

SHOPPING CART ABANDONMENTS: AN \$18B OPPORTUNITY

Personalization Strategies to Reverse
Shopping Cart Abandonments



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EXECUTIVE SUMMARY

Ecommerce is growing at an unprecedented rate as increasing amounts of shoppers continue to move towards online sales. Yet despite all the time and resources ecommerce brands have invested in to offer customers the most optimal shopping experience, shopping cart abandonment continues to pose a major challenge. Companies lose \$18 billion in sales revenue each year from cart abandonment, with over \$4 trillion worth of merchandise predicted to be abandoned in online shopping carts this year alone. Every shopper represents an opportunity, and with online retail sales expected to reach \$370 billion by 2017, dramatically reducing cart abandonments has become a primary goal for online retailers.

Organizations that succeed with reducing cart abandonments are the ones who effectively tailor and deliver personalized experiences at each stage of the journey: before a customer has abandoned their cart, as a customer is displaying abandonment intent, and after the abandonment has taken place. Cart abandonment, rather than being seen as a rejection of a site's value proposition, presents a unique opportunity to successfully re-engage customers on a personal level. This resource will teach you the most powerful and effective personalization strategies to apply throughout the three stages of the customer journey, empowering you to maximize conversions, recover sales and reduce abandonments.

Key abandonment insights:

Why do shoppers abandon their carts?

Encountering unexpected shipping costs and surcharges is the top reason shoppers abandon their carts. Comparison shopping is another cause for cart abandonment, as customers may add items to their carts just to gauge a product's overall cost. Shoppers also abandon their carts after becoming distracted while making purchases, which is often the result of being exposed to an overwhelming amount of visual stimuli.

Identifying Customer Pain Points through Segmentation

Sites need to think about cart abandonment on an individual level. It's imperative for eCommerce brands to use advanced segmentation to

pinpoint the exact pain points their customers are experiencing. Doing this will reveal why customers are doing the abandoning and will best inform a personalized optimization strategy geared towards winning them back.

Why Should I Personalize?

Successful eCommerce brands know that there is no method more effective to making customers feel special than online personalization. Almost 90% of consumers say that they are influenced by eCommerce personalization and almost 90% of marketers say that eCommerce personalization has boosted revenues. In terms of targeting cart abandoners, personalization means tailoring personalized incentives across the complete customer journey.

3 Phases of the Abandonment "Timeline"

When it comes to cart abandonment, at the core of a customer's journey lay three distinct phases: pre-abandonment, display of abandonment intent, and post abandonment. During the pre-abandonment phase of the customer journey, it is crucial for organizations to optimize site usability to inspire trust and build user confidence in purchasing decisions. In the display of abandonment intent phase of the customer journey, effectively communicating highly incentivized marketing messages is key for recovering potential abandonments in real-time and inducing re-engagements. At the post abandonment phase of the customer journey, re-targeting shoppers through personalized display ads and promotional email campaigns are essential practices for encouraging returns.

Capture More Sales, Maximize Conversions and Dramatically Reduce Abandonments

In summary, shopping cart abandonment has become an alarming concern for online retailers, with the average cart abandonment rate at 68%. While cart abandonment cannot be eliminated completely, by embracing the strategies outlined in this resource you will be able to prevent a significant percentage of customers from not completing their purchases and effectively capture more sales and increase profits.

Online retailers are already recovering millions in sales revenue by reducing shopping cart abandonments. Are you?

INTRODUCTION

Every shopper represents an opportunity, and with online retail sales expected to reach \$370 billion by 2017, dramatically reducing cart abandonments has become a primary goal for online retailers.

In today's eCommerce industry, shopping cart abandonment is an all-too-common behavior among online shoppers. We've all been there: you see something you love, add it to your shopping cart, but for some reason you do not end up completing the purchase and abandon your loaded digital cart. In recent years, shopping cart abandonment has become a major concern for online retailers. According to a meta-analysis by the Baymard Institute, the average shopping cart abandonment rate is around 68%, a number which is aggressively cutting into retail profits and is forecasted to increase. With over \$4 trillion worth of merchandise predicted to be abandoned in online shopping carts this year, abandonment reduction has become a primary goal for online retailers, who are devoting more and more resources towards achieving it. Shopping cart abandonment is a natural occurrence and cannot be eliminated outright. After all, unlike physical shop visits, adding items to digital carts is both easy and costless, making the abandonment easy as well. The good news, however, is that there are several effective tactics and strategies you can utilize today to effectively reduce abandonment to a minimum. An abandoned shopping cart does not mean you've lost the sale. On the contrary: it creates a new and unique opportunity to recapture it. This resource provides valuable insights as to the causes of shopping cart abandonment, and reveals some of the most effective personalization and optimization strategies marketers and eCommerce brands can implement to win back customers, maximize conversions and drive further sales.

About the Author



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Yaniv is an accomplished digital marketing expert, with vast experience in SEM, Web Analytics and Optimization.

Chapter 1

THE MAIN CAUSES OF CART ABANDONMENT

“*Companies lose \$18 billion in sales revenue each year from shopping cart abandonment.*”

Forrester Research

Generally speaking, the primary reasons for shoppers to abandon their carts without completing a purchase can be broken down into three main categories: Unexpected costs and inconveniences, comparison shopping, and distractions. Let's explore these three categories:

Unexpected Costs and other Inconveniences

Unexpected costs tops the reasons-for-abandonment list and for good reason: a global study by ComScore found that over half of online shoppers reported adding items to their shopping carts just to qualify for free shipping, while 68% said they would insist on free returns shipping to complete a sale. Not being offered this incentive has become a dealbreaker for many when it comes to final purchasing decisions, while unforeseen service fees and additional costs to ship internationally can lead a customer to rethink their decision to go through with the order. Further, forced registrations, excessive security checks, declined payment options, and overly complicated checkout processes are additional turnoffs that can agitate consumers, often to the point where they'll give up on an item simply to rid themselves of the inconveniences that come with buying it.

Comparison Shopping

A customer's decision to add an item to their cart does not necessarily reflect an intention to immediately purchase it. Proceeding to checkout can be a customer's way of gauging a given product's overall cost to be compared with other retailers' prices. After adding items to their cart, customers may realize that your overall offering (in terms of pricing, packaging, services and shipping) may not be competitive enough, which is reason enough to leave their carted item and make their purchase elsewhere.

Distractions

With a steady barrage of ads, emails, notifications, and messages constantly competing for the digital customer's attention, it's reasonable to say that they may have gotten distracted enough to forget about or put off their purchase. eCommerce customers are guided by visual stimuli but can also become overwhelmed when they experience too much of it. Misalignments of color, poorly designed calls-to-action, multiple fonts, cramped and lengthy form fields, and needless graphics or icons among others, can become causes for distraction and lead customers away from completing the purchase at hand.

REasons for Abandoning Carts (U.S. 2014)



As we can see, there are a variety of possible factors that influence a customer's decision to abandon their shopping carts. Investigating and pinpointing the specific pain points your customers are experiencing (and that have dissuaded them from completing the order) is crucial in highlighting the obstacles that stand between them and that completed purchase, and will empower you to reduce further abandonment, maximize conversions and drive further sales.

In the next chapter you'll learn how to identify customer pain points and implement solutions to mitigate them.

Chapter 2

IDENTIFYING CUSTOMER PAIN POINTS THROUGH SEGMENTATION

“*Segmentation is saying something to somebody instead of saying nothing to everybody.*”

F Jay Conrad Levinson, Guerrilla Marketing

When it comes to shopping cart abandonment, on-site behavior is a key indicator for eCommerce marketers to better understand the nature of individual customers. If the customer has filtered the results by price, they could be a bargain hunter engaging in comparison shopping. If they've been on the checkout page for longer than the average visitor to your site, then they might have gotten distracted or are debating whether or not to complete the purchase. They also may have displayed exit intent by moving the cursor to x-out of the page, which could signify that they're experiencing inconveniences. eCommerce marketers would be prudent to extract all available behavioral data as a benchmark to mitigate the distractions and inconveniences customers face during the checkout process, causing them to abandon their carts.

Learning about the behavioral characteristics of your 'abandoners' enables you to start honing in on their pain points, and doing so can be accomplished by actively tracking and analyzing abandonment KPI's.

The road to abandonment reduction begins by effectively grouping your abandoners into different segments.

Abandonment segmentation is a learning process that requires a close analysis of the qualitative and quantitative data you have accumulated about your abandoners. There are numerous dimensions and metrics which you can segment for, including gender, real-time actions, traffic origin, referral URL's, campaigns, demographics, geo-location, device, affinity and past behavior to name a few. Many retailers find it helpful to begin segmenting for different types of abandonment, such as checkout abandonment and cart abandonment, and narrowing down from there by adding additional dimensions.

To illustrate, let's take the case of La Tienda, an online Spanish food retailer which ships hundreds of thousands of orders throughout the United States, Canada and Europe.

To better understand the impact of varying shipping rates on a key product category, La Tienda decided to segment visitors based on geographical region, with region A being customers located closer to company warehouses and region B being everywhere else.

After applying advanced segmentation to separate visitors in region A from region B, they narrowed down further to view performance by product category. Doing this allowed them to discover that visitors from region B were 48% more likely to abandon their carts, as placing an item from the key product category in their cart raised total shipping costs. The analysis confirmed that shipping costs greatly impacted shopping behavior, and used data to measure the results of a key business decision.



Cart abandonment:

Customers with products left in their carts who abandoned the merchant's site before proceeding to the checkout process.



Checkout abandonment:

Customers who abandoned the merchant's site during the checkout process.

Effective segmentation is an ongoing and time-consuming process, but it's a vital step towards understanding the pain points that lead visitors to abandon their carts. After you've revealed and pinpointed the pain points of the most impactful segments of abandoners, it's time to start tailoring experiences and execute personalized campaigns geared towards winning them back.

Chapter 3

EFFECTIVE OPTIMIZATION THROUGH PERSONALIZATION

“The idea of dividing a market up into homogeneous segments and targeting each with a distinct product and/or message, is now at the heart of marketing theory”

Michael J Croft, Market Segmentation

In the cart-abandonment-recovery recipe, personalization is your secret sauce. If you can offer your customers a personalized shopping experience that serves and fulfills their needs throughout the consumer journey, then you will dramatically reduce cart abandonments.

Why Personalize?

Successful eCommerce brands understand that there is no method more effective to making customers feel special than online personalization. This understanding is not limited to luxury-brand marketers; most online merchandisers try to make their web visitors feel like royalty and for good reason: **it works.**

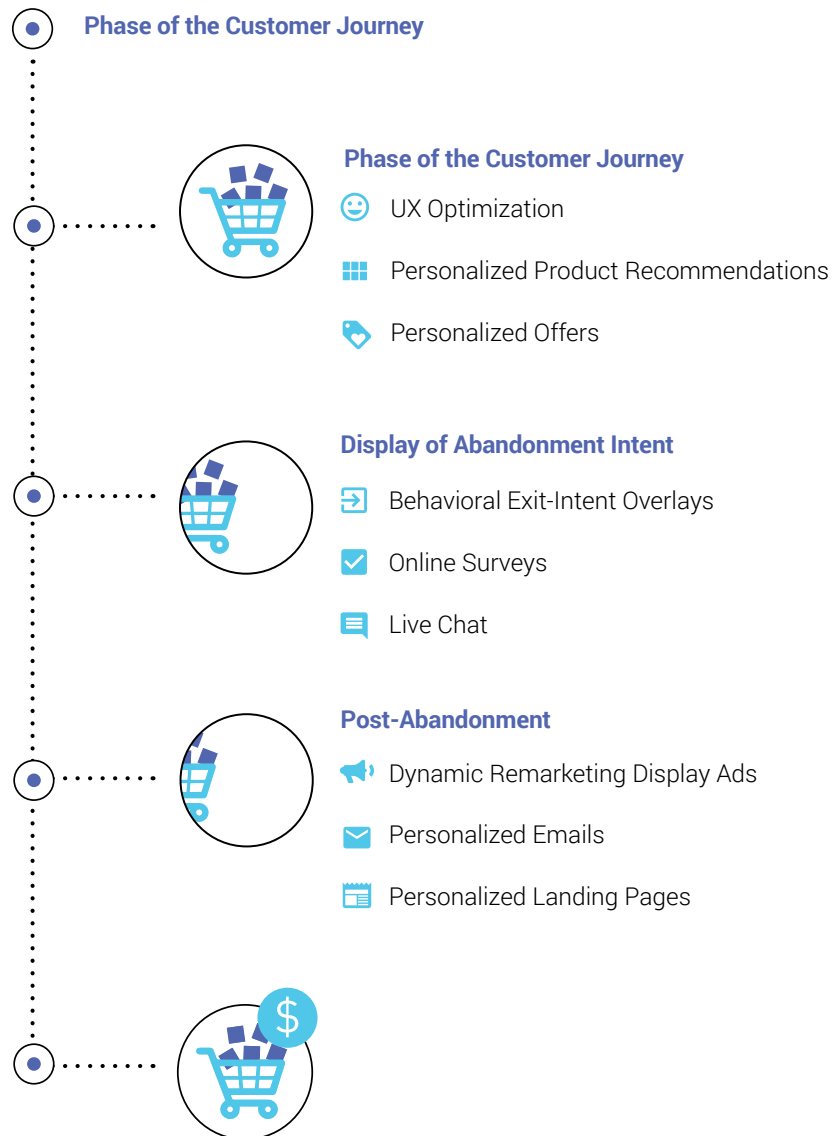
When a customer feels a connection to a brand, sales and brand loyalty both increase. Moreover, personalization can energize an existing customer base, as almost 90% of consumers say that they are influenced by eCommerce personalization and almost 90% of marketers say that eCommerce personalization has boosted revenues.

How Do I Start Personalizing?

When it comes to shopping cart abandonment, successful personalization means taking a bird's eye view of the complete customer journey and tailoring personalized incentives and offers targeted to each of your segmented groups. A powerful strategy for effectively reducing abandonments is optimizing marketing messages based on where your visitors currently stand on the cart-abandonment “timeline”, i.e. pre-abandonment, display of abandonment intent and post-abandonment.

This unique approach enables eCommerce brands to effectively plan, orchestrate, prioritize and analyze their cart-abandonment personalization campaigns throughout each phase of the customer journey.

The 3-Stage Cart Abandonment Timeline



Pre-Abandonment

It's difficult to gauge visitor intent during the pre-abandonment phase (after all, your visitor may be just browsing your site without any true intention to buy) but it's probable to assume that some of the causes for their eventual abandonment may come from a user-experience (UX) perspective. If your website seems untrustworthy or illegitimate then no one will buy from it. A trustworthy website can reduce hesitations and concerns, and have a significant effect on users' behavior. Trust may be affected by external factors, such as demographic variables, or prior, related experience, and by internal factors, such as security seals, shipping policies, customer testimonials and more. Customers need to feel welcome and personally secure with the site they are purchasing from. Broken links, low quality images, unresponsive pages and site timeouts can cause visitors to lose trust in your brand and lose confidence in their purchasing decisions. Displaying recognized verification seals and logos, allowing easy access to customer product reviews, and providing full disclosure on security policies, are three very effective ways to inspire trust in your brand and build confidence in your site.


As we noted earlier, unexpected costs, such as high delivery charges or hidden fees, constitute the most common cause for abandonment. Simplifying the checkout process, providing upfront prices, clear payment methods and transparent shipping costs, can preempt customer inconveniences and dramatically reduce pre-abandonment dropouts. In addition, refraining from mandatory registration requirements prior to completion of checkout (i.e. enabling optional guest checkout) may also increase conversions among pre-abandonment visitors and lead them through the purchase funnel more quickly and efficiently. Simple, clear,


and convenient site usability can often make the difference in turning a comparison shopper into a loyal customer.

Implementation of [personalized product recommendations](#) which allows for flexible strategy setting and testing, as well as strategy optimization and personalization, is a guaranteed strategy for improving recirculation, increasing monetization and reducing exit rates. Utilizing the metadata you collect about your visitors to serve them personalized product recommendations is essential to providing them guidance, encouraging them to complete their purchases and to refrain from abandoning their carts. What the shopper sees on each page should be based on cumulative knowledge about the shopper, their individual preferences and the new information presented by their current behavior. In other words, personalization should ideally serve the current needs of the shopper while taking into consideration their historical preferences and buying habits.

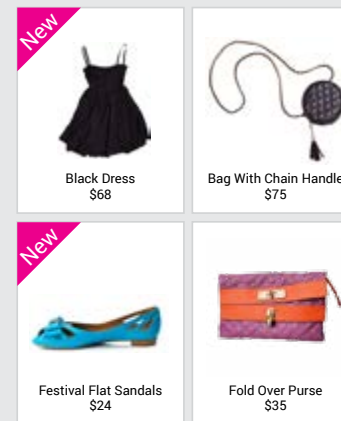
To illustrate, if your visitor happens to be female, from New York, and has a preference for purchasing new arrivals, then recommending items that similar individuals from that segmentation have bought ("frequently bought together") alongside products that she is more likely to find interesting ("recommended products for you"), will guide her purchasing decisions, minimize distractions, and provide a more personal and overall effective shopping experience:

PERSONALIZED RECOMMENDATION STRATEGIES

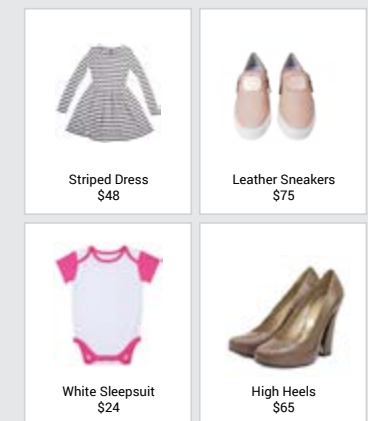
 Female, 35, AOV: \$210
Location: New York

 New Visitor
Anonymous

Frequently Bought Together



Popular Items





Display of Abandonment Intent

There are a number of telling actions and intent signals on the shopper's part that trigger the alarm for potential abandonment. However, there are effective, automated personalization solutions that enable you to recover in real-time and turn those potential abandonments into conversions.

In a reality where most websites offer an overwhelming amount of content, consumers may feel lost. Using sophisticated behavioral targeting algorithms, eCommerce organizations can serve personalized and highly engaging messages to visitors upon display of exit intent. Upon display of this behavior, an overlay rendering recommended products or an inducement to sign up to a newsletter, may be an efficient way to keep visitors engaged prior to returning to their referral source.

To illustrate, let's say your visitor was just hit with unexpected shipping costs and has now decided to leave your site rather than proceeding with checkout. Upon noticing your visitor's exit intent (such as mouse cursor movement towards the webpage exit button at a high velocity), you can effectively re-engage by automatically triggering overlays and notifications with personalized offers and targeted promotions. These highly incentivizing messages could include free coupons, limited-time discounts, free shipping, free returns or money back guarantees.

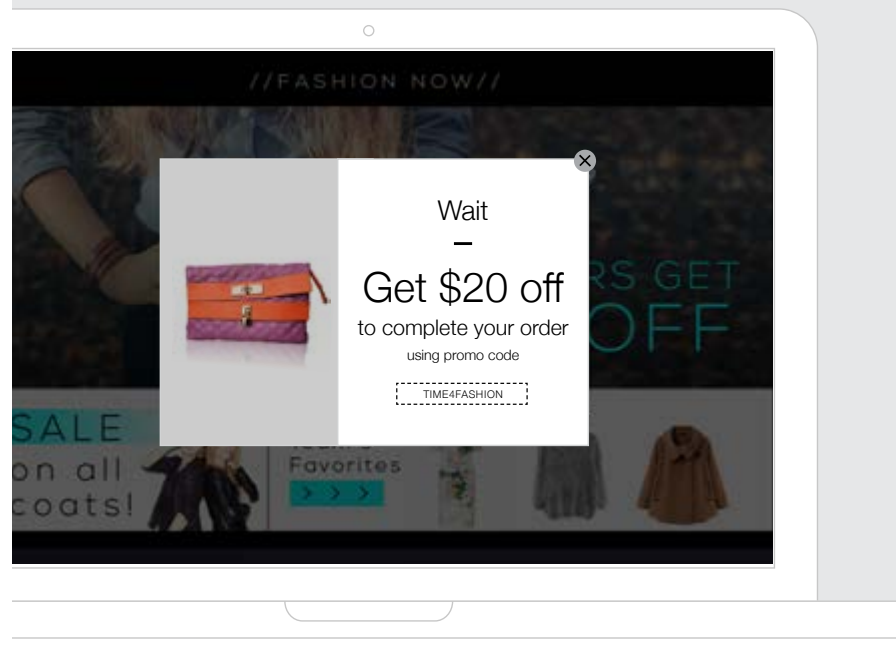
If your customer happens to be agitated by shipping costs, for example, offering them an additional 20% off to complete their purchase in-store will help restore their trust and provide opportunities for additional sales. Personalized offers delivered in real time can create a sense of urgency, and give customers the confidence they need to overlook the unexpected inconveniences they experience during the checkout process.

If a visitor is taking longer than average to complete the checkout phase it may signify that they are experiencing difficulties or have become distracted. Activating a live chat pop-up window will prevent distraction, re-

focus the customer on the purchase at hand and provide them assurances with the issues they are experiencing.

Being in constant conversation with your visitors gives you the best indication of how to optimize for the inconveniences they experience on-site and will help streamline future purchasing experiences.

EXIT-INTENT OVERLAYS





Post-Abandonment

If your customer has abandoned their cart then there are a number of re-targeting strategies and technologies you can leverage to encourage them to return. For example, merchants can retarget shoppers through personalized display ads, reminding them that they still have items in their carts and offering exclusive deals upon returning to complete their purchases. Personalized ads make use of a user's browsing cookies when they have visited a website to retarget these users with highly relevant promotions for products they have already displayed an interest in.

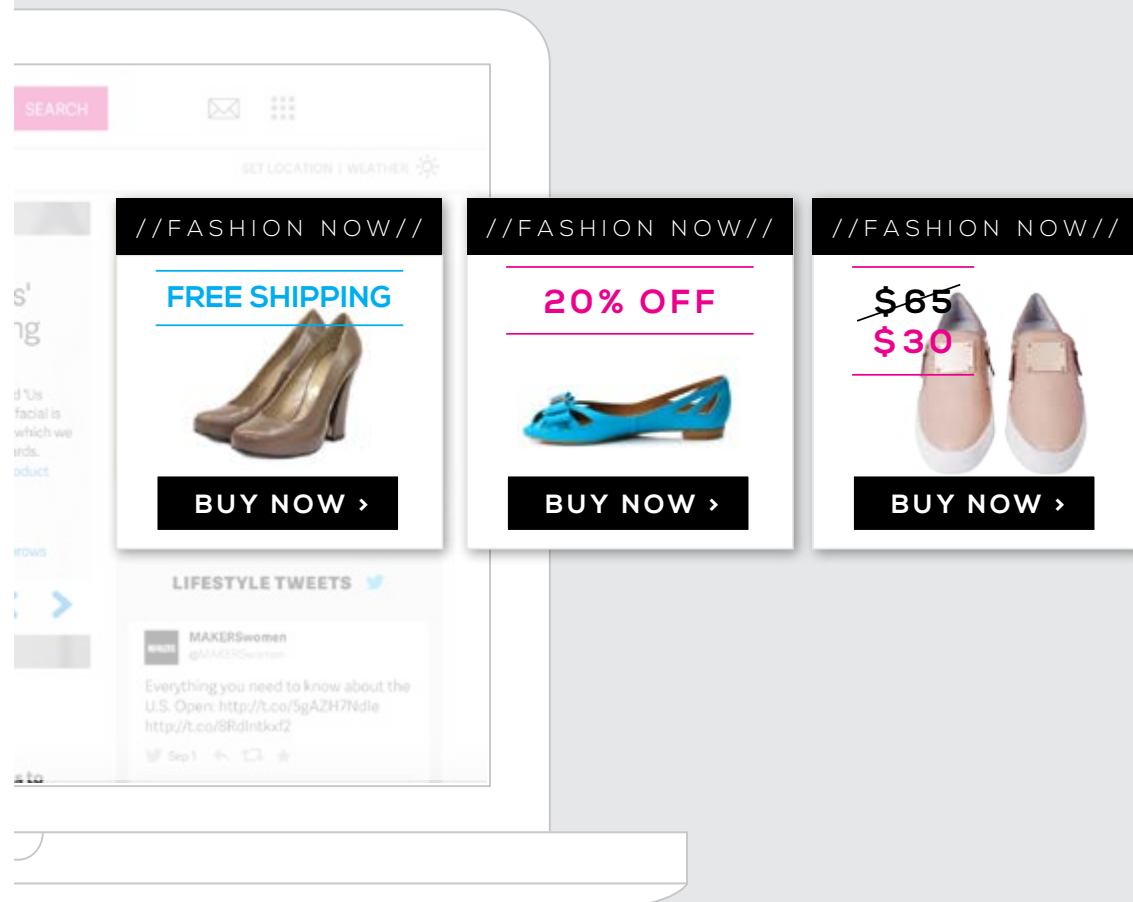
While online retargeting ads can be effective, marketers would be wise to invest in email campaigns which remain at the core of digital acquisition and customer retention. eCommerce brands can run personalized abandonment email campaigns notifying shoppers when out-of-stock items have been replenished or offer discounts urging shoppers to complete the purchases they left behind. According to Listrak, initial emails, sent three hours after a consumer abandons a cart average a 40% open rate and a 20% click-through rate.

While sending personalized marketing messages is an extremely effective strategy to encourage returns, soliciting feedback from customers can help reveal the factors which led to cart abandonment.

Regularly sending out performance surveys to your visitors and customers helps you stay on top of your customers' expectations, and informs you as to the most relevant and effective marketing strategies to employ in order to reduce future abandonments.

Making use of an ad generating platform that is capable of personalizing and optimizing display ads automatically, will result in greater engagement and better KPI achievement for your retargeting campaigns to win back abandoners.

DYNAMIC REMARKETING



CONCLUSION

Shopping cart abandonment is an increasingly important issue that every eCommerce brand should devote time, energy and resources toward resolving. The more you pinpoint with segmentation, the more accurate a picture you get about who your abandoners are and the more insight you'll gain as to the pain points that influenced their abandonment. Customer expectations are becoming increasingly demanding, and eCommerce merchants should constantly be embracing innovative ways of meeting customer needs on a personal level, across the entire customer journey.

Personalized campaigns can be extremely effective for re-engaging customers throughout their various abandonment phases. If you offer your customers a personalized shopping experience that serves and fulfills their needs throughout the consumer journey, you will likely dramatically reduce shopping cart abandonment.



About Dynamic Yield

Dynamic Yield's personalization technology stack helps marketers increase revenue by automatically personalizing each customer interaction across the web, mobile web, mobile apps and email. The company's advanced customer segmentation engine uses machine learning to build actionable customer segments in real time, enabling marketers to take instant action via personalization, product recommendations, automatic optimization and real-time messaging.

Dynamic Yield personalizes the experiences of more than 500M users globally and counts industry leaders like Under Armour, Urban Outfitters, Sephora, Liverpool Football Club and more.



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