

Online shopping failures

LONDON, UK: Kathy Heslop examines the importance of failed online shopping trips, and outlines what brands and retailers can learn from abandonment metrics. she reckons that while many online merchants look at their successes, looking at their 'failures' would be well worth while.



In the current gold rush of website data-mining to improve online ROI, there is one largely untapped (and potentially lucrative) seam that is being widely overlooked. That of failure-based metrics. You see the old adage that success and failure go hand in hand is true. Most online merchants are focusing only on their online successes, using analytics tools to look at key performance indicators like conversion rates and cost per lead information, (vital work, granted), but just how many have paused to consider the potential of their abandoned leads too? And if not, here's why we should all should start to: US industry experts estimate that shopping cart abandonment is an US\$18 billion (about R126 billion) issue! US\$18 billion. This year alone. And that's just the United States!

Not rocket science

Online abandonment statistics are high, in spite of efforts to streamline purchasing processes. In 2007 Marketing Sherpa said that on average, 60% of all online transactions are abandoned and this has only increased. According to a very recent Forrester Research report, it's now actually 88% of online shoppers that begin a transaction and don't complete! So it's not rocket science to work out that this means if a website owner can convert a higher percentage of visitors, then revenue would firmly increase too. Correct? And depending on the cost of items sold on a website, each percentage point of abandonment could represent anything from hundreds to tens of thousands, and may be even millions of pounds a month in revenue! And guess what, the industry of online lead generation is cottoning on to this and is now reported to be the fastest growing online industry, reporting 71% YTY growth. That's twice as fast as the online advertising market.

Abandoned elephants and lost souls

So if the purpose of an e-business is to create and retain customers, then based on the mantra that it costs 5-10 times more to recruit a customer than to retain an existing one, successful conversion and retention of customers in a cost-effective way will start to make that business a profit. According to Dun and Bradstreet, the single, most important reason for the failure of businesses is lack of sales - go figure! And, of course, this refers to repeat sales as well as initial sales. But again, let me draw your attention to the elephant in the room of abandoned leads; those lost souls who are ignored even though they showed enough interest in your brand's products or services to actually commence a transaction on your website. In other words, what about rebuilding bridges with those potential customers still floating about in ecommerce purgatory so you can nudge them towards conversion on your site instead? Purgatory is after all supposedly only a temporary, intermediary, transitional place.

However according to the Listrak report, only about 15% of etailers have programs in place to help re-engage abandoned consumers! With more and more people shopping online, it makes sense that etailers are refocusing their ad spend to online avenues, but these same etailers are still ignoring shopping cart abandonment. Why? Because it's still perceived to be a relatively new concept and to be fair, there hasn't been much in the way of technology to help online merchants address it either. As the Internet grew to become an integral part of all businesses, (supported by the emergence of over

200 million websites in the past decade and currently some £3 trillion being spent online each year), so too did the need for website efficiency in order to maximise revenue opportunities. This has led to the Web Analytics industry evolving and indeed analytics are now an integral part of many major website strategies, as ebusiness owners try to determine where their website traffic comes from, what journey visitors take through their site and whether that visit resulted in the best possible economic outcome. But whilst the industry is awash with software for website owners to monitor this activity, it is literally only trend monitoring that is achieved.

Shopping with motive

Customer-initiated churn is complicated too; the reasons behind it vary, from issues with shipping fees through to increased customer expectations. But behavioural factors are also key. Comparison-shopping for example is now a huge online trend. Researchers say consumers searching for goods or services online will visit an average of four websites within a 30-minute period. In other words, Internet-savvy consumers who now have 24/7 access to their favourite brands are using your shopping carts to browse and research, placing greater consideration on their purchases before parting with their money. And some shopping is driven by psycho-social needs (eg. diversion) rather than functional ones and hedonic social motives like the pleasure of bargaining are impacting conversion rates online as much as the purely value-seeking motives ones are. So think about it, if visitors abandon because they've been distracted by the myriad of choice out there in our 'global shopping village,' remarketing to them in a timely and appropriate manner could be the key to recovering their interest and beating out your competition. The key words there being timely and appropriate. But that's a whole other article.

So the Listrak remarketing statistic is astonishingly low considering that the online space is commercially realistic and maturing rapidly with over £250 billion (about R2750 billion) having already been spent online since 2000. During 2010, UK consumers will spend an average of £56 billion (about R616 billion) shopping online, (source: IMRG - the industry body for global retailing). So the message is - don't ignore abandonment. Christmas is only around the corner and ecommerce is still experiencing double digit growth, so it's time to think about of the box and get ahead of the game. And there's now the technology and remarketing techniques out there to help you do just that, from third-party web analytics programs, though to real time data-tracking technologies to recover abandoned leads for sensitive remarketing campaigns.

So be grateful for your failures. Going against the grain can prove to be revolutionary.

Kathy Heslop is director of communications at Ve Interactive Ltd, which operates in the online efficiency space, specialising in lead generation and conversion technologies that abandonment problems present. Its shopping cart abandonment software VeCapture and email campaign management tool VeContact provide e-businesses with the ability to recover and remarket to abandoned leads. Go to www.veinteractive.com for more information.