

A New Era of Digital Window Shopping: From Shopping Card Abandonment to Purchase



ScanAlert™



Research Report

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TABLE OF CONTENTS

Section	Page
Executive Summary	2
Introduction	3
Background: Research Methodology	4
Test Results	5
Interpreting the Results	6
Implications and Recommendations	7
More Information	9

EXECUTIVE SUMMARY

Online consumers aren't in any rush to pull the trigger and actually click the buy button on web sites. Instead, they spend days digitally window-shopping before buying, abandoning shopping carts with an ease that frustrates and often confuses online retailers.

This digital window shopping activity is clearly revealed in sales data gathered between June 2004 and March 2005 by retailers such as GSI Commerce, Ritz Camera, and Tiger Direct, as well as others with less well known brands. (The data was gathered as part of more than 140 A/B split tests conducted to determine the effects of ScanAlert's HACKER SAFE® certification mark on increasing sales conversion).

Based on aggregate totals from these studies, the average time delay between a consumer's first visit to a web site and their first purchase was over just over 19 hours. About one-third (35%) of shoppers took more than 12 hours to make a buy decision. 21% took more than three days, with 14% of these "cautious shoppers" taking more than one week to decide where to buy.

The length of time from initial visit to actual purchase measure during these A/B split tests shows that consumers do a great deal of shopping research before deciding where to buy. The length of this delay varies from site to site depending on customer demographics, brand recognition, the number of competitors online, and average product price. In particular, the data suggests that shopping cart abandonment is actually a habitual part of many consumers' shopping behavior prior to purchasing and that the shoppers spending the longest time shopping are also the most concerned about the safety of the sites where they shop.

The data further shows that among those who comparison shop the most, trust factors act as strong motivators when present. And conversely, they can also be strong barriers when absent. Two key recommendations for converting shoppers into buyers are creating a comfort zone for comparison shoppers and moving the focus from shopping cart abandonment to site abandonment. Armed with this new understanding, site designers need to make the shopping experience more informative, and the sense of safety more memorable, in order to influence those who abandon their carts not to abandon the site later when it comes to deciding where to buy.

INTRODUCTION

One of the more overlooked elements of online purchasing behavior is the use of the Internet for window shopping. These days, online consumers aren't in any rush to pull the trigger and actually click the buy button. Instead, they spend days digitally window-shopping before making a purchase, abandoning shopping carts with an ease that frustrates and often confuses online retailers.

Much of the observed increase in shopping cart abandonment over the past two years can be attributed to the increase in comparison shopping. As shoppers learn to use shopping carts as comparison shopping tools, abandonment becomes just a natural component of digital window shopping. Web site operators need to concentrate on addressing the factors that win back potential customers who have come and gone without buying. This, of course, has implications for how web sites are better designed to accommodate digital window shopping, and how well they influence a visitor's original buy decision.

How Consumers Buy

With the ability to window shop at hundreds of stores online, today's tech-savvy shopper is quickly learning how to locate the best value. Using the Internet as a vast "catalog of catalogs," shoppers typically visit as many shops as they can easily find. The number of sites visited generally depends on availability and price. Cheaper commodity products like MP3 players and music CDs are easily found, while expensive items like jewelry require greater care in making a buy decision. At each site, shoppers typically load the same or similar items into the shopping cart as a convenient way to compare total costs, including those important shipping and handling charges. Shoppers then return to buy at the site that scores the highest in two basic categories:

1. Price and Availability

Do they have the exact product I want?

Is it the model/color/design I prefer?

What are the added shipping costs?

How does the total price compare to other sites?

2. Safety and Trust

Do I trust this company?

Will they send me the product quickly – or at all?

Will they honor any returns or warranty problems?

Do I feel more secure giving my credit card and personal information to this site?

**ScanAlert's data shows safety and trust often trumps price and availability in the online consumers' value calculation.*

"The path the online purchaser follows is not as simple as people think; even on a site that sells products as unique as ours. Understanding all of the factors upon which a shopper draws maximizes all of the investment in site design, email campaigns, SEO and online advertising."

Kevin Beresford
President and CEO
Shari's Berries

BACKGROUND: RESEARCH METHODOLOGY

ScanAlert markets an independent web site security auditing and certification mark service called HACKER SAFE. The service combines daily vulnerability scanning of a web site's complete ecommerce infrastructure and real-time certification of the site's security. As long as the site's administrators close any vulnerability discovered during the daily security audits, ScanAlert will certify the site's security by serving a dynamically generated date-stamped certification mark image that carries the words HACKER SAFE.

To determine the effects of ScanAlert's HACKER SAFE certification mark on increasing sales conversion more than 130 customers have conducted A/B tests, where half of their visitors are allowed to see their certification mark and half are not. These tests covered the buying behavior of more than 8 million online shoppers.

The number of purchases made by those seeing the HACKER SAFE mark are then compared to the number of purchases made by those not seeing it. Among these shoppers, the conversion rate increased an average of 14% for those seeing the HACKER SAFE image compared to the control. Several other buying behavior datapoints are also measured during these tests, such as the time delay from when a customer first visits the site to when they made their first purchase.

Shopping Carts Used as a Window Shopping Tool of Convenience

The time delay between initial visit and actual purchase reveals that consumers do a great deal of shopping "research" before deciding where to buy. This digital window shopping activity is clearly highlighted in sales data gathered between June 2004 and March 2005 by retailers such as GSI Commerce, Ritz Camera, Tiger Direct, and others with less well known brands.

Based on aggregate totals from these studies, the average time delay between a consumer's first visit to a web site and their first purchase was over just over 19 hours. About one-third (35%) of shoppers took more than 12 hours to make a buy decision. Twenty one percent took more than three days, with 14% of these "cautious shoppers" taking more than one week to decide where to buy.

TEST RESULTS

Some examples of the average delay from first visit to first sale:

Time Delay	Competition	Product Description	Observations
8 hr 50 min	Low	Infant products	Single SKU Unique product
9 hr 1 min	Low	Specialty support stockings	Specialty product. Limited alternative sources.
10 hr 3 min	Low	Wholesale building supplies	Sells largely to small contractors.
14 hr 51 min	Med	Retail pharmacy	Low priced products. Repeat prescription buyers.
15 hr 19 min	Med	Chocolate dipped strawberries	Unique product, high number of repeat buyers.
15 hr 20 min	Med	Specialty musical instruments	Niche market. Limited number of sellers.
16 hr 36 min	High	Specialty satellite TV/Radio	Sells to consumers into home theater.
18 hr 33 min	Med	High performance auto parts	Sells to primarily male customer demographic.
20 hr 25 min	High	Sporting goods	Very competitive market focused on branded apparel.
21 hr 4 min	Med	Bicycling products and accessories	Sells on price. Competitive market with few large retailers.
24 hr 15 min	Med	Metalworking tools and supplies	Niche market. High number of repeat buyers.
24 hr 37 min	Med	Tools and hardware goods	Majority buyers are viewers of PBS New Yankee Workshop.
24 hr 50 min	Med	Automotive gauges and displays	Specialty product but alternative sources.
24 hr 51 min	High	Home security products	Non-exclusive product SKUs.
25 hr 53 min	High	Logo lapel pins	Low priced and widely available.
26 hr 31 min	High	PC games	Highly competitive, price conscious market.
26 hr 45 min	High	Educational software titles	Products available on many web sites.
27 hr 38 min	High	Gourmet health foods & supplements	Products available on many web sites.
28 hr 37 min	High	Marine parts and accessories	New and used parts and accessories online parts database.
39 hr 22 min	Med	Luxury personal items	High price point. Typically risk averse demographic.
45 hr 21 min	Very High	Online tax filing	Account creation before payment increasing delay.
59 hr 40 min	Very High	Consumer electronics	Highly competitive, price conscious.
61 hr 19 min	Very High	Golf equipment	Goods expensive and widely available.

Average Time from First Visit to Purchase

50% took more than 1 hour	21% took more than three days
40% took more than 3 hours	14% took more than one week
35% took more than 12 hours	4% took more than two weeks
28% took more than one day	

Effect of HACKER SAFE Certification Mark on Online Conversion

Average overall increase in conversion compared to the control: 14%

Below are percentage increases above the 14% benchmark

Average increase for those delaying purchase more than 3 days: 8%

Average increase for those delaying purchase more than 7 days: 18%

Average increase for those delaying purchase more than 21 days: 30%

"Clearly, these results indicate online shopping behavior is becoming more sophisticated, making selling online more and more complex as ecommerce goes mainstream."

Joe Romell
VP Technology Solutions
GSI Commerce

INTERPRETING THE RESULTS

The recent increase in search advertising by online retailers, especially at the comparison shopping sites, confirms the proposition that the typical Internet shopper is spending more time comparison shopping than ever before. The effectiveness of this trend is strongly supported by our data. Fully 40% of purchases were by shoppers who purchased more than three hours after their first visit. More than 20% of purchases were by those who purchased more than three days after their first visit. Clearly, very few consumers are shopping at only one web site for so long

The increasing length of time from initial visit to actual purchase shows that consumers do a great deal of shopping research before deciding where to buy. The largest influencers of this time delay that ScanAlert was able to clearly identify were competitive scope of product, followed by purchase price. Other factors which clearly cause time delays include customer age demographics, overall brand recognition, and the number of competitors online. In particular, the data suggests that shopping cart abandonment is actually a habitual part of many consumers' shopping behavior. Shopping carts are regularly loaded and abandoned for up to several days prior to purchasing. The data also shows that shoppers spending the longest time shopping are also the most concerned about the safety and security of the sites where they shop, with ScanAlert's certification mark providing up to 20% higher conversion rates for customers who delay their purchase for more than 3 days.

By comparing the number of purchases by two groups who both saw the HACKER SAFE certification mark while shopping—the cautious shoppers and those purchasing within three days of first visit—it is clear that cautious shoppers place more emphasis on safety than price during their purchase decision. For those who comparison shop the most, trust factors can act as strong motivators when present. And conversely, they can also be strong barriers when absent.

“What elements are essential to making a web site persuasive? Relevance, trust and credibility are the critical factors; once you have the visitor interested if you can't establish trust and credibility, you will never persuade the visitor to take action. The highest priority for web site owners is to instill confidence in their visitors. Confidence is a fuzzy concept but I can assure you that without confidence nobody will do business with you. Build trust and credibility for your web site to help visitors feel confident in what you offer.”

Bryan Eisenberg
Co-founder and
Chief Persuasion Officer
FutureNowInc.

Here are some specific observations about the results for individual sites:

Shari's Berries

Products: a unique product line of hand dipped strawberries

Customer demographic: upper income individuals and corporations

Average delay from first visit to first sale: 15 hr. 19 min.

Notes: Unique product, high number of repeat buyers

American Satellite

Products: electronics that incorporate satellite (DirectTV), broadcast and Internet technology

Customer demographic: families

Average delay from first visit to first sale: 16 hr. 36 min.

Notes: Sells to consumers into home theater and high end TV electronics

Martel Brothers Racing

Products: high performance auto parts and accessories

Customer demographic: male hot rodders and automotive tuners

Average delay from first visit to first sale: 18 hr 33 min.

Notes: Sells to primarily male customer database

Cambria Bike

Products: cycling products are generally not unique to individual retailers but Cambria Bike has historically focused on very competitive pricing and quick product turns

Customer demographic: primarily males, 18-45 yrs.

Average delay from first visit to first sale: 21 hr. 4 min.

Notes: Sells on price. Competitive market with small number of large retailers and cataloguers

IMPLICATIONS AND RECOMMENDATIONS

Implications

Rapid comparison shopping has made online retailing far more competitive than the brick and mortar world. ScanAlert's findings regarding shopping behavior point to both motivators and barriers to online shopping. They clearly indicate that for those who comparison shop the most trust factors can act as strong motivators when present. Conversely, they can also be strong barriers when absent. Contrary to the popular notion, these factors can be the deciding factor for a large portion of shoppers. As cautious shoppers are more worried about online shopping security, they are thus more responsive to the appearance of security certification marks or seals on sites. While HACKER SAFE certification mark increased sales across all groups, its effectiveness increased as the time-to-buy increased.

RECOMMENDATIONS

Two key recommendations for converting shoppers into buyers include:

Creating a Comfort Zone for Comparison Shoppers

With more online experience and more search tools making comparison shopping more common, concerns about the security of private information, such as credit cards, have a greater impact on the growing population of “cautious” comparison shoppers.

ScanAlert’s survey data shows a strong correlation between risk aversion and the time spent considering or researching a purchase. To alleviate these concerns, elements creating a comfort zone must be memorable. Online merchants should make it easy for window shoppers to have a positive experience where safety and security are emphasized. This will actively address window shoppers’ concerns, increasing the likelihood that they will return to make a purchase.

Moving the Sales Focus from Shopping Cart Abandonment to Site Abandonment

Shopping cart abandonment has been a major concern since the beginning of online shopping. Abandonment rates of 50% or more are not unusual. However, the behavior driving this abandonment is not what many have thought. Our research indicates that shoppers have learned to use the “add-to-cart” function as a convenient tool in their comparison shopping strategy. Abandoning the cart is simply the act of moving on to the next comparison opportunity. Shopping carts must therefore become convenient shopping tools, encouraging shoppers to return and buy. Saved search functionality where returning purchasers can easily pick up where they left off is critical to saving more of these types of purchases.

Test data clearly indicate that encouraging today’s digital window shopper to explore product information, and to gain a memorable sense of trust and safety while doing so, has a strong influence on their search for value. Armed with this new understanding, site designers need to focus on special features producing a shopping experience that is not only informative and secure, but also memorable and easy to return to.

MORE INFORMATION

About the Author

Ken Leonard is CEO of ScanAlert, a security auditing company that makes web sites secure from hackers and certifies it to their visitors through HACKER SAFE certification. In his three decades of entrepreneurship, he has created a series of successful technology companies, including TABNet, the Video Graphics Corporation, and Spectrum Electronics. He founded ScanAlert in 2001.

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