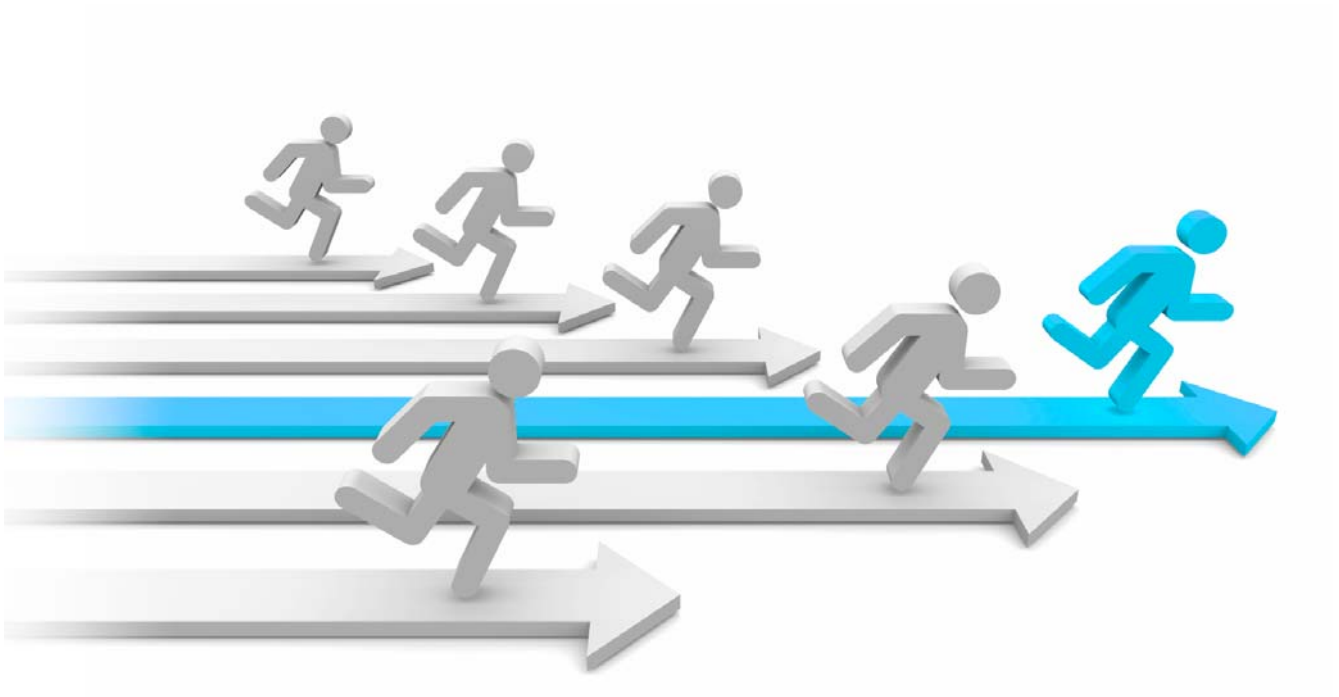


Optimising ecommerce shopping baskets

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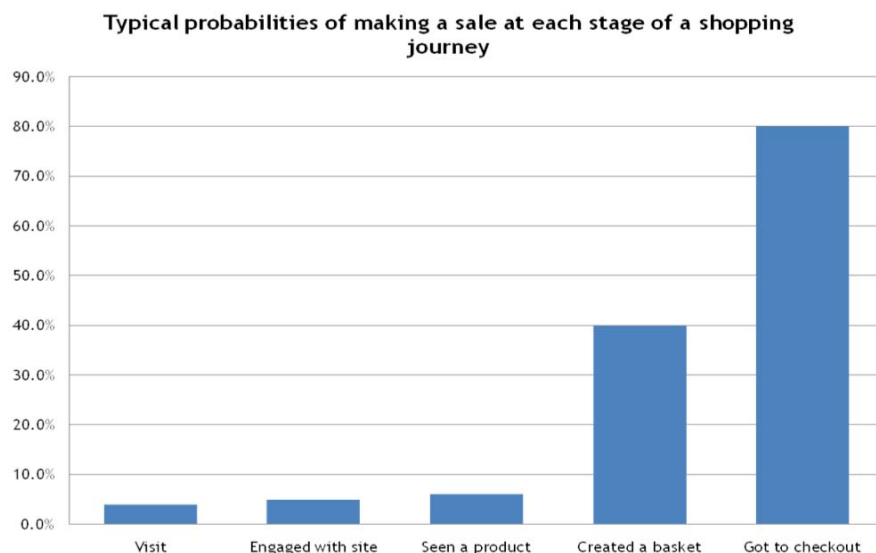
1. Background

Logan Tod & Co is one of Europe's leading online performance consultancies. We have worked with over sixty major retail and ecommerce sites to improve their commercial return. As a result of this, we have now created a baseline of data, which we use to prioritise the continuous improvement process most of our clients are now operating, and we encourage you to do as well.

This paper is specifically concerned with best practice for maximising shopping basket (or shopping cart) performance.

2. Why is the shopping basket important?

The shopping basket is critical to the success of an ecommerce website. It is the first element of the checkout process and, as a result, there is a strong correlation between creating a shopping cart and checkout success, as shown below:



There are big commercial gains to be made by optimising many ecommerce website shopping baskets. Logan Tod & Co see shopping basket completion rates¹ on sites vary between 25% and 45% across our client base, meaning many sites can and should improve their position. If a website is turning over £10m per year with average margin and checkout completion rates, a 5% improvement in the basket to checkout ratio could increase profit by up to £260,000.

In essence, the shopping basket is the ecommerce website's most treasured possession - the equivalent of shoppers lining up at the till with wallets at the ready!

a) Basket abandonment

Basket abandonment² is a big issue for many businesses - it is more important than checkout abandonment³ - basket abandonment rates are at least double those of checkout

Logan Tod & Co define this as the number of visits to the checkout completion page divided by the number of visits to the basket page

² This is defined as visits that create a basket and then do not start the checkout process within the same session

³ This is defined as visits that begin the checkout and then do not place an order within the same session

abandonment and is typically around 50% whereas checkout abandonment runs at around just 20%.

According to the Marketing Sherpa 2009 ecommerce benchmark⁴ report only 58% of large B2C ecommerce sites know their exact abandonment rates, with 7% not measuring it at all. It is essential that you know your abandonment rates to establish the key reasons for abandonment and then to attempt to address them as early as possible in the customer journey.

For example, there has been a consistent body of research over the years that hidden charges at the checkout are the single largest reason for abandonment. Therefore it is imperative to make customers aware of all the charges likely to apply, within the basket environment, such as by showing delivery charges on the basket page. In order for you to do this, your platform must support delivery in the checkout.

These actions will also remove any fear, uncertainty, or doubt (FUD) from the consumer's mind, thus helping to move them along the desired path, to checkout and make a purchase!

3. De-bunking the mini-cart revolution

E-consultancy advocated the idea of mini-baskets (often located in the top right hand side of the navigation bar) in their Online Retail Report 2007. Over the last two years since this report, mini-baskets have become de rigueur for many ecommerce platforms and are often included in the requirements list for new website/ ecommerce platform build projects.

Logan Tod & Co has seen no evidence of any data to support the concept of mini-baskets, nor has there been any published evidence in their support.

There is a strong correlation between people arriving on the basket page and completing the checkout and we would argue that, by providing a mini-basket, the site is merely getting in the way of the consumer journey.

Clearly nothing is so straightforward - if you have a website that typically enjoys 10+ items per sale for example a supermarket, taking a consumer to the basket each time an item is added will become tiresome and increase the likelihood of the consumer "bailing out".

Similarly, if your website is aimed at a key target audience such as young women (where the shopping basket may be treated like a changing room in a shop) it may support their behaviour.

However, many major eTail websites average 2-4 items per sale, which means showing the consumer the basket page after each "add to basket" event is not onerous for the consumer and may provide the retailer with a superior conversion rate as long as this is supported by the ability to add more items from within the shopping basket.

4. Performance Tracking

In order to improve basket and related metrics it is critical that clear performance-related tracking is established, of the website in general and the shopping cart in particular.

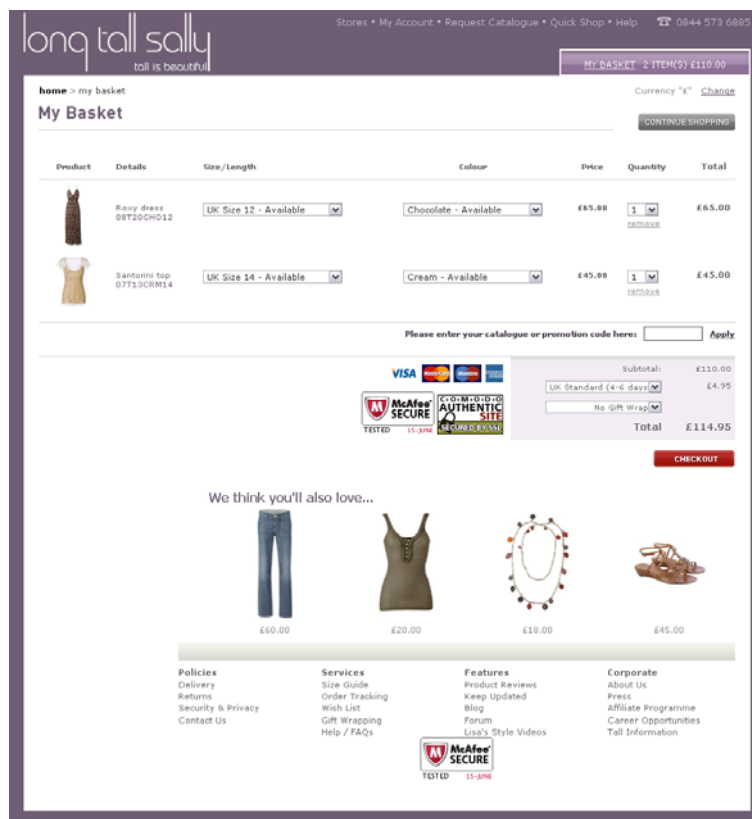
We have seen instances where clients are unable to differentiate between the basket page (as the first stage of the checkout) and all the other checkout pages, within their web analytics tool. Another common issue occurs when one doesn't know how people arrived at the basket page - if you have multiple routes how will you know which route is more successful than another?

⁴ Marketing Sherpa 2009 Ecommerce Benchmark Report - ISBN 978-1-932353-93-8

Analysing your data is crucial to determining priorities. For example, if your success rate in getting your users from the basket page to the checkout process is less than 60% you need to take some urgent action to resolve the situation.

5. Best practice shopping basket makeup

We will now turn attention to best practice and its implementation by leading websites. The latest eDigital research from March 2009⁵, looking at customer perception of shopping baskets, placed Logan Tod & Co client Long Tall Sally (www.longtallsally.com) at the top of the rankings. It provides a good place to begin our best practice recommendations as it has proven performance.



The Long Tall Sally basket page has a clear summary of what the prospective customer is about to buy; top navigation is removed to avoid distraction, delivery charges are clearly displayed; it has good cross-sell albeit no bundling and it has clear card and security logos. All of this is incorporated within a clear and simple design.

There are a multitude of elements within the shopping basket page that can be changed and you will need to test how these work for your particular audience, proposition and product set. The obvious examples would be elements such as button size and colour, changes in messaging and the positioning of some of the elements.

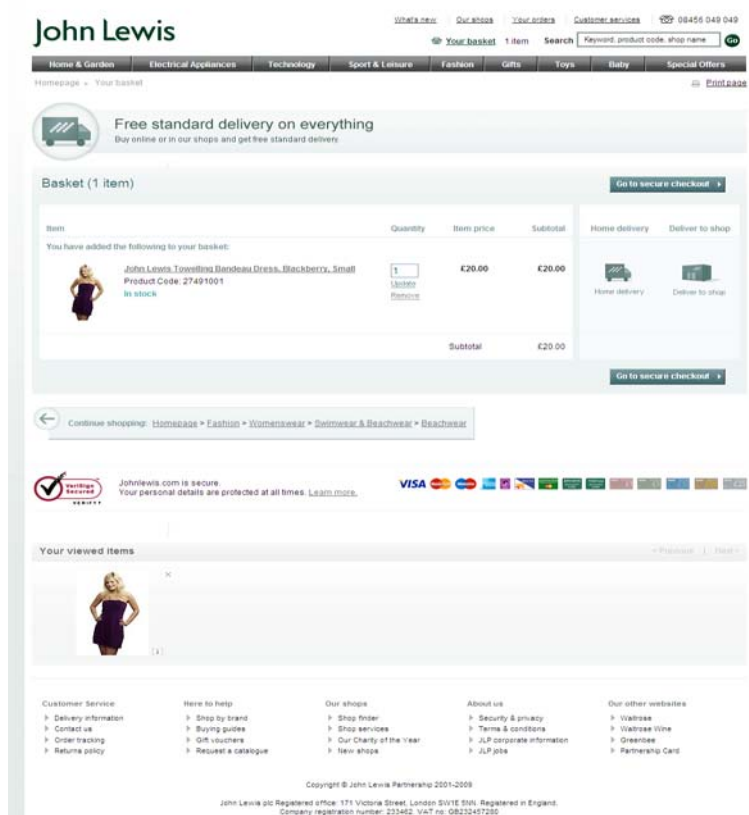
Long Tall Sally (www.longtallsally.com) - implemented on the new Hybris:Quicklive platform from Portaltech 2009. In the eRetail Benchmark Study (March 2009) from edigital Research (www.edigitalresearch.com) this was the best ranked basket page. Top five sites for shopping baskets: Long Tall Sally - JohnLewis.com - Play.com - GAME - New Look

Looking next at the John Lewis shopping basket page, which also ranked highly in the eDigital research, we can see that there are a number of strong features. John Lewis is constantly testing the page (using Autonomy Optimost) so we can learn from their considerable efforts.

John Lewis has a clear statement about delivery (FREE); quantities of goods can easily be changed and the checkout call to action is very clear; the “continue shopping” links in the form of a breadcrumb allow the user to go back to anywhere in their journey so far. This may be part of multi-variate testing being carried out by John Lewis on their basket pages.

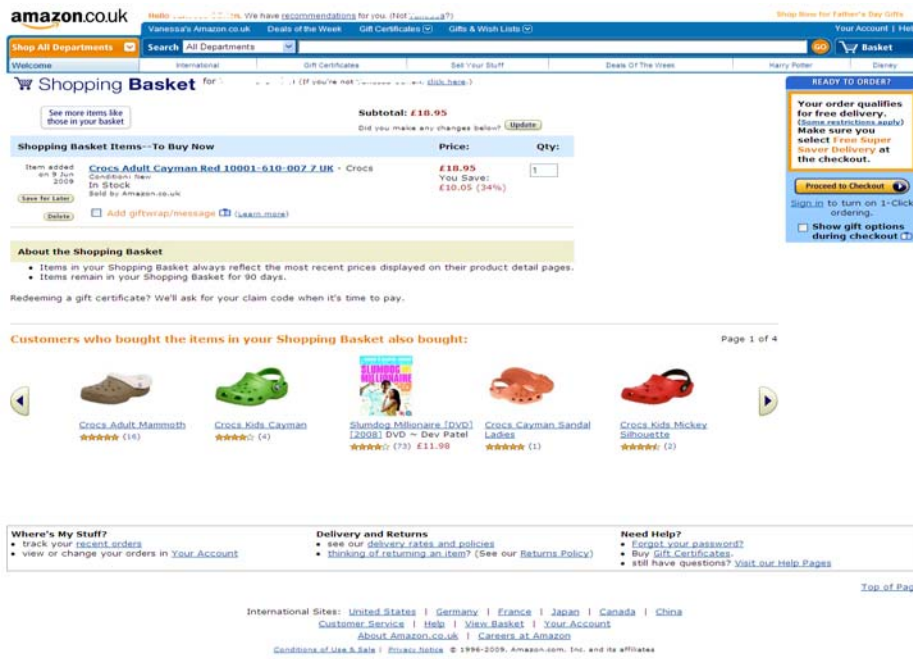
The module for home or shop delivery availability is also new and was part of the multi-variate testing programme at John Lewis. It appears that this is now a standard part of the basket.

The only major element missing is a bundling offer that would encourage an increase in basket items and value.



And we have included the Amazon shopping basket page to complete our analysis of best practice as this is probably the most visited basket page in the UK...

On this page you can see that Amazon are masters of up-selling and cross-selling at the basket stage, although interestingly they do not do bundling. You can also add any products that you saved on previous visits. Oddly, for Prime customers only it appears you can see your previously viewed items - not visible on the screenshot. Another great feature is that prices are dynamically updated in this persistent basket so you are always informed about price changes. The description of what is in the basket is clear and you can add gift wrap by product.



But by a rational review of the functionality that should be in the basket Amazon does not score top marks - as we will see below.

6. Shopping Basket Optimisation

So, what should you do with your basket page? Here is our list of the top 7 recommendations, however there are, of course, many other possible improvements that we would normally agree with clients after a full site review.

A. Continue shopping - with persistent basket

Many sites could improve this function. They either fail to provide a “continue shopping” link or route the customer back to the homepage. As we saw on the John Lewis basket page giving the consumer the option to see the last item viewed, its sub-category, main category or the homepage gives the visitor a choice of relevant options. Amazon also provides last items viewed so you can return to those. For those able to offer users the ability to see the last search they conducted, this would also be our recommendation.

Many ecommerce sites display the “continue shopping” link as prominently as the checkout call to action. The most positive outcome for the basket page is to help the consumer progress to the checkout; therefore we would recommend ensuring the ‘Checkout’ button is much more prominent than any other link on the page.

The last aspect of this point is the requirement for a persistent basket. This means the basket remembers product placed in it for a given period (7, 12 or 30 days usually). Young consumers in particular use the basket page like a wardrobe, adding items into the basket for future consideration, then deleting ones they don’t want, so it is important to support this type of activity by keeping the items in the basket. Amazon does this extremely well and updates prices and availability once the consumer returns to the basket, something not all platforms can support. However, even at a simple level, adding persistence to your basket will pay immediate dividends as we saw with a major DIY retail website last year.

B. Promotional / related items & bundling

Our research shows that many consumers respond favourably to a promotional offer. This is particularly prevalent in the current economic climate. It is absolutely the most appropriate time to offer the consumer specific incentives to increase their average items per basket.

The two most effective ways of doing this are to offer items similar to those in the basket (as typified in “you might also like”) or to offer tailored incentives, based on the consumer’s purchases or browsing history (using a dynamic incentive engine such as BroadVision eMerchandising).

Promotions can be driven onto the basket page in a number of ways – effectively suggesting extra items to be added into the order – so adding batteries or cables to a product that requires them, with an incentive to do so (order now and get £5 off), or a special offer upgrade option at a reduced price, could increase the average order value.

Even allowing for the costs of the sales promotion involved we strongly believe that there is good ROI for this type of programme, as shown in the model outlined in section 7.

C. Delivery costs and clear free delivery messaging

Delivery costs are a constant bugbear in usability studies that we run on websites and we find it surprising that this is not mandatory for ecommerce sites. The user almost always wants to know what the total cost of purchase will be and therefore needs to know the delivery costs before taking the basket to checkout. This can be turned into a positive as shown on sites like Kitbag where free delivery is used as an incentive for customers to buy more products. Clear messaging and incentives to customers to add related items to the basket and qualify for free shipping help close out the sale and increase average order value.

D. Removing the top level navigation

The pure usability view of removing the top level navigation is that this is confusing and unhelpful to the customer who may wish to go elsewhere from this page. The Logan Tod & Co view, based on analysis, is that removing the top navigation works to reduce basket abandonment, and the commercial benefits outweigh the usability concerns. The precise uplift is difficult to predict as inevitably this type of design change to the navigation is normally done in conjunction with other navigation changes, which can muddy the data and subsequent analysis.

E. Security logos

Another omission from some ecommerce sites – even when they are members of security protocols like Verisign, Hacker Safe or the IMRG ISIS (Internet Shopping is Safe) – is to forget to place the appropriate logos prominently, if at all, on the basket page. Repeated studies show consumers are seriously concerned about security so you should address this as clearly as possible.

F. Click to chat or call

If there is one place that you should deploy live chat to help your customers it is on the basket page, by offering potential customers who demonstrate purchase intent or abandonment behaviour the ability to contact you, and overcome any FUD they may have about buying from you. The more sophisticated implementations will push a chat box if the user is considered at risk of abandonment. If the consumer contacts you, they can then be guided through the checkout process and so maximise conversion. The live chat vendors claim significant uplift in conversion (15-30%). Our experience is also positive but not quite to this degree and a trial of the technology should be undertaken prior to any technology purchase.

G. Availability confirmation

In many markets it can be useful to add a line stating product availability – for example in a fashion market where differing size variants of a product can have volatile stock levels. Stating this clearly on the basket page reduces consumer uncertainty that you actually have the product in stock and makes it more likely they will buy.

Review of IMRG top sites:

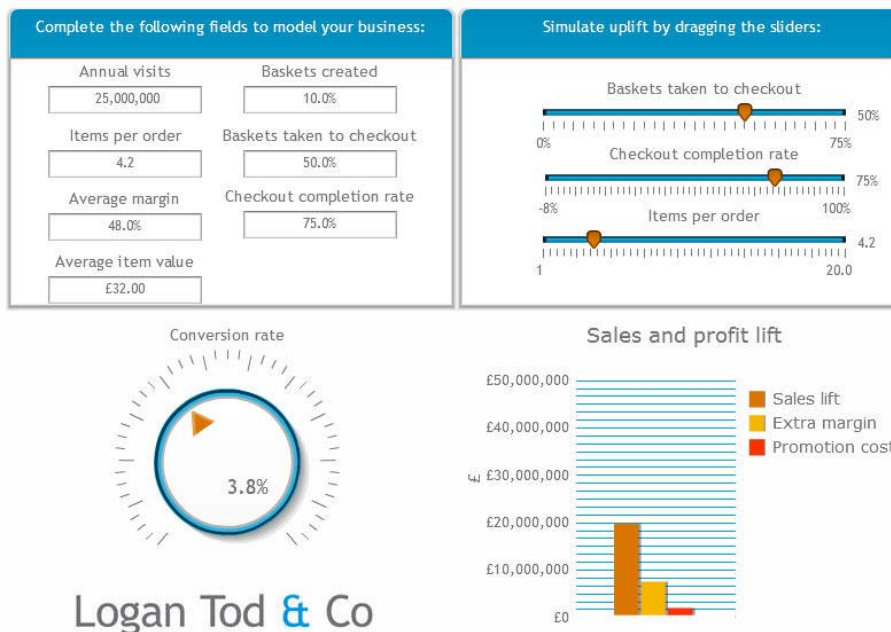
We have reviewed the top 30 IMRG ecommerce or retail websites from April 2009 and considered how they rank against these key points and the top 3 websites were:

1. Game
2. Amazon (UK)
3. John Lewis

7. Impact of improvements

Logan Tod & Co has created a simple performance gap model that will allow you to calculate the ROI of improving your shopping basket performance. This model is available at <http://www.logantod.com/issues.html>.

Using the model, by inputting turnover and other metrics, the model will immediately show the impact of improvements to your shopping basket page and the positive effect that small changes can have on bottom line revenue.



8. Conclusion

The basket is the start of the checkout for consumers and it should be a major focus of attention for all organisations wishing to transact business online. A structured analysis of the performance of the basket page coupled with an optimisation process can yield significant profit enhancement. Online retailers should not only apply the seven improvements we have outlined but also begin to optimise and test the page on a regular basis, ensuring that they use analytics to track the impact of changes and prioritise the action agenda for future enhancements.

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