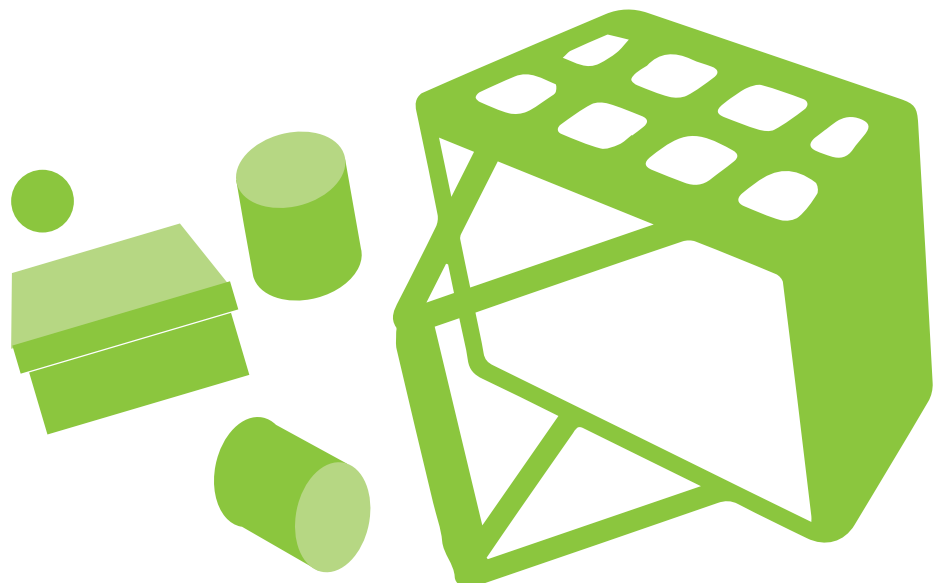




From Abandonment to Acquisition:

Five tactics to reduce
abandonment in your
m-commerce channel



Nineteen years after the first online retail transaction back in 1994, the growth curve still shows no sign of slowing down. Looking forward, the next wave of growth is being fuelled by the rise of web savvy, mobile consumers glued to their smartphones and tablets. It seems that online retailers have got it made. Take a peek, however, behind the top level stats and an alarmingly high two thirds of mobile visitors are abandoning the checkout process before merchants can acquire the transaction and take payment from mobile customers with items in their basket.

In this WhitePaper, Jumio examines how despite a track record of constant growth through perpetual innovation, the online retail industry is actually currently underperforming and further growth being held back. Here's Jumio's perspective on the abandonment challenge and five tactics to apply to your mobile site or app to reduce abandonment along with examples of businesses that are already successfully applying these tactics.

The stats to get us started...

The good news...

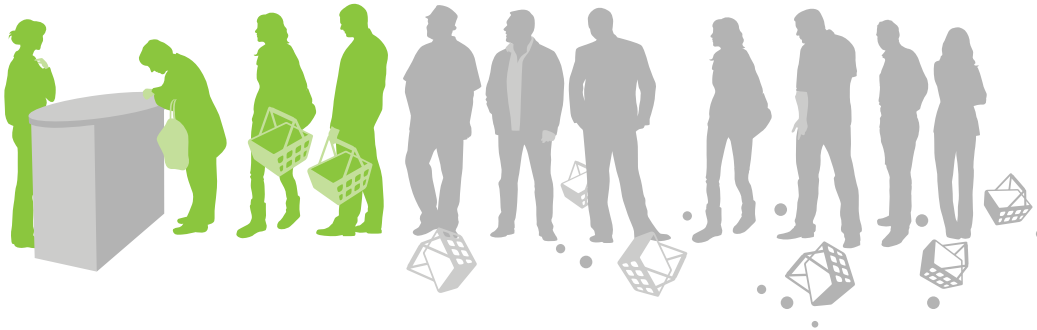
The global online retail market is now worth **€825 billion/\$1,064 billion**, is growing by circa 20% a year and on average we all spend £1,050/\$1,354 a year despite our fragile economies.¹

The next wave of growth is already here and the latest stats show that mobile (and by that we mean phones and tablets) is responsible for 23%² of traffic, is delivering 15%³ of sales and current forecast growth rates are 39%⁴, twice the growth rate of desktop ecommerce.

The bad news...

The Jumio Consumer Mobile Insights Study shows that abandonment of mobile transactions is now at an alarmingly high level of 66%⁵

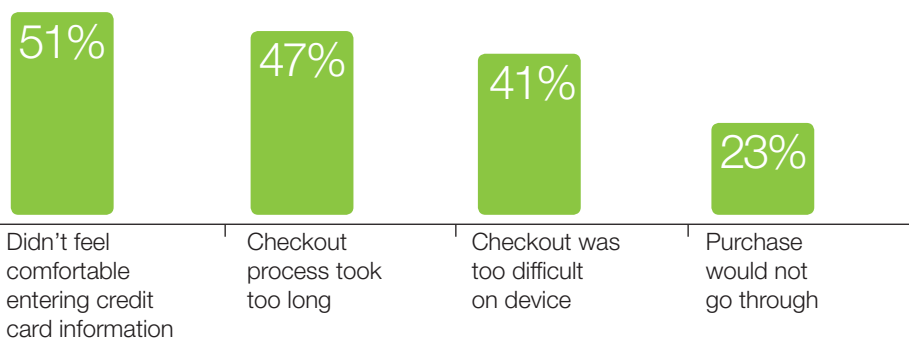
Let's just dwell on that briefly. In fact, let's visualize that in a traditional retail environment where nearly **seven out of every ten customers** ready at the checkout, payment card in hand, just drop their basket and walk out of the store...can you visualize that? Were that to happen alarm bells would go off yet, this is a commonly accepted phenomenon of online retail...



Here's a breakdown of why 66% of smartphone users failed to complete a purchase over mobile.

Reasons for Mobile Shopping Cart Abandonment (May 2013)

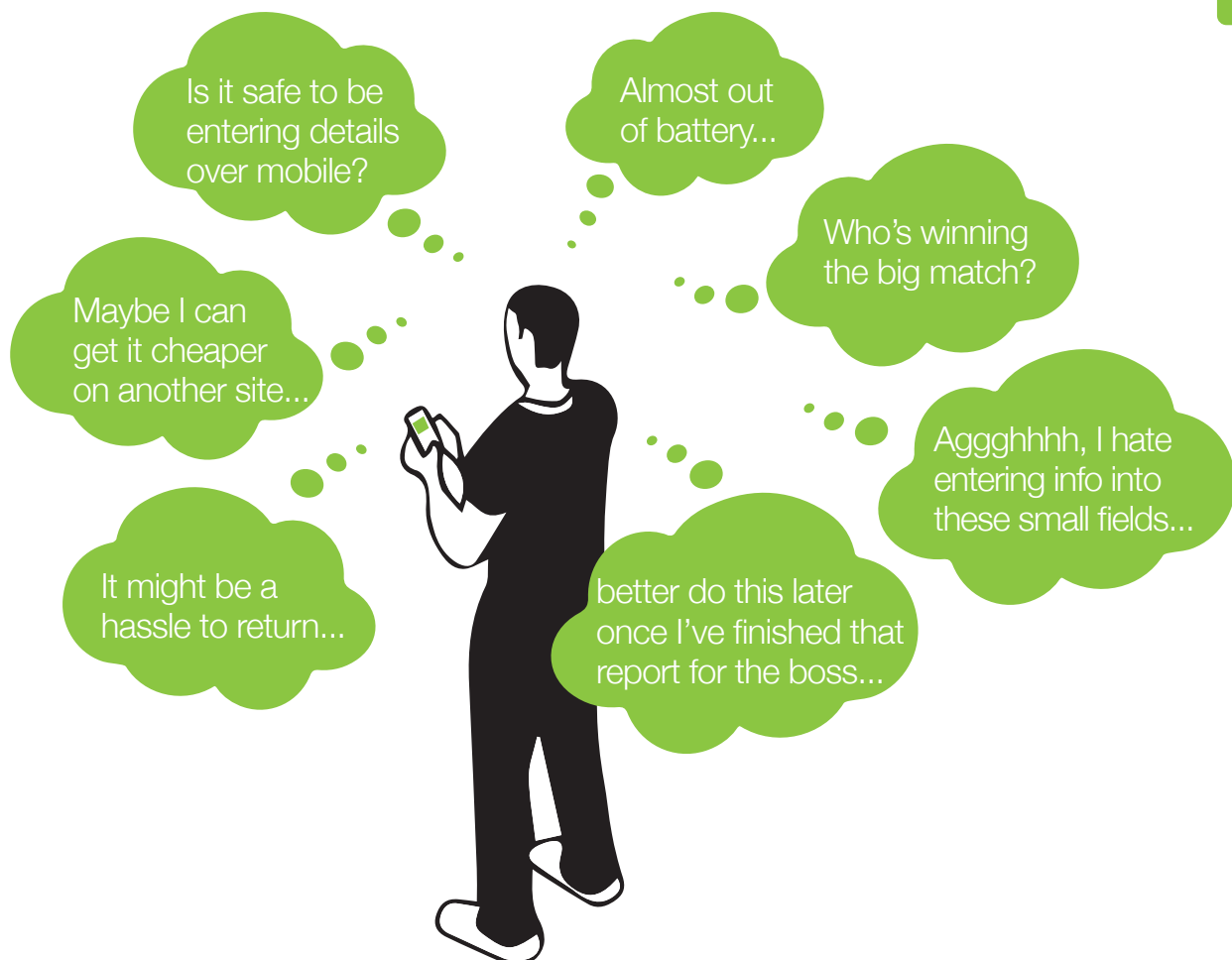
%, among 66% of smartphone and tablet owners who have tried but failed to complete a transaction:



OK, so why are we abandoning?

So why are we abandoning transactions in droves and why is it an accepted trait of the online retail buyer?

Are we perhaps feeling guilty about the cash we're about to splash and subconsciously electing to have a cooling off period whilst we rationalize the spend? Lunch hour is over? Do we think we can perhaps get it cheaper elsewhere? Distracted by the television? Time to pick up the kids? Worried about the merchant's returns policy? Conscious that it's time to get that report done for the boss?



In truth, some abandonment factors are out of the control of even the best web designers and marketers, not least of course, the inherent distraction factor on mobile.

The truth is that we all (me included) regularly abandon our virtual baskets. Some mobile sites proactively strive to minimize abandonment and counter the lack of comfort factor of entering data onto small screen formats whilst other online retailers' approach to mobile actually encourages customer drop out.

Here are Jumio's top five tactics to tackle abandonment:



1 Reduce payment friction



2 Design for mobile first



3 Please hold my basket for me!



4 Casual or valuable customer?



5 Calm customer fears

Reduce payment friction



The fact that the industry is now using terms such as, payment friction and is starting to think and talk like payment engineers is an encouraging step in the battle against abandonment.

For those merchants whose back-ends, platforms, processors and acquirers are obstacles in the way of one-click-ordering, there are plenty of small touches that can bring big improvements in making life easier for customers.

For example; more intuitive error messaging to help customers quickly see where they have entered incorrect data; even better, sites can prevent error messages by running in-house validation rules on customer data and not be prescriptive with how they ask customers to enter data.

Taking this a step further, why ask the customer to enter their data at all when their mobile device can do it for them? Jumio's disruptive approach to reducing friction is to enable the camera on the customer's mobile device to scan their payment card or their ID documents instead of typing in all the data.

It takes about five seconds to scan a payment card versus 60 seconds to type in the data. And the end result? Quicker checkout translates to less abandonment.

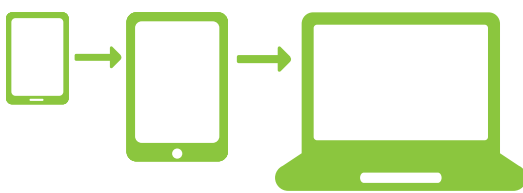
Design for mobile first



Merchants today are reporting that 23% of traffic comes from mobile devices and that this mobile traffic has grown by 83% in the last 12 months⁶. Looking ahead, by 2017 25% of all online retail transactions will be via mobile.⁷

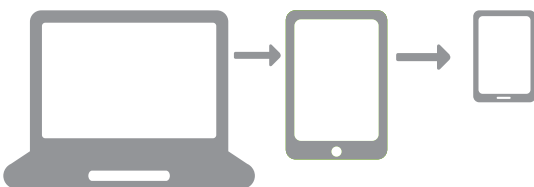
So, yes all good news, but not in context of the abandonment stats on mobile. In the 2013, Jumio Consumer Mobile Consumer Insights Study, 68% of people have attempted to shop on their mobile device but 66% have failed due to obstacles encountered during checkout.

So back to “mobile first”...I’ve yet to find a better analysis of the mobile first argument than that written in April 2013 by Josh Johnson at Design Shack. These diagrams, borrowed from Design Shack succinctly represent the philosophy in “mobile first”.



“Graceful degradation”

VS



“Progressive enhancement” -
Build the experience and functionality as the platform allows

Namely, design for desktop first and you will deliver a great experience for laptop and PC users, but mobile and smartphone users get a compromised, congested and confused experience.

And that's before we even talk page load speeds on devices that aren't predominantly used at wifi speed and don't come ready with all the plug-ins that make for such a smooth desktop experience. Commonly, there's no such thing as graceful degradation. In a recent survey by EPiServer, 48% of smartphone users are currently reporting that they are abandoning transactions due to "having to navigate both horizontally and vertically to view the page" (48%) and 35% are abandoning due to "links that are too small".

Even once Josh's argument is accepted however, it's not an easy challenge for merchants to pick up.

Existing designers may not have the skill set to develop on mobile and be more used to developing novels on desktop than haikus on mobile.

Launching a native app will only ever be as rewarding as the volume of downloads your marketing team drives for you.

And paying for expertise from a multi-channel platform leader such as Usablenet will only ever yield ROI if you can drive traffic numbers in the first place.

My advice is to embrace the future of mobile, refresh your developers' platform skill base and develop for the smallest screen first. When you do so though, rip up the desktop rule book and think user process, not design.

Jumio of course is a service that makes life easier for customers on both mobile and desktop. Customers can speed through checkout quickly and with a minimum of friction by simply presenting their bank card and ID documents to the webcam on their computer or the camera on their mobile device. Payment and identity data is quickly scanned and injected into the checkout process.

And my favorite brands that deliver a great mobile web or native app experience?



On native apps it has to be the Trainline. Great UI, I can use it with one hand while I'm headed to the station and it remembers my previous searches. In fact, I prefer it to their desktop version!

And on mobile web, I can't fault PC World. Just the right number of products on each page, no microscopic product cataloguing; I love the responsive design using CSS media queries creating clever use of my screen size; when you click onto an individual product there's just the right amount of copy for each product; And crucially, when you review your basket, there's no scrolling around to proceed with the checkout, an easy to find, nicely centred button where you expect it at the bottom of the page.

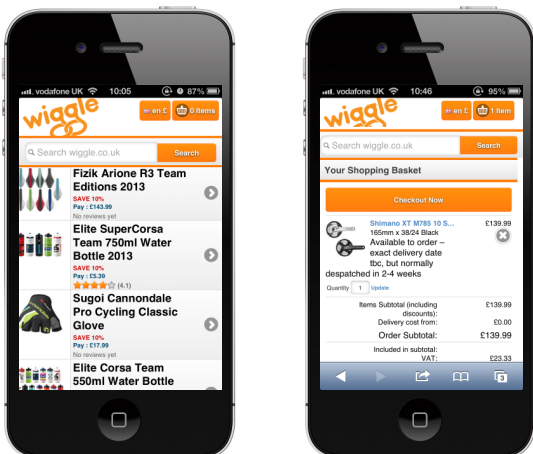
Please hold my basket for me!



This is my pet peeve...we all have busy lives and we all leave web browsers open at multiple merchants to return later. So I'm on my iPhone, browsing and thinking, having a peek at various things I want to buy. Abandoning (sorry!) some baskets and coming back to others.

But, my pet peeve is when I come back to a checkout that I have left on my browser, ready to transact and the merchant has emptied my basket. Why? Don't tell me this is a security issue as this is before the HTTPS requirement kicks in.

To all merchants from whom I may wish to buy gadgets, presents for my wife and pretty much anything else, please don't empty my goods out of my basket if I get distracted for a day or so. You are abandoning my transaction, not me!



Ps. Wiggle.com – well done, you won my business when other merchants dumped my basket.

Casual or valuable customer?



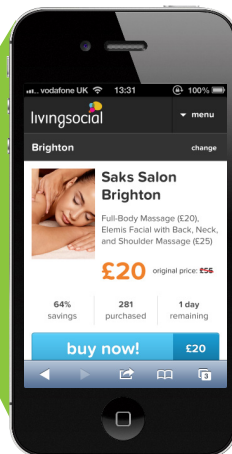
Why do so many retailers insist that we sign up for accounts when we buy something online? I'm almost tempted to shop exclusively with merchants that offer me the choice to checkout as a guest.

Fair enough, ask me for an email address to send me my order confirmation. But do I really want to have to create yet another username and password (that I will invariably forget) on the off chance that I will shop with you once more in the next 12 months?

Surely by now more merchants should be tailoring the checkout process based on what it can learn about the visitor before the purchase? By working with database vendors, a merchant can capture an email address at the very first stage of checkout and via an API quickly understand

visitor demographics. From there merchants can implement a range of checkout strategies.

Let's assume that visitor A is within the sweet spot of your target market based on the fact that previous customers like visitor A are your most valuable customers. Checkout strategy here could be to offer free next day delivery if the user creates an account. Alternatively, visitor B is from a demographic segment that your trading history has shown won't generate a high customer lifetime value. Checkout strategy here? Let visitor B quickly checkout as a guest and take their money.



My favorite merchant implementing a tailored user experience by visitor demographic? Living Social...they have your email address as soon as you're on their pages and they use that demographic data intelligently to tailor offers by demographic

Calm customer fears



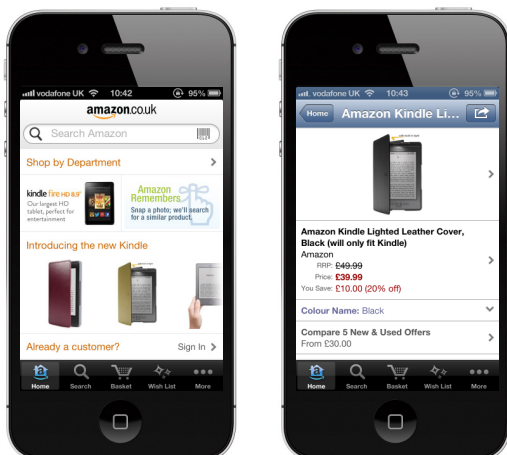
Let's put ourselves in the mind of the customer. What are their fears that might prevent your end goal? Delivery times? Returns policy? Do they want to ask a question before they purchase?

Returns....the double edged sword of selling over the web. A whole planet of people to sell to. And a whole world of customers who didn't squeeze into the size 10 skinny jeans they ordered or were overcome with buyer's remorse. Returns for online retail transactions are currently averaging at 14.6%⁸ (yes, I was surprised too!) so this is clearly a key customer fear.

Delivery...so the visitor is thinking "When can I get it? I have my card in my hand, but I want to know when I can play with my new shiny dress/computer game/lawnmower [enter as appropriate]. What date do they mean? Where will I be in three working days?"

Merchants that take steps to assuage customer fear by clearly signposting their returns policy or by clearly showing when to expect delivery are making it easier for visitors to go ahead and complete their purchase. Addressing customer fear at point of checkout can only reduce abandonment.

As for customer upselling...don't turn me off already, focus on my needs now, not what you think my needs might be next!



My favorite merchant that gets this right and assuages customer fear to maximize conversion to purchase? It has to be Amazon! They've always led from the front in terms of convincing consumers to spend their cash online and give me real delivery dates rather than an "oh yeah, that'll be with you in five business days".

And in conclusion, as an industry, what do we do next?

Hopefully, this White Paper has given some food for thought, but it barely scratches the surface as to what the industry can be doing to prevent abandonment.

There are scores of tactics and strategies to prevent abandonment such as post-abandonment marketing tactics to recover an abandoned basket; pop-ups to show details of items already in the basket so users don't leave checkout to go back to the product page; snippets of reviews of basket items floating in the right hand side margin; rapid addressing; intuitive error messages that point to the field where the customer data error needs to be addressed. These are just a few areas where design and psychology can be applied to reduce abandonment.

So what do we do next? Let's not rest here, Jumio is now working with leading online retail associations and leading vendors in the online retail space to run a series of webinars coming soon in 2013 to help merchants reduce abandonment and drive up sales...more on that from us shortly...

In the meantime, use Jumio to create stellar customer experiences, reduce abandonment and prevent card fraud.

To get in touch with the team at Jumio for a web demo and to trial Jumio's payment card and ID document validation services email david.pope@jumio.com or [click here](#).



About the author

David is European Marketing Director at Jumio, the next generation online and mobile identity verification and payment company. For the past 10 years, David has worked with ecommerce merchants to help them understand how to better maximise customer acceptance whilst defending against card fraud. In his prior roles as Marketing Director at Experian and at 192business, David's strategy was to interview convicted cybercriminals to help merchants understand the modus operandi of fraud and help them better prepare their defences.