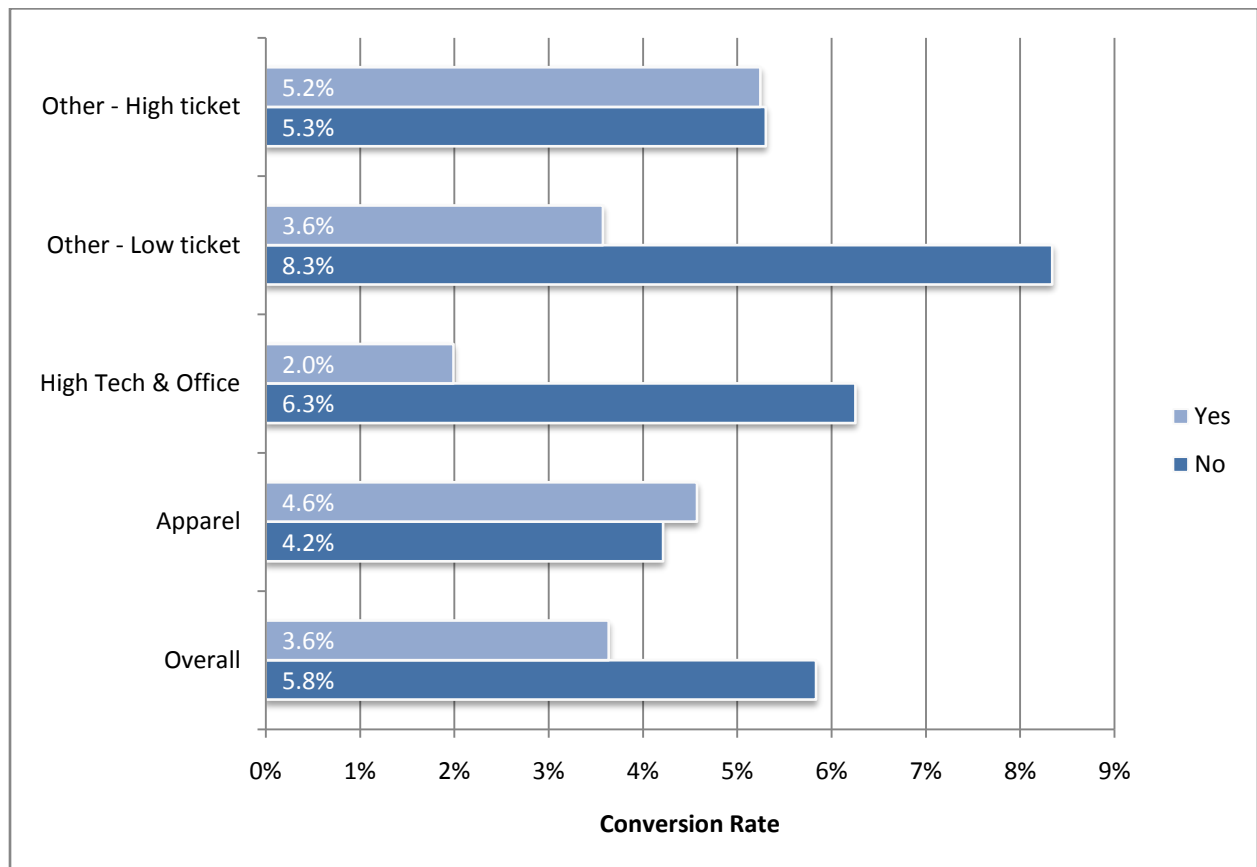
In the real world we can always see what is being put through the checkout and can back out on an item at any point. However, online retailers have the option of displaying the contents of a cart or suppressing it during the checkout process. Unfortunately, because so few retailers always show the cart contents, sample sizes are too low to draw meaningful conclusions on a group-by-group basis. Overall, those who show carts contents throughout the checkout process have a 5.8% conversion rate compared to 5.2% for those who do not.

Many retailers jumped in and out of showing cart contents based on where a shopper was in the checkout; the most common being to suppress it during the collection of billing and shipping addresses and make it reappear during payment collection screens. In very few instances we observed cart contents being on full display on *every* page of the site and checkout process. For this tactic, online retail rarely mimics the real world.

Just 14% of Top 100 retailers chose to always show cart items during the checkout process.



Is the cart total always visible during checkout?



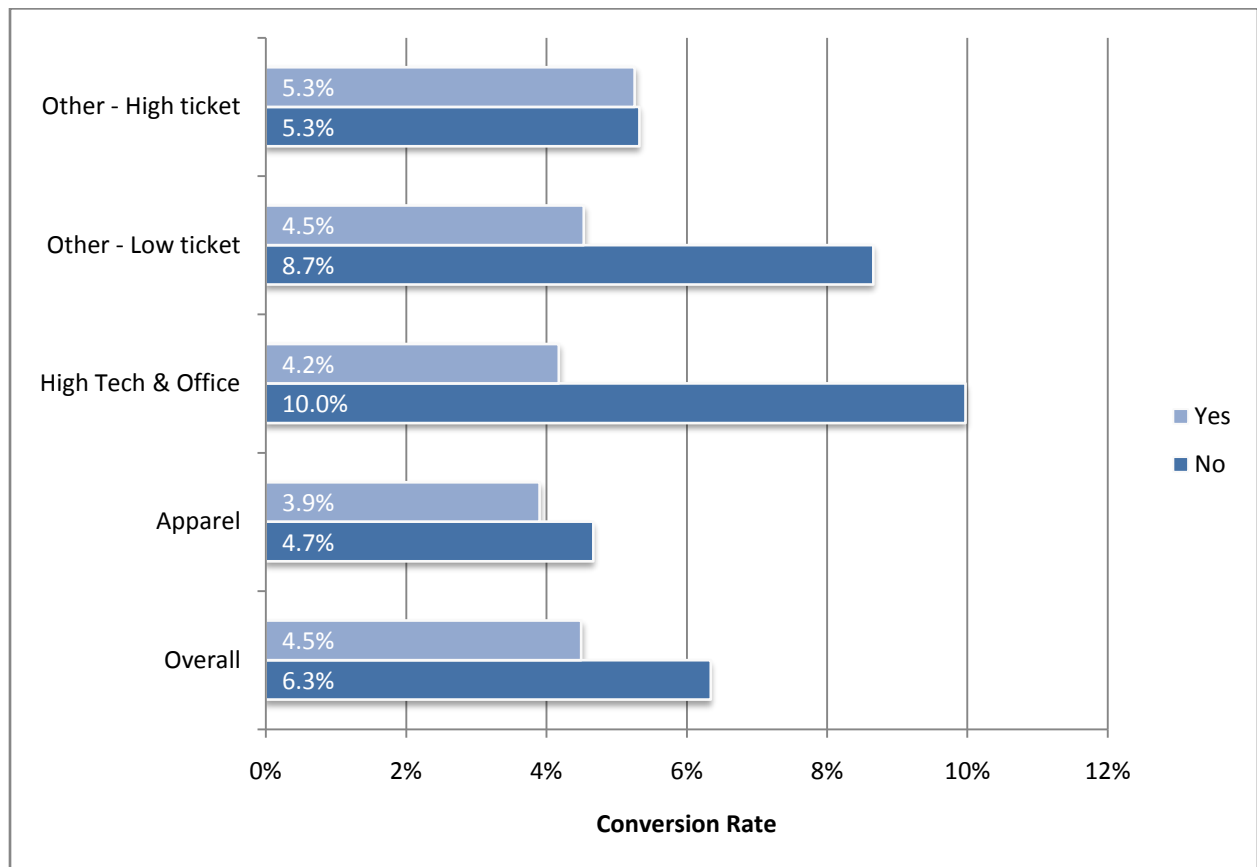
You see it in some retail stores now – you can see a running total as a clerk rings in your shopping cart. Some even let you have handheld devices to calculate your cart totals within store aisles. So how many online retailers have running cart totals within the checkout process? Just 23% show it, with the remaining opting to hide the total.

The debate here is whether the abundance of information helps shoppers convert or if a lack of information may suppress abandonment triggers – imagine seeing a big “you are spending \$450” always in front of you, knowing you really don’t need that signed replica Star Trek Enterprise model ship.

Conversion rates were about 60% higher at Top 100 retailer sites where the cart total was not always shown during the checkout process.



Is a CVV number required?



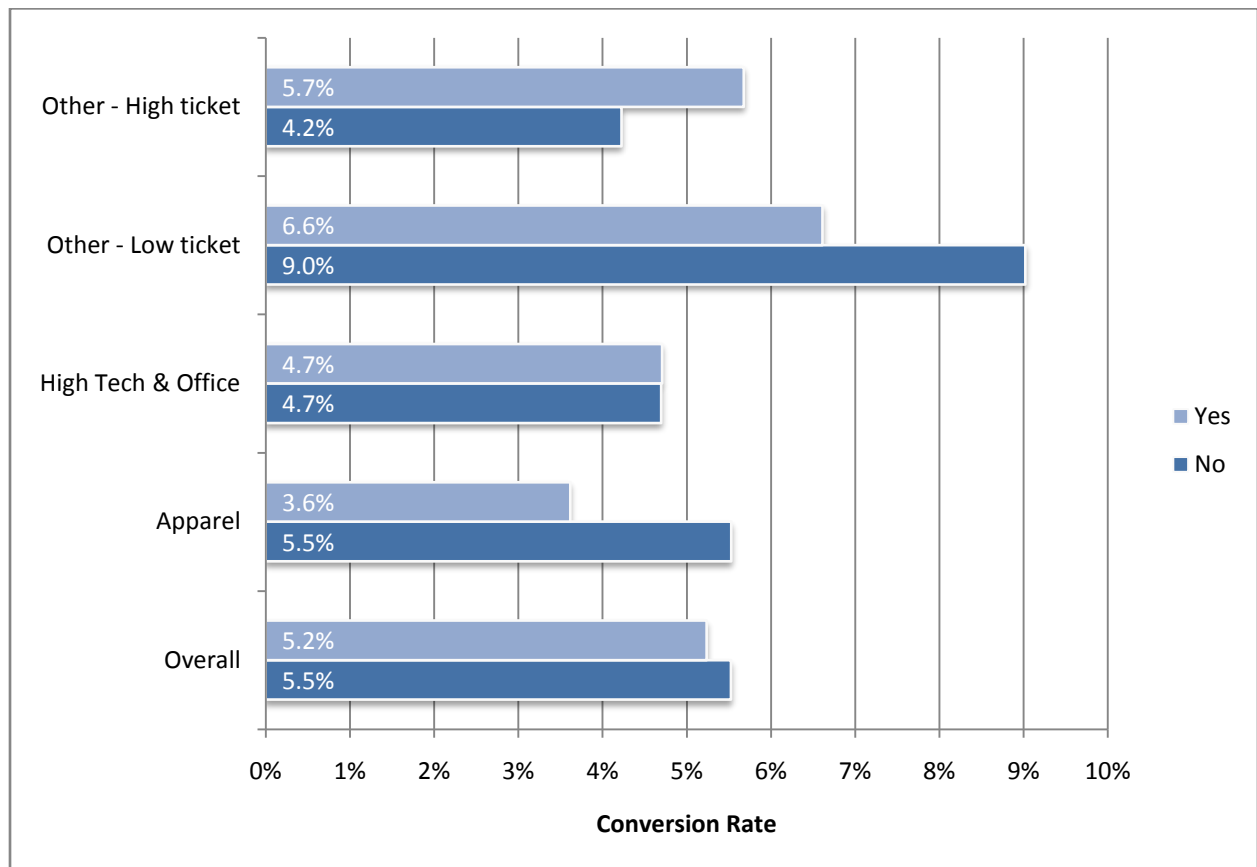
Fraud is always an issue when it comes to online purchases and asking for a CVV number is one method of curbing fraudulent credit card use. It is also one extra field to ask users to fill out. So does the extra hassle affect conversion rates? Apparently it does. Overall, conversion rates were a full 40% higher where retailers did not require a CVV number.

If this is a solid finding, retailers must balance the trade-off between fraud prevention and ease-of-use for legitimate purchasers.

55% of Top 100 retailers require shoppers to give a CVV number during the checkout process.



Is a final order confirmation screen used?



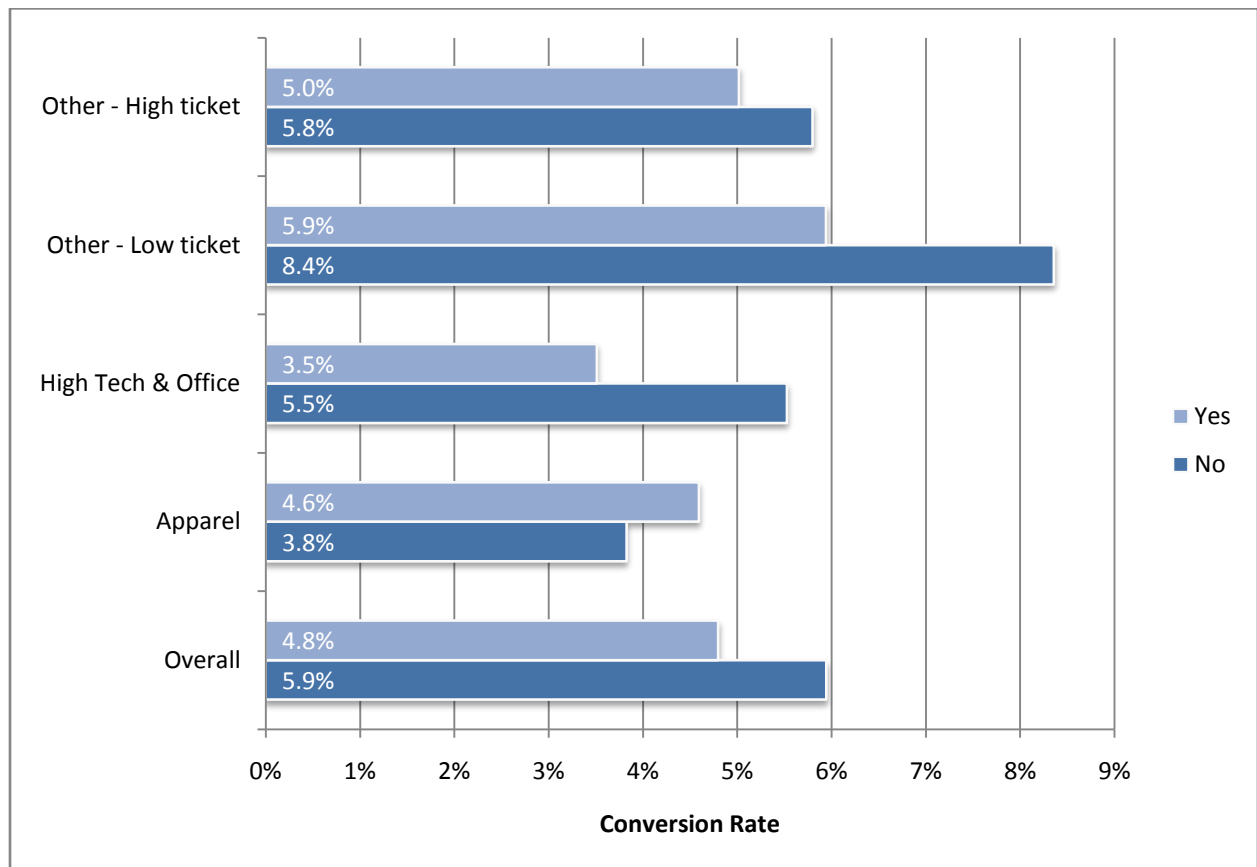
Otherwise known as the “are you really sure you want to purchase?” screen, a final confirmation screen allows users check that their order details are all correct and sometimes reconsider their purchase.

As suspected, those employing an order confirmation screen had a lower conversion rate overall, but not as dramatic as we thought. The assumption being, shoppers are not always aware the screen is an order confirmation screen and assume it is a receipt page – no further action is taken and the order is never placed. The numbers are not convincing enough to verify that notion, and the group selling high ticket items had the reverse effect. Those with an order confirmation screen had a 35% higher conversion rate. Conclusions on this tactic are best to be drawn by testing.

Over 70% of Top 100 retailers use an order confirmation screen within the checkout process.



Are cross-sells displayed on the cart page?



Technically, this is not a checkout related tactic, but it is the cousin to displaying cross-sells within the checkout process, so it's worth a look.

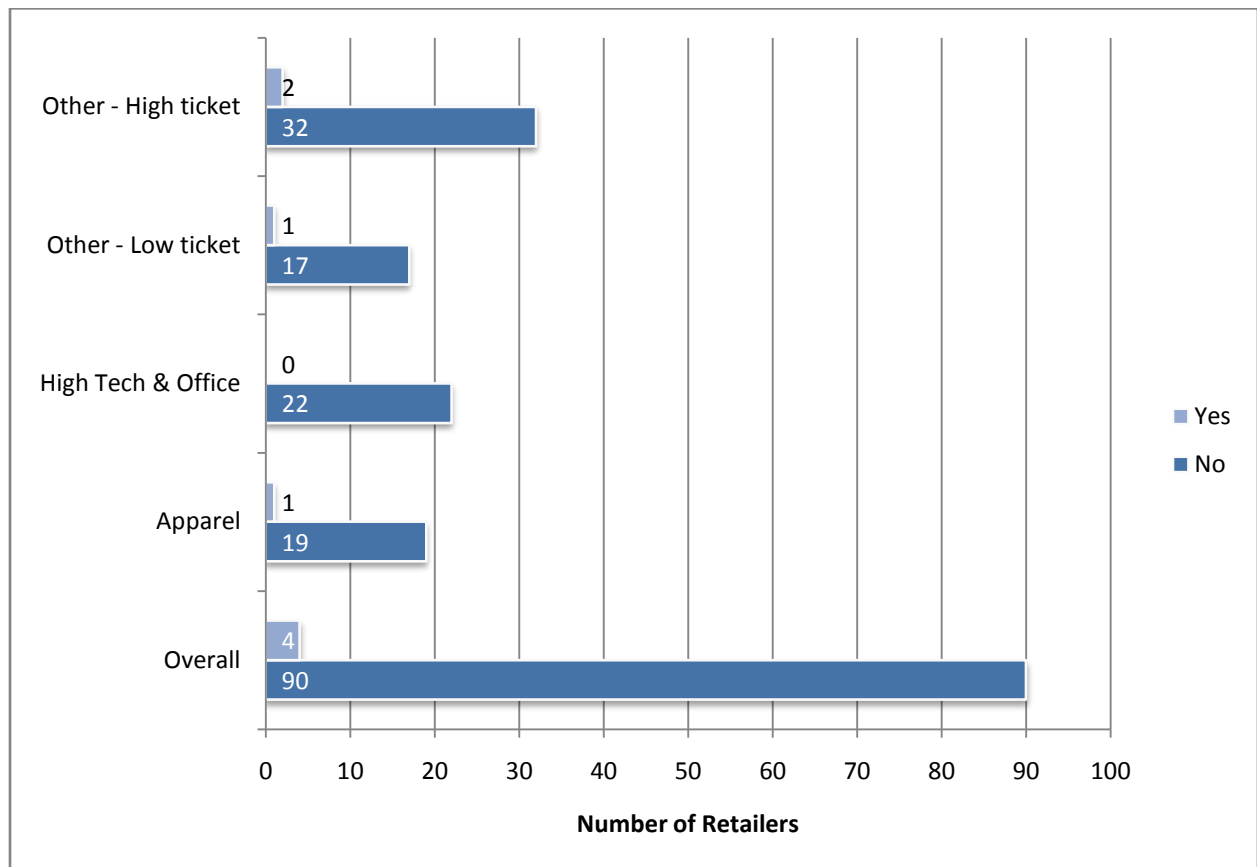
Conversion rates were consistently higher on sites not cross-selling within the shopping cart, with apparel being the only anomaly. Sites selling low ticket items had a full 2.5% greater conversion rate where cross-selling was not displayed in the cart. This may be attributable to screen congestion and call-to-action overload.

An interesting finding was many of the retailers *did* display related items and accessories immediately after an item was added to the cart (on an interstitial type page). However, they chose to not cross-sell on the cart page. Because we know many shoppers do not buy on the first visit to a site, and adding items to a cart is akin to dog-earing a catalog page for quick retrieval, are they missing a selling opportunity? Surprisingly, this was most apparent in electronics retailers selling high ticket items (who often have many accessories).

Overall, 54% of Top 100 retailers chose to cross-sell on the shopping cart screen.



Are cross-sells displayed during checkout?



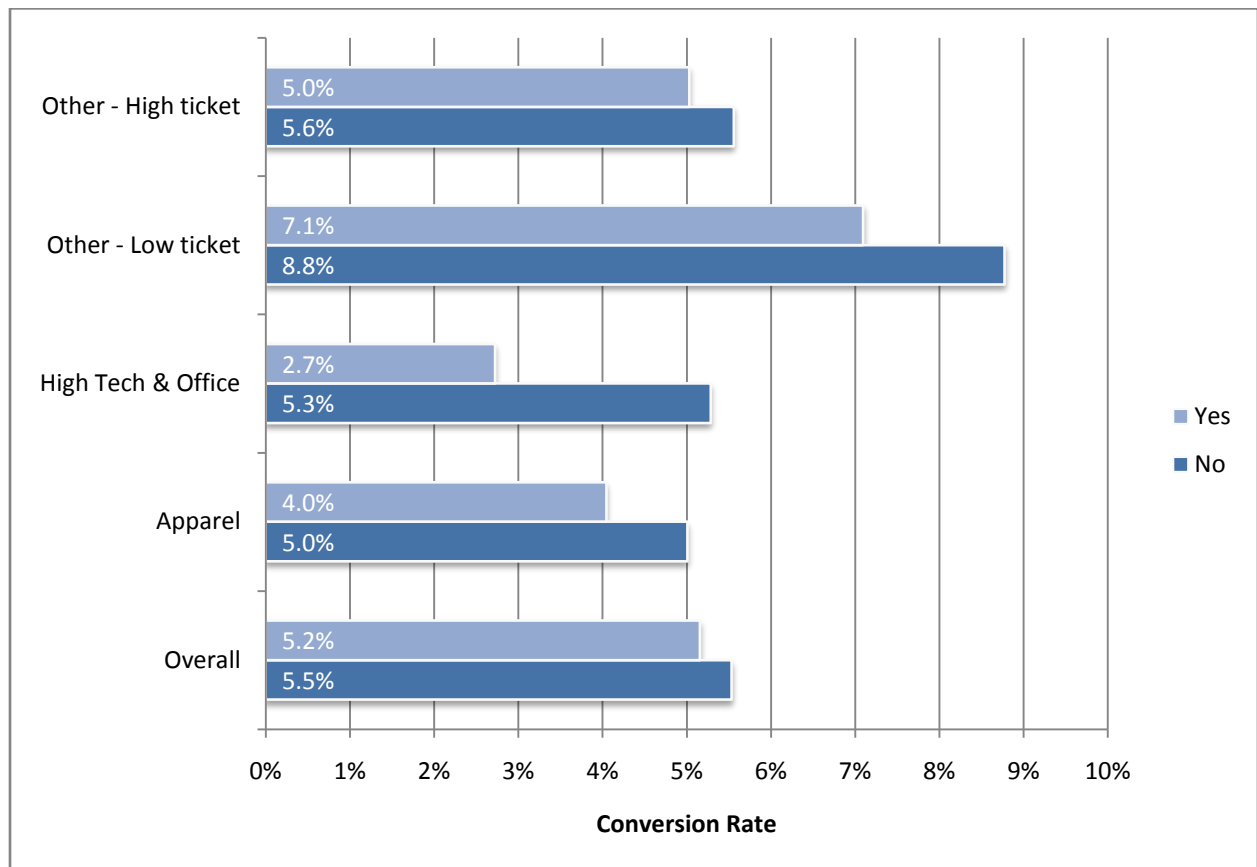
While the clerk rings through items at the supermarket we are often faced with a slew of quick and thoughtless products to add to our order – candy, celebrity magazines, batteries, gift cards, etc. In the online world however, retailers do not offer these things in the checkout process. In fact the number was so low, we were about to drop this from the research analysis. Because so few retailers employ this method of merchandising, we cannot draw conclusions from this piece of research.

Just 4% of Top 100 retailers show cross-selling during the checkout process.

Thoughts on why this is not used: Screen real estate is a valuable commodity and the risk of confusing a shopper in the checkout process is greater than the opportunity of increasing the order size. A get them in and out mentality leans towards eliminating distractions during the checkout process. Most cross-selling opportunities are taken on product pages, cart screens, and interstitial screens after a product has been added to the cart.



Can gift wrapping or messaging be added to items?



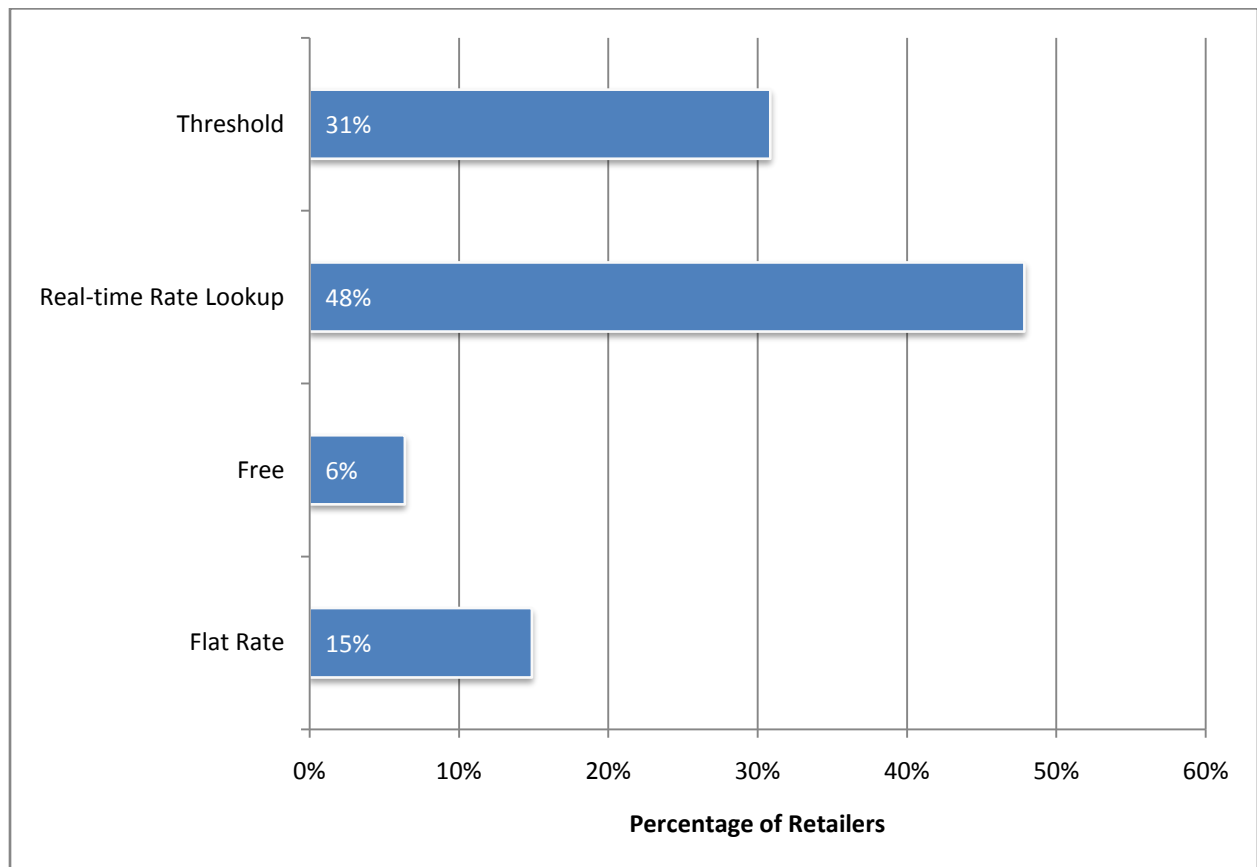
Ultimately utilizing this tactic should help retailers increase average order values, especially surrounding seasonal gift giving occasions. But what effect does the additional noise and screen real estate in the checkout process have on conversion rates at Top 100 retailers?

As suspected, over 75% of apparel and low ticket item retailers offered gift wrapping. But in each group, those that did not offer gift wrapping or messages consistently outperformed those who did. We suspect the increased complexity involved with gifting (especially to multiple recipients) may affect conversions negatively, but the increased order value may make up for it.

Overall, 56% of Top 100 retailers offer gift wrapping or messages.



BONUS: What form of shipping is used?



While free shipping is the most desirable for shoppers, it can be an expensive proposition for retailers. 31% of Top 100 retailers have opted to leverage the perk of free shipping with a tactic used to increase average order values – threshold based free shipping: i.e. buy over \$75 and get free shipping. Anecdotally, the most common threshold level for free shipping we saw was set at \$50.

Sample sizes were too low to evaluate this tactic on a group-by-group basis, but overall those who offered real-time rate lookups had the highest conversion rate at 5.9%, followed by threshold at 5.5%, free at 4.6% and flat rate at 3.2%.

This wasn't what we expected to see and believe shipping service levels come into play. Most free or threshold offers are for regular ground shipping, but we have no data to show us what mix of shoppers upgrade to premium shipping levels like overnight air.

Overall, almost half of Top 100 retailers handle shipping by doing a rate table lookup.

Note – rate table lookup included both real-time rate lookups from outside shipping vendors, and set rate tables created by the retailer.





Follow-up

We want to incorporate your experiences, thoughts, and statistics into the ongoing learning process around online checkout. Get involved and submit feedback so everyone in online retail can benefit.

Go to www.elasticpath.com/ecommerce-checkout-report and comment on the report, individual tactics, or specific tests you have conducted surrounding the checkout process used in online retail.



Appendix A – Results by Grouping for Conversion Rates

In the chart below, the numbers in cells represent average conversion rates for the group (for example, in the first table, the average conversion rate for Apparel retailers with 2 pages in their checkout process was 8.7%).

What is the number of pages in the checkout process (new account)?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
1		2.5%			2.5%
2	8.7%	4.6%		3.3%	4.3%
3	4.5%	4.2%	16.0%	1.6%	6.2%
4	4.6%	5.6%	4.4%	6.7%	5.6%
5	2.8%	4.3%	6.1%	6.8%	5.7%
6	3.5%		4.2%	3.7%	3.8%
7+		5.6%	10.1%	4.2%	5.7%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Are return policies prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	3.5%	5.5%	8.9%	7.4%	6.8%
Yes - linked	4.7%	4.1%	4.6%	2.8%	4.0%
Yes - on page	5.1%	3.2%	1.6%	2.1%	2.9%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Can you see shipping estimates prior to entering personal information?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	3.4%		6.8%	6.1%	5.8%
Yes	4.7%	4.7%	7.7%	4.5%	5.1%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

What form of shipping is used?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
Flat Rate	2.5%	1.6%	1.5%	4.2%	3.2%
Free	4.5%	2.7%	10.3%	3.2%	4.6%
Real-time Rate Lookup	4.7%	4.8%	7.6%	6.3%	5.9%
Threshold	3.9%	5.8%	8.8%	5.2%	5.5%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%



Is a security badge displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
HackerSafe	5.0%	3.1%	3.1%	2.7%	3.5%
None	4.1%	4.0%	8.0%	5.2%	5.4%
Other			4.6%	5.4%	5.1%
Truste		1.3%			1.3%
VeriSign Secured	3.7%	6.7%	10.3%	7.4%	6.9%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is an estimated shipping date displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.6%	5.0%	7.1%	3.7%	4.7%
Yes	3.8%	4.3%	7.3%	6.4%	5.8%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is there coupon code entry?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	3.1%	6.4%	8.2%	8.4%	7.1%
Yes - during checkout	5.0%	4.6%	8.4%	3.5%	4.8%
Yes - on cart screen	3.6%	3.7%	5.3%	5.9%	4.6%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Can you checkout as a guest/anonymously?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.1%	5.1%	6.9%	5.7%	5.6%
Yes	4.3%	4.2%	7.5%	4.8%	5.1%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Can you edit your items during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.1%	4.1%	7.0%	5.7%	5.2%
Yes	4.6%	8.4%	7.9%	4.4%	5.6%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%



How are errors displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
All at top of page	3.9%	7.4%	6.1%	4.6%	5.4%
Field level only	4.6%	2.0%	5.2%	6.1%	5.3%
Popup	5.8%	2.1%		4.8%	3.7%
Top message and field level	4.0%	4.3%	8.7%	5.6%	5.8%
(blank)	3.6%				3.6%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is Ajax used within the checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.3%	4.8%	6.6%	5.3%	5.2%
Yes - moderately	3.9%	2.5%	19.5%	5.4%	7.3%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Does creating an account/logging in take you out of the checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.3%	4.6%	7.9%	5.8%	5.6%
Yes	4.1%	4.8%	5.8%	4.3%	4.7%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Are cart items always visible during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.2%	5.3%	6.9%	4.9%	5.2%
Yes	5.0%	1.9%	10.3%	7.0%	5.8%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is the cart total always visible during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.2%	6.3%	8.3%	5.3%	5.8%
Yes	4.6%	2.0%	3.6%	5.2%	3.6%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is a CVV number required?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.7%	10.0%	8.7%	5.3%	6.3%
Yes	3.9%	4.2%	4.5%	5.3%	4.5%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%



Are alternative payment types accepted?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.3%	5.8%	7.2%	6.3%	5.8%
Yes	4.3%	4.0%	7.3%	2.9%	4.5%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is a final order confirmation screen used?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	5.5%	4.7%	9.0%	4.2%	5.5%
Yes	3.7%	4.4%	6.6%	5.7%	5.2%
(blank)	2.1%	9.6%			5.9%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Are cross-sells displayed on the cart page?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	3.8%	5.5%	8.4%	5.8%	5.9%
Yes	4.6%	3.5%	5.9%	5.0%	4.8%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Are cross-sells displayed during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.2%	4.7%	6.8%	5.4%	5.2%
Yes	5.0%		16.0%	4.2%	7.3%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Can gift wrapping or messaging be added to items?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	5.0%	5.3%	8.8%	5.6%	5.5%
Yes	4.0%	2.7%	7.1%	5.0%	5.2%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%

Is live chat prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	4.1%	5.3%	7.3%	5.3%	5.5%
Yes	4.6%	3.4%	6.9%	5.3%	4.6%
Grand Total	4.3%	4.7%	7.3%	5.3%	5.3%



Appendix B - Results by Grouping for Growth Rates

What is the number of pages in the checkout process (new account)?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
1		6			6
2	45	5		39	28
3	36	10	20	20	25
4	9	27	67	22	30
5	26	23	37	33	31
6	26		54	34	38
7+		21	24	22	22
Grand Total	29	18	44	29	29

Is navigation/search available during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	34	25	38	36	34
Yes	26	13	49	22	26
Grand Total	29	18	44	29	29

Is a phone number prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	32	25	35	27	29
Yes	28	16	50	30	29
Grand Total	29	18	44	29	29

Is an address prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	31	19	45	29	30
Yes	4	10	34	23	16
Grand Total	29	18	44	29	29

Is live chat prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	23	23	44	30	31
Yes	44	7	38	24	25
Grand Total	29	18	44	29	29



Are return policies prevalent during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	29	23	38	27	29
Yes - linked	24	6	24	35	23
Yes - on page	60	22	215	25	48
Grand Total	29	18	44	29	29

Can you see shipping estimates prior to entering personal information?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	31		63	33	40
Yes	29	18	29	25	24
Grand Total	29	18	44	29	29

What form of shipping is used?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
Flat Rate	25	22	46	45	39
Free	71	7	15	26	33
Real-time Rate Lookup	30	10	51	30	31
Threshold	13	29	26	19	21
Grand Total	29	18	44	29	29

Is a security badge displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
HackerSafe	32	15	94	20	35
None	27	28	32	27	28
Other			55	58	57
Truste		-29			-29
VeriSign Secured	34	14	35	32	25
Grand Total	29	18	44	29	29

Is an estimated shipping date displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	30	22	26	42	31
Yes	28	12	51	20	28
Grand Total	29	18	44	29	29



Are cross-sells displayed on the cart page?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	23	16	50	34	30
Yes	33	21	36	26	29
Grand Total	29	18	44	29	29

Are cross-sells displayed during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	30	18	44	30	30
Yes	19		37	19	24
Grand Total	29	18	44	29	29

Is there coupon code entry?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	40	23	43	29	32
Yes - during checkout	23	25	55	30	31
Yes - on cart screen	36	11	33	27	25
Grand Total	29	18	44	29	29

Can you checkout as a guest/anonymously?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	53	17	62	24	29
Yes	27	19	35	36	30
Grand Total	29	18	44	29	29

Can you edit your items during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	31	19	32	32	28
Yes	25	12	75	22	32
Grand Total	29	18	44	29	29

How are errors displayed?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
All at top of page	27	21	55	21	29
Field level only	73	16	48	20	35
Popup	25	11		46	23
Top message and field level (blank)	23	20	35	36	30
Grand Total	29	18	44	29	29



Is Ajax used within the checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	28	18	46	27	29
Yes - moderately	45	6	17	58	37
Grand Total	29	18	44	29	29

Does creating an account/logging in take you out of the checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	26	12	51	31	31
Yes	43	23	26	24	27
Grand Total	29	18	44	29	29

Are cart items always visible during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	30	18	44	31	30
Yes	19	18	46	18	22
Grand Total	29	18	44	29	29

Is the cart total always visible during checkout?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	33	19	46	31	32
Yes	13	16	38	20	20
Grand Total	29	18	44	29	29

Is a CVV number required?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	36	16	45	27	34
Yes	22	18	42	32	26
Grand Total	29	18	44	29	29



Are alternative payment types accepted?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	25	24	37	31	29
Yes	52	13	53	25	30
Grand Total	29	18	44	29	29

Can gift wrapping or messaging be added to items?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	40	13	19	23	21
Yes	26	33	47	35	36
Grand Total	29	18	44	29	29

Is a final order confirmation screen used?	Apparel	Computers/ Electronics/ Office Equipment	Other - Low ticket	Other - High ticket	Grand Total
No	42	3	42	28	28
Yes	20	24	45	29	30
(blank)	45	27			36
Grand Total	29	18	44	29	29

