

27 Steps to a Better Checkout ... and More Profits

A Best Practices Guide
for PayPal Merchants

Prepared exclusively for PayPal

To learn more about all of PayPal's merchant services,
visit: www.paypal.com/merchants

About the Author

Since his first book about the Internet appeared on bookshelves in March 1994 and rocketed to the top of bestseller lists, Rick Broadhead has established himself as one of North America's leading e-business experts and entrepreneurs.

He's the co-author or author of a record-breaking 36 books about the Internet, including *Lightbulbs to Yottabits: How to Profit by Understanding the Internet of the Future*, and *Get a Digital Life: An Internet Reality Check*.

Rick is also the co-author of *Selling Online: How to Become a Successful E-Commerce Merchant*. Officially endorsed and sponsored by Visa, *Selling Online* has sold well over 100,000 copies worldwide and was used in Visa's national e-commerce training initiatives. An international success story, *Selling Online* has been translated into French, German, and Russian.

As an industry expert and visionary, Rick has been retained as a keynote speaker and consultant by businesses across North America, ranging from McDonald's to Microsoft. He provides his clients with independent, unbiased strategic advice to help them capitalize on current and future business trends and take their businesses to new heights.

As an executive education coach in the areas of e-business and e-commerce, Rick has taught executives and managers from hundreds of leading North American companies, including prominent industrial and consumer-oriented firms such as Kraft Foods, HMV, Duracell, Polaroid, Motorola, Bayer, United Parcel Service, Kodak, Ford Motor Company, Benjamin Moore Paints, Lucent Technologies, Volkswagen, Samsonite, Sears, Xerox, Nestle, AT&T, and Coca-Cola. Past corporate and association clients include Sun Microsystems, WellPoint, U.S. Central Credit Union, the Minnesota Office of Trade and Economic Development, and many others.

Rick holds an MBA in marketing from York University's Schulich School of Business in Toronto, where he was awarded the George A. Edwards Marketing Medal for demonstrated excellence in marketing. Visit Rick's website at: <http://www.rickbroadhead.com>

Introduction

Imagine walking into a store you've never visited before. You take a shopping cart and peruse the aisles, occasionally picking up an item and dropping it into your cart. Looking at your watch, you realize you need to get home, so you quickly make your way toward the checkout counter. But wait – you can't find it. You aimlessly walk around in circles without any luck. Where are the signs? Finally, relieved and a bit flustered, you spot the way out. You enter a long line and inch your way toward the front. Eventually, you make it to the cashier and place your items on the conveyer belt, watching carefully as your purchases are scanned and the total amount is tallied on a screen in front of you.

As one of your more expensive purchases glides down the belt, you realize that you may not want it. You ask the cashier what the store's return policy is – since it doesn't seem to be displayed anywhere. She looks at you blankly, then turns around, preparing to holler to one of her colleagues. But the store is jammed with customers and you can't be bothered to wait for an answer. You want to get out of there. So you tell the cashier you don't want the item, and she drops it into a bucket of other discarded items beside the cash register.

When the total amount of your purchase lights up on the cashier's screen, you're taken aback. Why do only a few items cost so much? You had forgotten about the sales taxes, and you don't have enough money with you.

You instruct the clerk to delete a couple of items from your purchase, until the final tally drops to an acceptable amount. Unhappy about the last-minute surprises and anxious to get home, you whip out your credit card, only to be told by the unsympathetic clerk that the store doesn't accept the card you have. You're livid. You've just spent five minutes in line and another five minutes watching the cashier bag your purchases, slowly, and now you find out the store can't accept your credit card?

Having lost your patience for the last time, you throw your hands up into the air and make a beeline for the exit, leaving the stunned cashier behind, along with at least \$100 in purchases.

Though you may not realize it, thousands of frazzled Internet shoppers experience a similar type of frustration every hour and every day of the week. Angry and often bewildered, they abandon millions of dollars in purchases they were fully intending to buy.

Despite the e-commerce industry's knowledge of the problem, not much has changed over the last decade to curtail these losses. Online merchants make the same mistakes they did 10 years ago, and customers continue to flee online stores, taking their wallets and hard-earned money with them. And they may never come back. Over 80% of respondents surveyed by software vendor Allurent¹ say they are less likely to revisit an online merchant where they've had a negative shopping experience. And can you blame them?

Another study, this one by Forrester research, found that a staggering 88% of online shoppers admit to having shopped at an online store – and having quit the purchase midstream.² The good news is that there are very simple things you can do as a merchant to increase customer satisfaction and minimize the chances that a customer will leave your online store without completing a transaction – thus helping your bottom line.

In this guide, I'll review the most common snafus and design flaws that frustrate online customers. I'll also provide you with specific advice to increase the likelihood that an online shopper will want to do business with you. My 27 recommendations, summarized in the table below, are based on a sweeping analysis of online merchants, both large and small.

This advice isn't just for small or medium-sized merchants. Large retailers and chain stores need to pay attention too. You might think that the behemoths of the brick-and-mortar world are in a different league when it comes to knowing what online customers want. Not so. Not even multimillion-dollar retailers have perfected the art of the online sale.

Please take the time to review the tips below. Even a small modification to your website could mean huge financial benefits for your business.

27 Steps to a Better Checkout ... and More Profits

Please take the time to review the checklist below. Even a small modification to your website could reap huge financial benefits for your business.

- ✓ 1. Use clear navigation buttons..
- ✓ 2. Build continuity into every phase of the checkout process.
- ✓ 3. Identify any limitations or restrictions at the beginning of checkout.
- ✓ 4. Minimize the number of pages during checkout.
- ✓ 5. Don't make customers do unnecessary work.
- ✓ 6. Don't display redundant information.
- ✓ 7. Display steps during checkout.
- ✓ 8. Keep the checkout flow consistent.
- ✓ 9. Avoid clutter.
- ✓ 10. Be specific when requesting information.
- ✓ 11. Justify your request for personal information.
- ✓ 12. Give customers the option to check out as a guest.
- ✓ 13. Prepare customers for sticker shock.
- ✓ 14. Tell customers when you're *not* going to charge them.
- ✓ 15. Tell customers they can make changes later.

- ✔ 16. Allow customers to save their shopping carts.
- ✔ 17. Use clear, non technical language.
- ✔ 18. Use third-party security certification.
- ✔ 19. Display contact information and store policies throughout the checkout process.
- ✔ 20. Avoid “dead ends”.
- ✔ 21. Make sure customers can return to the checkout.
- ✔ 22. Provide multiple payment options.
- ✔ 23. Provide a receipt.
- ✔ 24. Offer to help customers about to abandon their purchases.
- ✔ 25. Remind customers of abandoned purchases.
- ✔ 26. Test your online store again and again.
- ✔ 27. Invest in your loyal and repeat customers.

Step 1: Use clear navigation buttons.

Imagine driving in a foreign city without any road, traffic, or street signs to guide you. Or suppose that the street and traffic signs are there, but you can't understand the symbols on them. An online store without clear, unambiguous navigation icons is like a busy roadway without any traffic signs. It's unthinkable.

Perhaps it goes without saying, but your navigational elements are one of the most important investments you can make in your online store. If your customers can't figure out how to add and remove products from their shopping carts, checkout, and move through the payment process, you'll lose their imminent purchases and likely their future business as well.

Symbols that may be meaningful to you may be confusing to your online customers. To be safe, use words, not pictures, to identify the buttons that customers use to manage their shopping carts and to checkout from your online store. Make sure the buttons are large enough so they can be easily identified.

In addition, avoid deviating from standard-looking icons. Any "action" buttons you use on your online store should look pressable, just like the numbers on a standard telephone keypad. This advice may seem obvious, but many online stores display buttons that are either too small or unintuitive, leaving the customer unsure what to do next.

The action buttons used on online costume retailer BuyCostumes (www.buycostumes.com) fit all of my criteria for navigational buttons:

- They're very easy to identify
- They look clickable
- They're positioned appropriately
- Their intended function is very clear

Take a look at the Add to Cart button below:

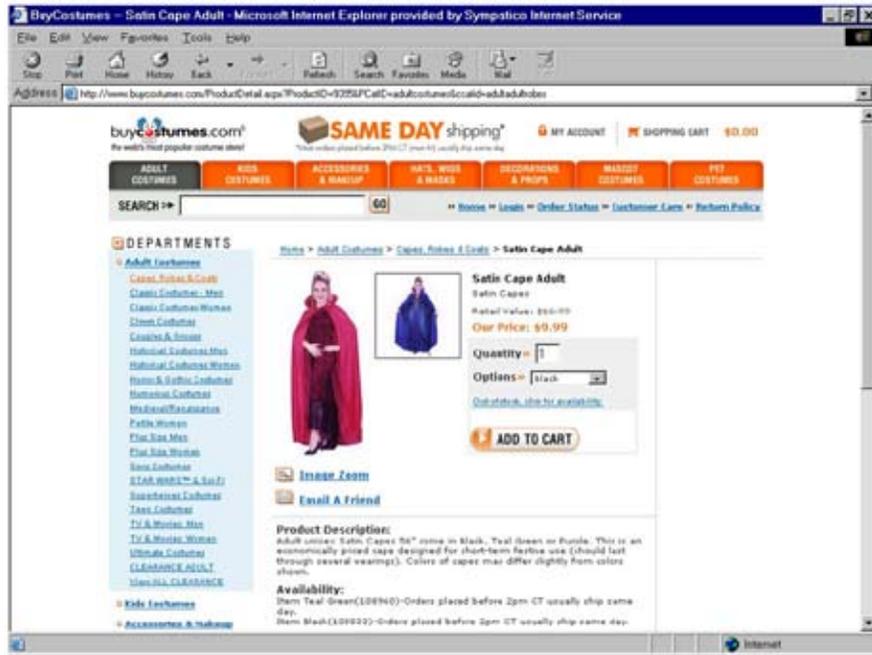


Image Used With Permission of BuyCostumes.com

It's deliberately larger than the other links on the page, so you can't miss it. The Back to Shopping, Update Cart, and Checkout Now! buttons are also highly visible. There's no confusion here:

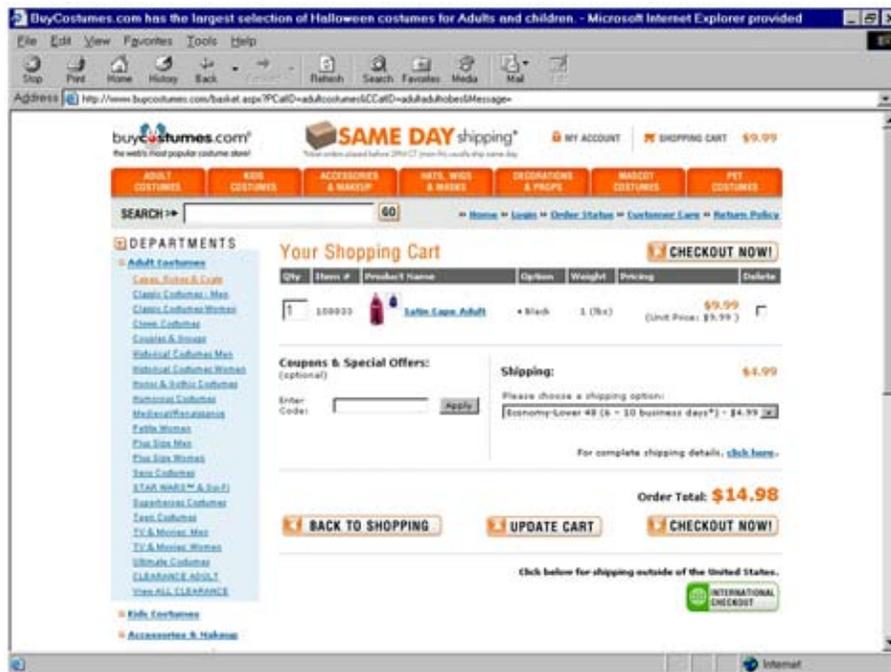


Image Used With Permission of BuyCostumes.com

Now check your own online store. Do your navigational buttons meet these standards? It's easy to take your navigational buttons for granted, and to forget about them when building other areas of your website. Without them, however, your store can't function, and without *good* navigational buttons, your store will always operate at less than peak efficiency.

Step 2: Build continuity in every phase of the checkout process.

Have you ever walked into a home and noticed design inconsistencies between one part of the home and another? As a result of renovations or remodeling done over the years, a home can end up with an awkward mishmash of different designs that just don't flow.

Now think about your online store and the design and colors you've selected. Are they consistent throughout your website? Most importantly, does the look and feel of your checkout and payment area match the rest of your online store?

If you're using a third-party service, such as PayPal, to process payments from your customers, and customers need to leave your website to complete the transaction, you don't want them to be surprised, or worse, alarmed, when they suddenly find themselves in an unfamiliar environment that doesn't resemble your website. Without any assurance that the passover to the third-party website is normal, shoppers may become apprehensive and worry that someone is trying to steal their credit card information

Whenever a customer is going to leave your website and connect with a third-party payment processor, whether it's PayPal, Yahoo!, or any other company, you need to inform the customer that he's going to be transferred to another website. The only exception to this rule is when the process is completely transparent to the customer.

For example, Art.com customers who choose PayPal as their payment option will see the following screen appear, notifying them that a new browser window is about to open:

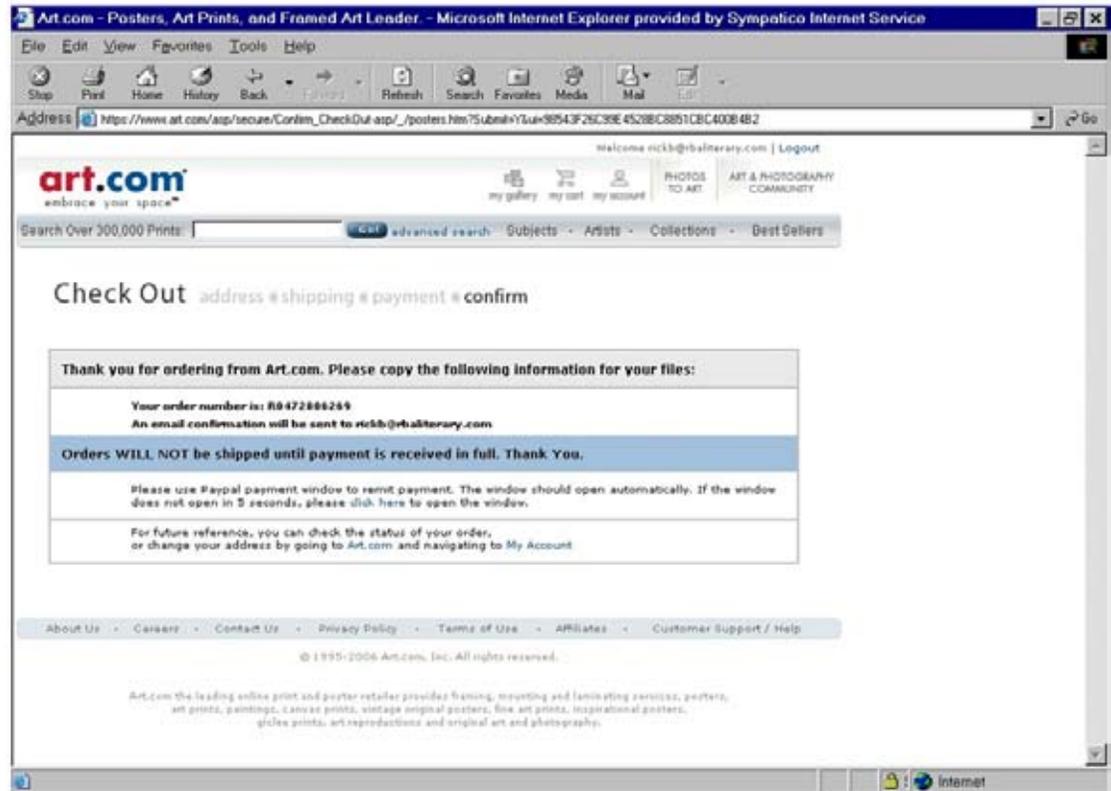


Image Used With Permission of Art.com

The following PayPal window then appears, prompting the customer to login to his/her PayPal account:

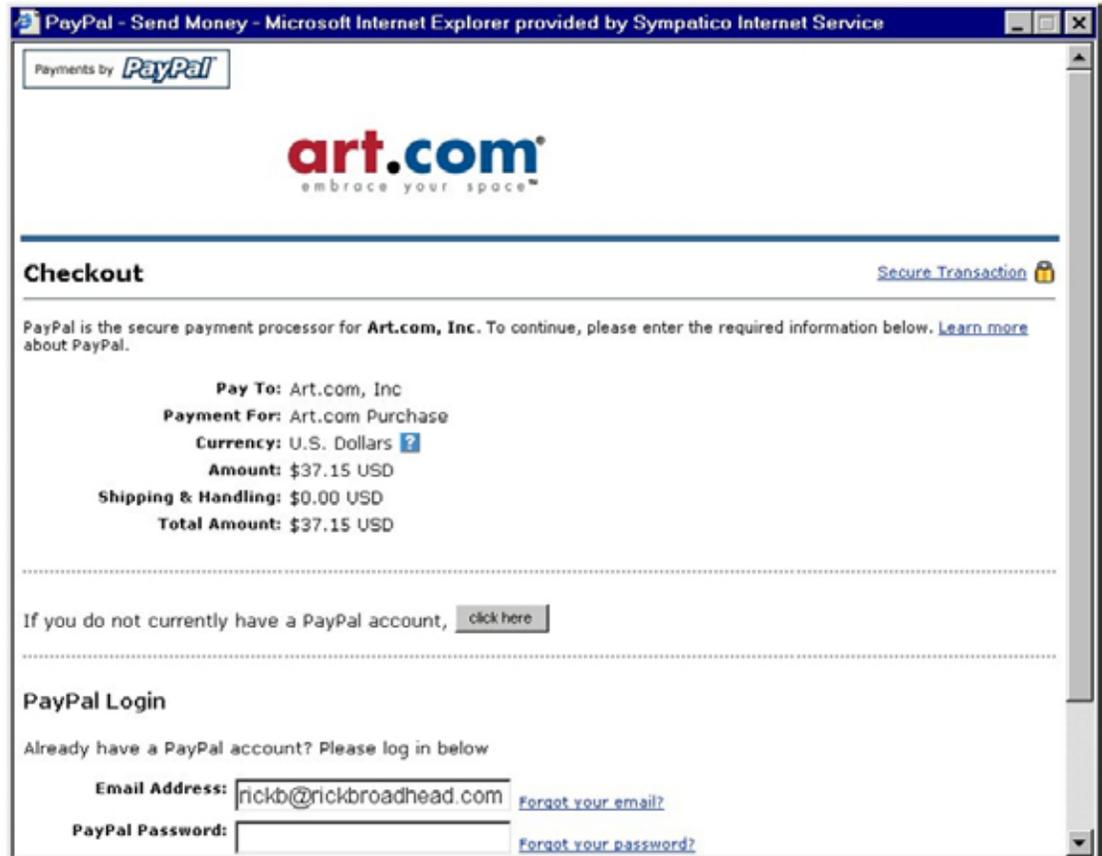


Image Used With Permission of Art.com

Most websites fail to provide these types of warnings and suddenly customers find themselves on a website they weren't expecting, and one they don't recognize.

Where possible, what I like to see are checkout screens that match the rest of your website so customers don't feel like they're stepping into a strange and unfamiliar environment.

If you're a PayPal merchant, you can use PayPal's Custom Payment Pages feature to make small cosmetic changes to your PayPal checkout screens and unify them with the overall design and branding of your website. For example, you can add a logo to your payment pages, as Art.com does above, or change the background color of the screen so it matches the rest of your website.

These modifications may seem small, but they will give your checkout pages a more unified look and reassure customers who are hesitant about proceeding with the purchase.

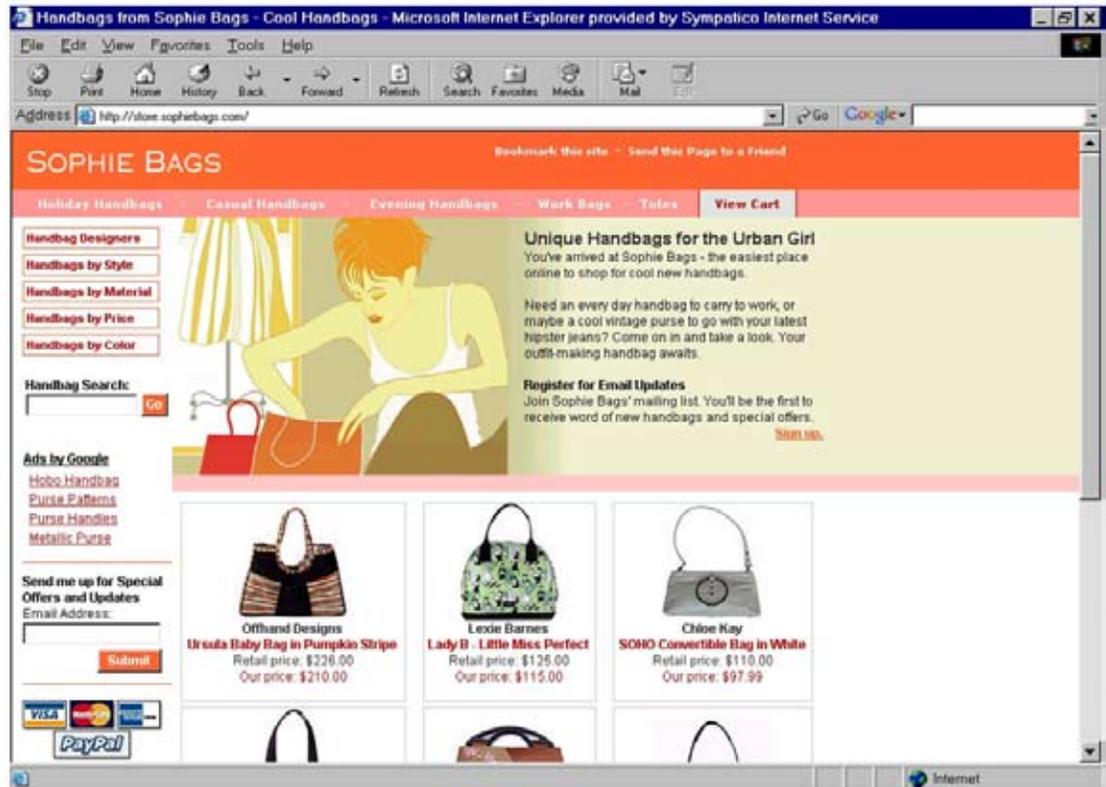
I recommend you use your logo rather than an email address on PayPal's login screen. Not only does it look more professional and more trustworthy, it could actually result in a higher conversion rate for your online store. Usability studies conducted by PayPal have shown that buyers are more comfortable making a purchase when a merchant's logo appears at the top of the PayPal-hosted checkout page.

For more details on how to customize your PayPal payment pages, visit PayPal's Custom Payment page at the following URL:

<http://www.paypal.com/customize>

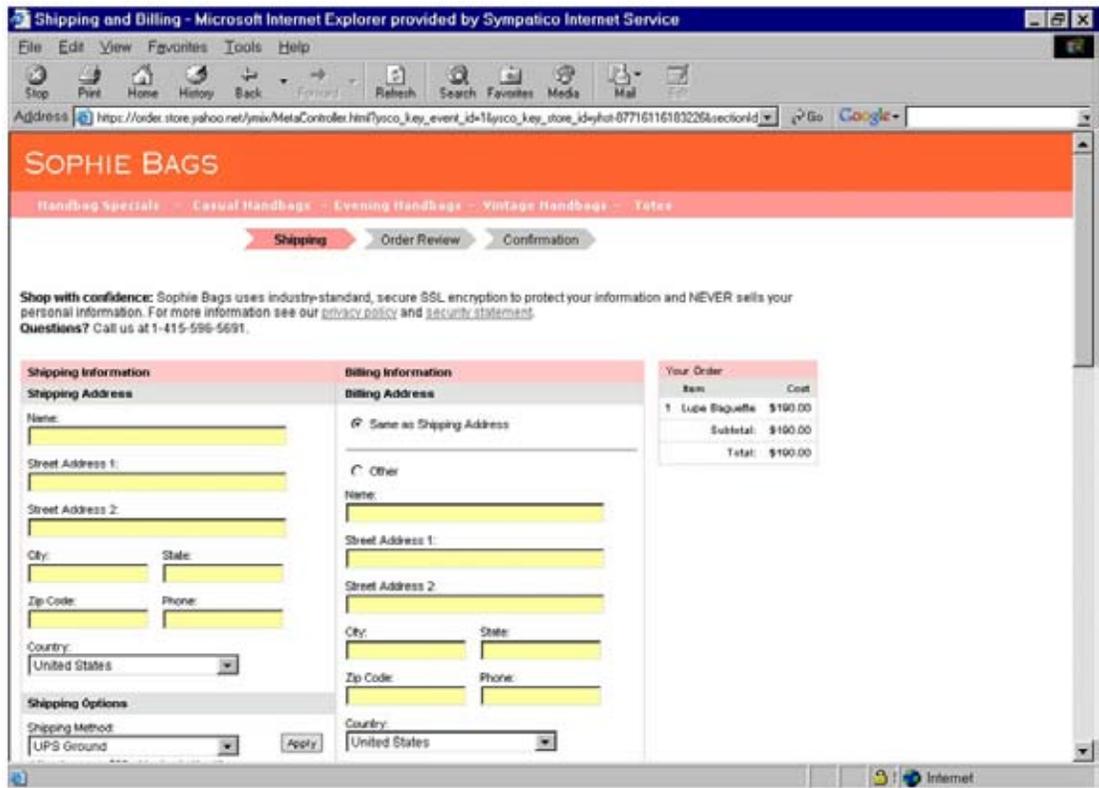
For even tighter integration between your checkout area and the rest of your website, you'll probably need to invest in some additional website design expertise. Like remodeling a home from top to bottom, this can be an expensive undertaking, but it will give customers a much more pleasant and confident shopping experience.

Take a look at how the online store of Sophie Bags (store.sophiebags.com) steps up to this challenge. The store is designed in orange and pink tones, as you can see below:



Source: Sophiebags.com Image Used With Permission of Sophie Bags

Even though Sophie Bags outsources its payment processing to Yahoo! Store, notice how the store's colors, navigation bar, and design continue over to the billing page:



Source: Sophiebags.com Image Used With Permission of Sophie Bags

At this point, customers are actually on the Yahoo! servers, but because the design of the checkout screens is consistent with the rest of the online store, the transition is virtually, and beautifully, transparent. The only clue you're on another website is the address in the address bar.

A final word of advice – make use of PayPal graphics, both on your home page and on the checkout screen, to let customers know that you accept PayPal, and if applicable, other payment options such as Visa and MasterCard. You can find these graphics at PayPal's Online Logo Center, which is available to you at the following URL:

<http://www.paypal.com/logocenter>

Step 3: Identify any limitations or restrictions at the beginning of checkout.

One of the great advantages of doing business on the Internet is that you can serve customers from all over the world. But for logistical, financial, or legal reasons, many merchants won't ship products outside of the United States. That's fine, but you need to treat everyone fairly, and that means letting customers know *before* they start shopping that you may not be able to serve them.

Canadian customers are particularly vulnerable to this common oversight. I came across one online store that allowed shoppers to select a Canadian province and postal code for the shipping address. But the dropdown box for selecting the destination country contained only one option: the United States. The mystery was solved when I scoured the site's help files and learned that the website could only serve customers in the United States. Imagine spending 30 minutes browsing an online store and loading up your shopping basket, only to discover later that the website can't serve you.

If you don't ship outside the United States or to Canada, make sure you tell customers *before* they start loading up their shopping carts.

Step 4: Minimize the number of pages during checkout.

No one likes standing in a long line, whether it's in the airport waiting to checkin or in a retail store waiting to checkout. Likewise, no one likes an online store where the checkout process is seemingly endless.

Some online stores needlessly extend the checkout process by spreading out questions over too many pages. One retailer I visited had created a separate webpage just to ask shoppers a single question about billing, a step that could have easily been

consolidated into the previous page. Perhaps it goes without saying, but if your checkout process is cumbersome and exhausting, you're going to lose your customers to other online stores with more efficient checkout systems.

Rather than spreading out a series of steps over several short webpages, you might want to experiment with one or two longer pages. RitzCamera.com, for instance, only has two steps in its checkout process, and the first page is clearly marked "Step 1 of 2." Just knowing that there's only one more page to complete can be very motivating.

The screenshot shows the RitzCamera.com checkout page, Step 1 of 2. The browser window title is "RitzCamera.com - Checkout Step 1 - Microsoft Internet Explorer provided by Sympatico Internet Service". The page features a navigation bar with categories like Digital Cameras, Film Cameras, Video, Printers, Electronics, Binoculars, Memory, and Batteries. The main content area is titled "billing/shipping information > checkout step 1 of 2" and includes a "HACKER SAFE" badge. The page is divided into two columns. The left column is for "billing address" and contains input fields for first name, middle initial (optional), last name, company (optional), address, city, state (a dropdown menu set to "Select State"), and zip code. The right column is for "shipping options" and lists four choices: "Free, Ground, 7 - 10 Business Days", "2nd Business Day, \$16.95 For Quicker Delivery.", "Next Business Day, \$26.95", and "Saturday Delivery, \$36.95". Below the shipping options, there is a note about shipping to Guam, Puerto Rico, Virgin Islands, military APO/FPO, and PO Box orders, and a link for more shipping info. At the bottom of the right column, there is a section for "ship-to address if different" with a first name input field.

Image Used With Permission of RitzCamera.com

Some of the newer, albeit expensive, shopping cart systems use a flash plug-in, rather than HTML, so that customers can complete most checkout functions on a single page. Input errors, such as an invalid credit card number, are flagged to the customer immediately. This is a huge advantage over multipage HTML systems, which can only identify errors after a customer has filled out an entire page and progressed to the next step.

If your customers are paying with PayPal, you should give them the option to use Express Checkout. Similar to an express checkout line in a hotel or supermarket, PayPal's Express Checkout system is a convenient, hassle-free way for online shoppers to complete a transaction in fewer steps. Once implemented, an Express Checkout button appears at the beginning of the checkout stream, as in the example below from Walgreens.com (www.walgreens.com):

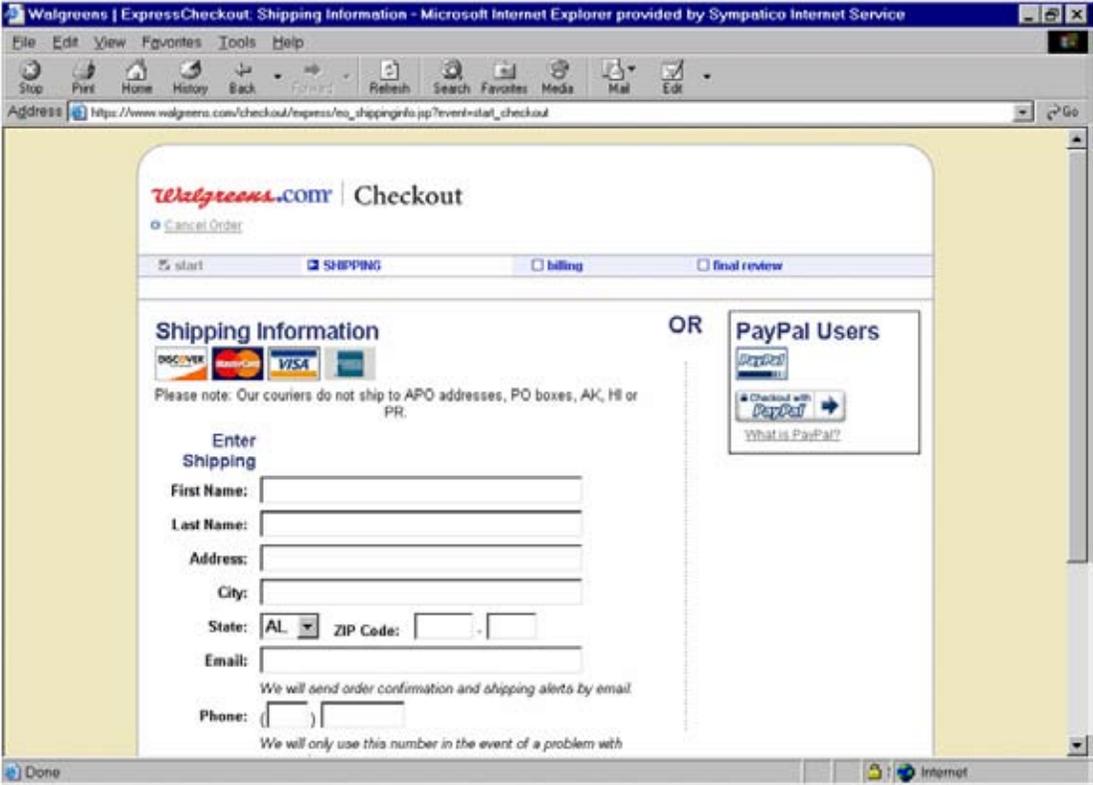


Image Used With Permission of Walgreen Co.

Once shoppers click the Express Checkout button, they'll be transferred to PayPal, where they can select a payment method and confirm the shipping address:

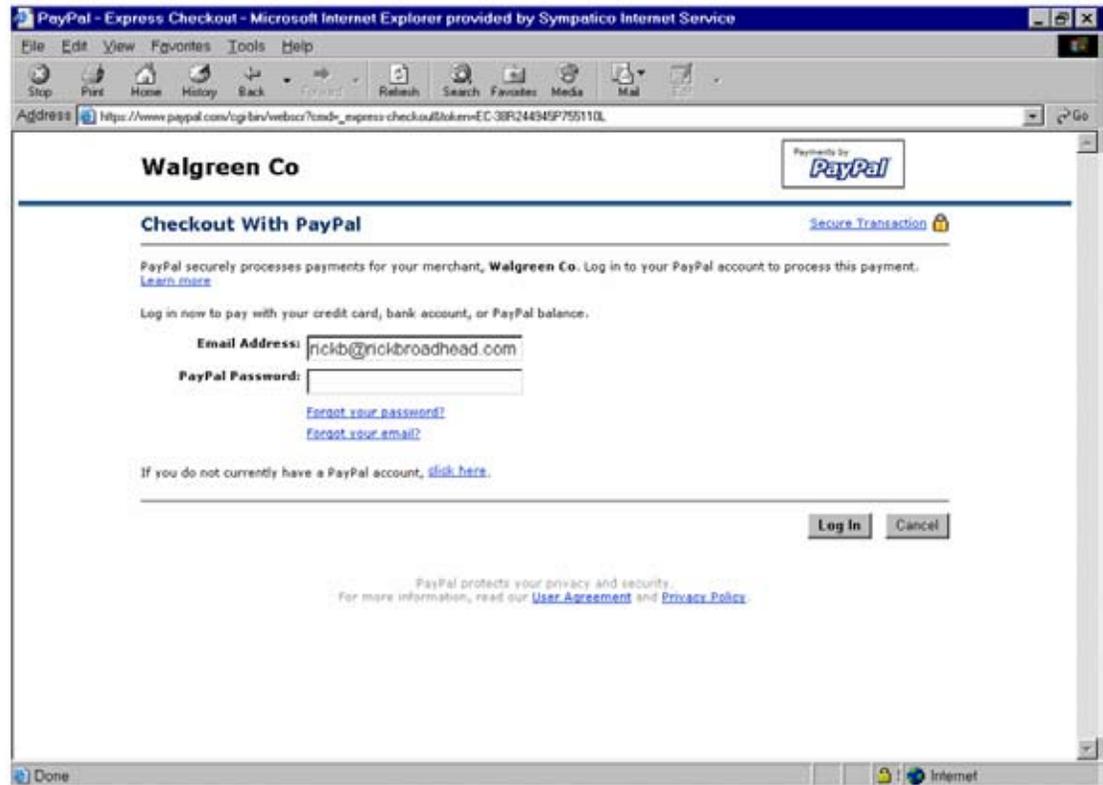


Image Used With Permission of Walgreen Co.

Shoppers are then returned to the merchant's website where the transaction is completed. Shipping and payment details are automatically passed from PayPal to the merchant, eliminating the need for shoppers to enter this information manually, and speeding up the checkout process.

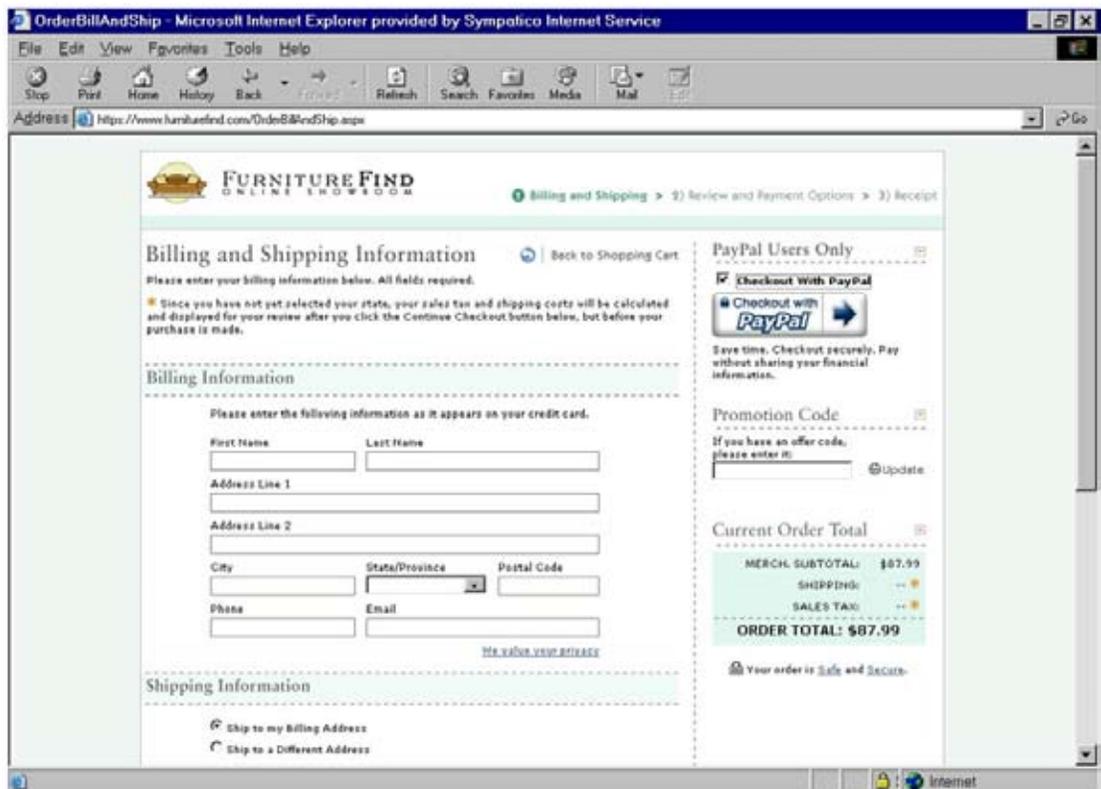
For more information about Express Checkout, visit the following URL:

<http://www.paypal.com/AboutEC>

Step 5: Don't make customers do unnecessary work.

Online forms are one of the biggest deterrents to making an online purchase. Like a steep hill you don't want to climb, an online form that's too long can be truly overwhelming. In order to keep forms as short as possible, don't ask for information you don't need. A lot of online stores ask for fax numbers, for example. Is this information really necessary? Admittedly, it only takes a few seconds for a customer to provide this extra information, but if you can do without it, don't ask for it.

As noted in the previous section, one way to speed up the checkout process is to use PayPal's Express Checkout system, if the customer is planning to settle the transaction with a PayPal account. Customers can connect to PayPal from your payment screen and have their shipping and payment information automatically filled in on your website.



The screenshot shows a web browser window displaying the FurnitureFind.com checkout page. The page is titled "Billing and Shipping Information" and includes a "Back to Shopping Cart" link. The main form area is divided into "Billing Information" and "Shipping Information" sections. The "Billing Information" section contains fields for First Name, Last Name, Address Line 1, Address Line 2, City, State/Province, Postal Code, Phone, and Email. The "Shipping Information" section has radio buttons for "Ship to my Billing Address" and "Ship to a Different Address". On the right side, there is a "PayPal Users Only" section with a "Checkout With PayPal" button and a "Promotion Code" field. Below that is a "Current Order Total" summary table.

Current Order Total	
MERCH SUBTOTAL:	\$87.99
SHIPPING:	--
SALES TAX:	--
ORDER TOTAL:	\$87.99

Image Used With Permission of FurnitureFind Corporation

FurnitureFind (www.furniturefind.com), an online furniture retailer, is using Express Checkout on its website. When a customer reaches the first step of the checkout stream, shown below, he can select the Check Out With PayPal option on the right, and bypass the billing and shipping form.

The customer is then directed to a PayPal login screen, shown below. Notice that FurnitureFind's logo is displayed at the top of the screen. Because the customer is now on PayPal's network, the presence of the logo helps tie the two sites together and provides a more seamless and secure shopping experience for the customer.

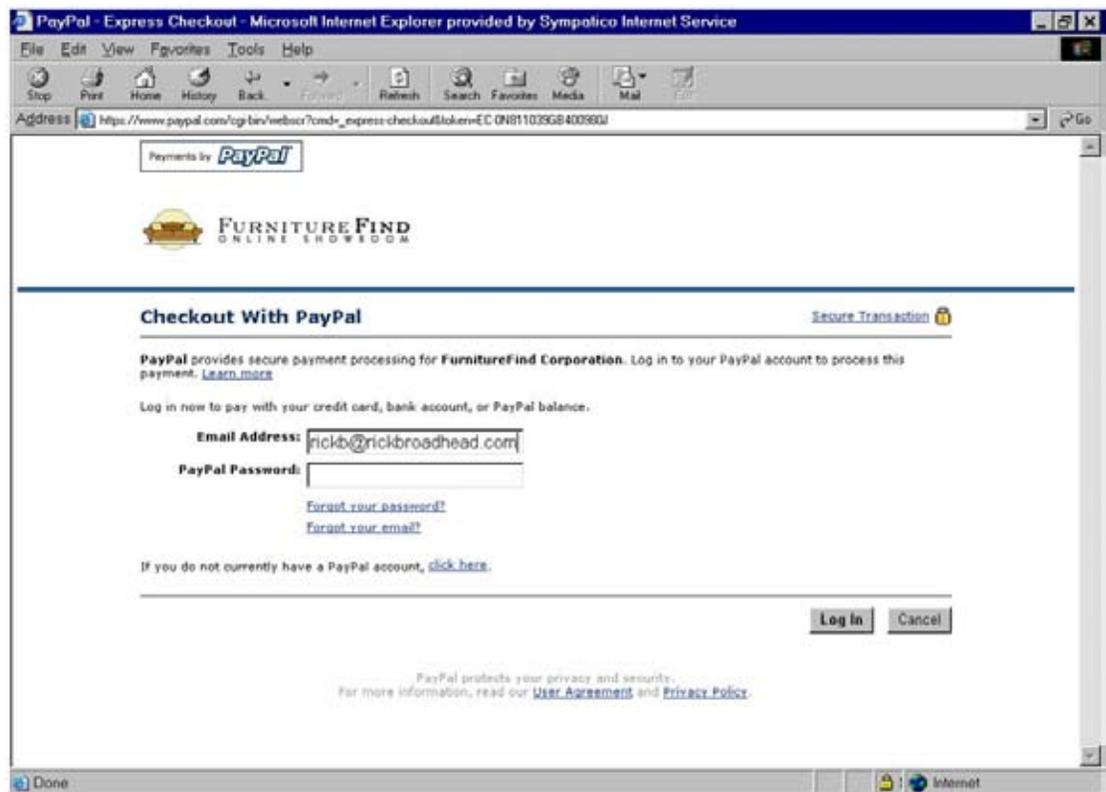


Image Used With Permission of FurnitureFind Corporation

Once logged into his PayPal account, shown below, the customer can review the source of funds, select a shipping address, and then return to the FurnitureFind website to complete the transaction.

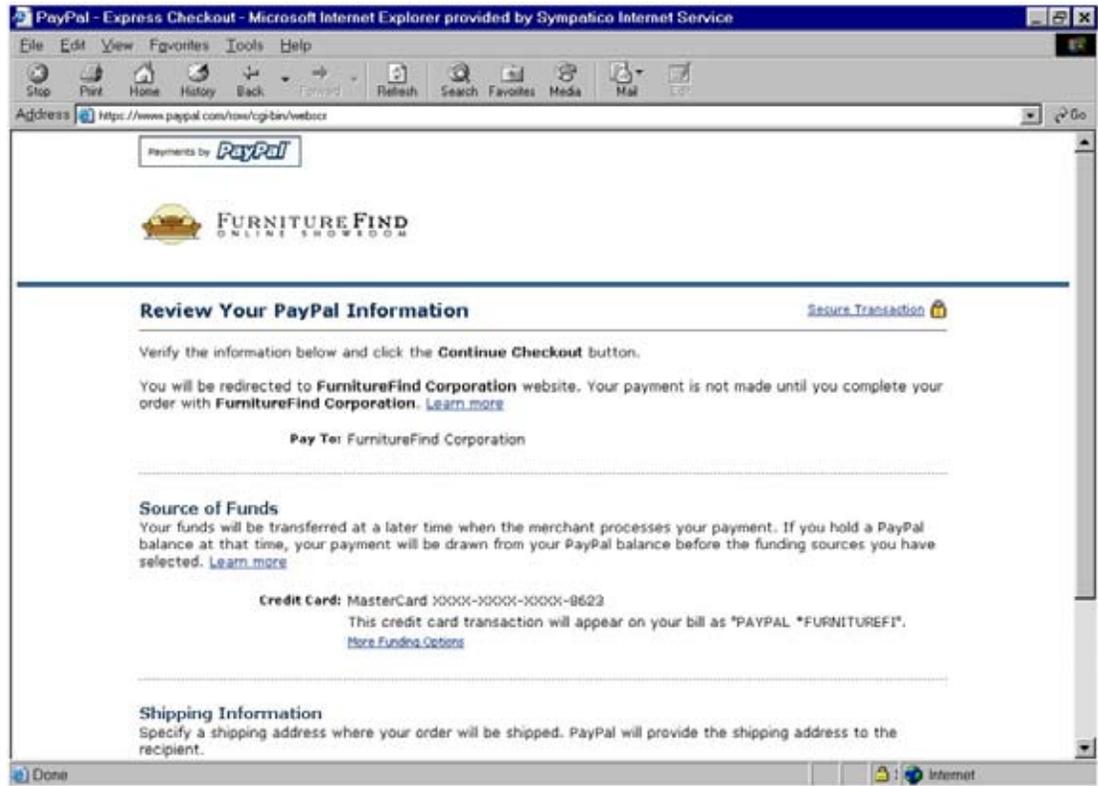


Image Used With Permission of FurnitureFind Corporation

The customer's shipping and payment information is automatically passed to FurnitureFind by PayPal, eliminating the need for the customer to input any of this information manually.

If you don't need a customer's address to calculate shipping and handling charges or other fees, you should display the PayPal logo as early in the checkout process as possible. It should appear on the *first* screen a customer sees after he presses the checkout button, before you request any shipping or billing information.

Here's a related tip for businesses using PayPal's Website Payments Pro. If a customer inputs a shipping address on your website and selects PayPal as his payment method, make sure your online store is configured so that it passes the shipping information over to PayPal's system. Without it, the customer will have to manually select a shipping address from those already stored on PayPal's website. Or worse, the preferred shipping address may not appear at all, forcing the customer to manually add it. In either case, the checkout process becomes unnecessarily complicated.

Step 6: Don't display redundant information.

As customers progress through your checkout screens, make sure you're not displaying any information unnecessarily. Delete any screens that are redundant. Here are two tips, drawn from actual examples I came across:

- ❑ If a customer clicks on a checkbox to let you know that his billing address is the same as his shipping address, there's no need to have an extra step/screen to let the customer review the billing address. The customer has already indicated that the billing and shipping addresses are identical.
- ❑ If a customer selects PayPal as his preferred payment method, there's no need to display the customer's bill on a new screen before transferring the customer to PayPal. Unless you're using PayPal's Website Payments Pro, the customer's bill should appear on the screen once they access their PayPal account.

Adding extra steps such as these to the checkout process will slow it down considerably, and burden the customer with unnecessary reading. The good news is that redundancy problems are relatively easy to fix. Study your checkout flow, look at each step carefully, and ask yourself, "Is this screen really necessary?"

If you accept PayPal, make sure your checkout screens aren't duplicating any of the information that the customer will see once he connects to PayPal's system. If you use PayPal Website Payments Standard or PayPal as an Additional Payment Option and you've configured your checkout system effectively, the customer should be able to see a detailed breakdown of his payment, including shipping charges and/or taxes, on PayPal's checkout page, as shown below.

Your customer should also be able to access the contents of his shopping cart from the PayPal checkout screen. A link to the shopping cart should appear on the "Payment For:" line.

If you don't display all of this information, it's possible a customer will try and back-track in order to get it. This could lead to a browser error when the customer tries to use his browser's "Back" button, and you might lose the order altogether.

Step 7: Display steps during checkout.

Imagine you are waiting in a checkout line in a retail store, and the line stretches for as far as your eye can see. Since you can't see the end of the line, you have no idea how long you're going to be standing there. Without some indication of how close to the front you are, and how quickly you're going to get to the cash register, chances are you won't be patient very long.

Online checkout lines aren't much fun either, especially when you have no idea how many steps are ahead of you. This is another instance where communication with the customer is important.

When a customer decides to checkout from your online store, let him know how many steps to expect. And each step of way, let the customer know where the finish line is. Many online stores accomplish this by displaying a progress meter along the top of the screen.

A few tips when creating a progress meter:

1. Don't hide the progress meter at the bottom of the page – make sure it's clearly visible to the customer.
2. Make sure shoppers can always tell what stage they're at along the checkout continuum.
3. Don't use numbers unless they are accompanied by descriptions. For example:

Cart * Address * Shipping * Payment * Receipt

is much more meaningful than

Step 1 * Step 2 * Step 3 * Step 4 * Step 5

DVD Empire (www.dvdempire.com) provides a perfect example of how to design a progress meter. Notice that the steps are clearly described at the top of the page, with the customer's current location highlighted in bright orange. This leaves no room for confusion or misunderstanding.

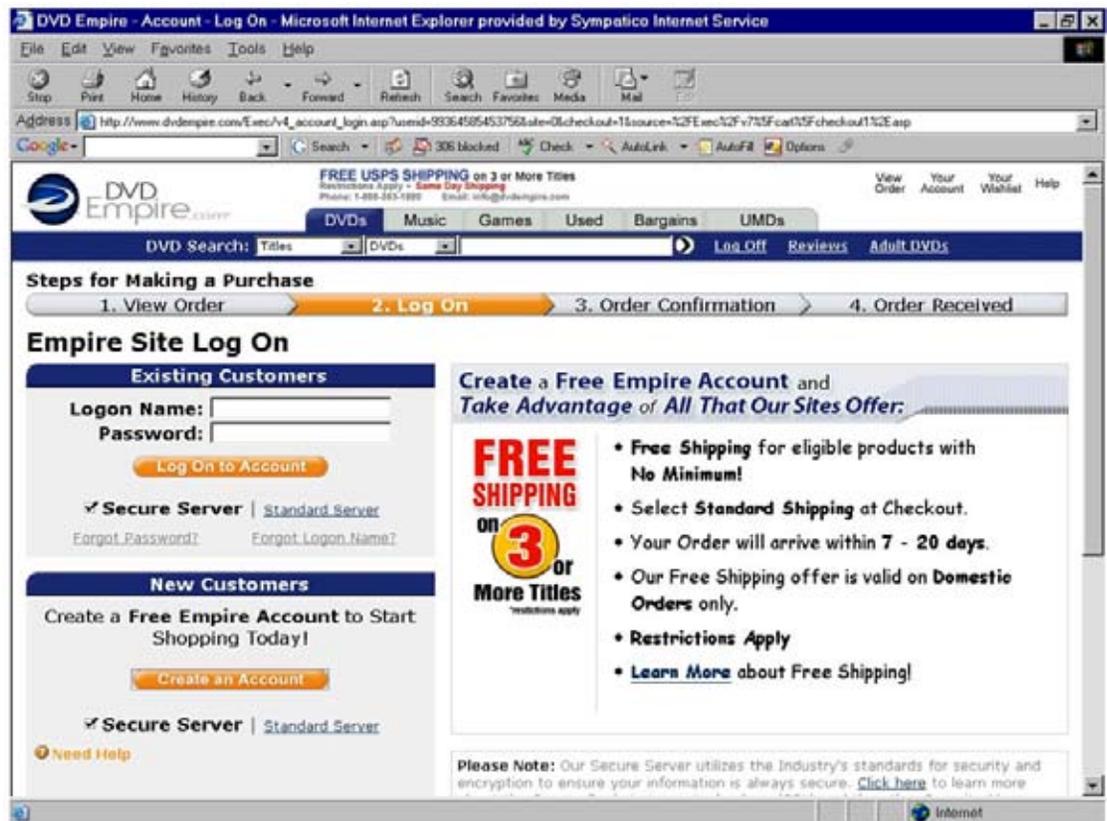


Image Used With Permission of DVDEmpire.com

Step 8: Keep the checkout flow familiar.

When designing your online store, your imagination is the limit. And while a funky and hip online store may be exactly what your target market is looking for, it's important not to let your creativity go wild when designing your checkout flow.

Now that online shopping has been a fixture of our economy for over five years, online shoppers have come to expect a certain order to the checkout process. They love predictability.

If a clerk in a grocery store asked you for your credit card before ringing in your purchases, you'd be surprised, and maybe a bit puzzled. Online, it's no different. Any attempt to deviate from the standard checkout process, such as asking for a customer's credit card information before requesting his billing address, may arouse suspicion and distrust. I'm not suggesting that you can't experiment with ways to make the shopping experience more convenient and efficient, but avoid doing anything that might confuse your customers.

Here's a case in point. While researching this report, I came across an online store that didn't display the contents of my shopping cart when I added an item to my cart. Instead of showing me an updated shopping cart, this store simply acknowledged my selection with an onscreen message. I wanted to checkout, but since there wasn't a shopping cart on the screen, I couldn't figure out how.

Looking around the screen, I finally discovered a "View Cart" button in the upper right-hand corner of the website. It was only when I clicked on this button that I was able to view my shopping cart on a separate page and checkout.

I'm not saying this particular merchant's approach is right or wrong. But if your setup is different from the way most online stores operate, you need to be careful. You run the risk of confusing – and alienating – your customers.

While the online store I just described was confusing to navigate, at least I knew the "Add to Cart" button was working. Every time I placed an item in my shopping cart, a confirmation message appeared on the screen. This type of communication with the customer is vital.

Here's an example of what *not* to do. I was shopping on an online store and every time I added an item to my shopping cart, nothing seemed to happen. There were no visible acknowledgements that items were being added to my shopping cart. I was left in the dark, wondering whether the website was actually working. My confusion was compounded by the cluttered state of the website. Even if messages were

appearing on the screen, I don't know if I would have noticed them. After scanning the website from top to bottom, I finally did spot my shopping cart – and my item – hiding in the corner of screen.

In yet another case, I was able to find the shopping cart after I made a selection, but I couldn't find the "Checkout" button. I eventually noticed it in the upper right-hand corner of the screen, awkwardly positioned quite a distance from the shopping cart. For a moment, it felt like I was playing a game of *Where's Waldo*. But instead of the dog, I was looking for the "Checkout" button. You definitely don't want to test a customer's patience like this, so keep the "Checkout" button right beside the shopping cart.

To keep your online store from turning into an irritating treasure hunt, provide a *visible* confirmation message on the screen whenever a customer has successfully added an item to his shopping cart. Preferably, display the updated contents of the shopping cart on a new page, as Office Depot (www.officedepot.com) does on its online store:

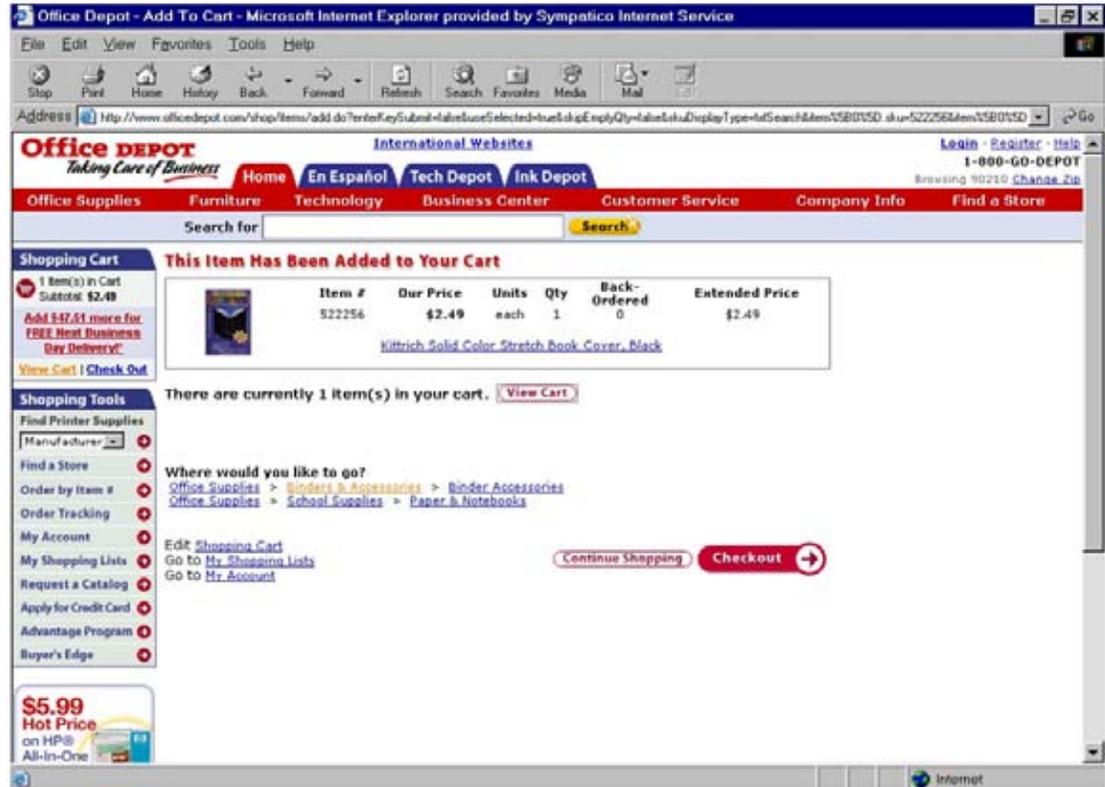


Image Used With Permission of Office Depot.com

If you're not going to display the contents of a customer's shopping cart each time the customer selects an item, make sure you clearly and visibly acknowledge each addition to a customer's shopping cart, as CVS (www.cvs.com) does so well on its website. If you opt for this approach, you need to ensure that a shopping cart icon, or a slimmed-down version of the cart, is clearly visible on every page of your website, so the customer can access his shopping cart and checkout at any time.

In the screen below, a customer has just added a product to his shopping cart at CVS.com. Notice how CVS acknowledges the selection without displaying the entire shopping cart. A green oval banner at the top of the page reads, "You have added 1 nonprescription item to your cart."



Image Used With Permission of CVS.com

A condensed version of the shopping cart is positioned at the top of the page, providing fast and easy access to the checkout area.

For certain types of online merchants, like drugstores and supermarkets, where a customer typically purchases multiple items in a single shopping trip, keeping the shopping cart visible on the current webpage, but in the background, may be the better way to go. A customer can keep adding items to his cart without having to continually navigate back and forth between the cart and the rest of the website.

If you're using PayPal as your shopping cart, make sure that you display the "View Cart" button on every page, otherwise your customers will find themselves stranded on your product pages.

Consider my recent visit to one merchant's online store. When I added an item to my shopping cart and clicked the "Continue Shopping" button, I found myself back at the product page I had just been on. There were lots of products and "Add to Cart" buttons, but there was no "View Cart" button. The only way to get to my shopping cart, it seemed, was to make another purchase. Fortunately, I was rescued by a tiny link at the bottom of the page that returned me to the site's homepage. This major design flaw was clearly overlooked by the store's owner and/or designer, but customers like me are no doubt running into it time and time again. To uncover design flaws that may not be obvious to you, have your website tested by friends or relatives. Better yet, hire a usability consultant to give you some advice.

Finally, remember to keep all the shopping cart buttons together in one confined area. For example, place your "Continue Shopping" and "Checkout" buttons adjacent to one another and near the shopping cart so your customers don't have to search for them.

Step 9: Avoid clutter.

One of your top priorities as a retail merchant is providing fast service to your customers. Shoppers want to be able to get in and out of your online store as quickly as possible, with no interruptions, distractions, or obstacles.

Think about your local convenience store or drugstore. If you're in a rush, and you just want to pick up a few items, is it easy to get in and out with minimal hassle? Or does it feel like you're trying to steer your way through an obstacle course? Are there stores in your neighborhood that you deliberately avoid because they're too dense and too crowded?

Now think about your online store. How clean, uncluttered, and easy-to-navigate is it? Is it cluttered with too many icons, advertisements, or promotional messages? Visit the websites of your closest competitors. Are your online rivals providing faster service because their websites are easier and faster to navigate?

Nowhere is clutter more of an issue than in the checkout areas of online stores. Unfortunately, I've come across many websites where the shopping cart is obscured by an overwhelming amount of distracting content. One online store I visited had more than 50 buttons and links on the checkout page alone.

When a customer chooses to checkout, keep the customer focused on completing the transaction. Yes, you should provide links to your privacy and return policies, and give the customer an opportunity to make changes and continue shopping, but "on sale" messages and advertisements for your credit card don't belong here. A clean, uncluttered series of checkout pages will minimize confusion and keep the customer focused on completing the purchase.

Kenneth Cole's online store (www.kennethcole.com) provides a good example of an uncluttered checkout page. The Smithsonian's online store (www.smithsonianstore.com) also gives shoppers a nice, clean checkout area. Notice that there is a subtle pitch for a Smithsonian membership (which provides an immediate discount of 10%) and, like Kenneth Cole's website, an attempt to upsell the customer, but these efforts are undertaken tastefully and inobtrusively.

There are no distracting advertisements, nor are there dozens of links to every possible area of the online store. The sole focus is on getting the customer to checkout and complete the purchase.

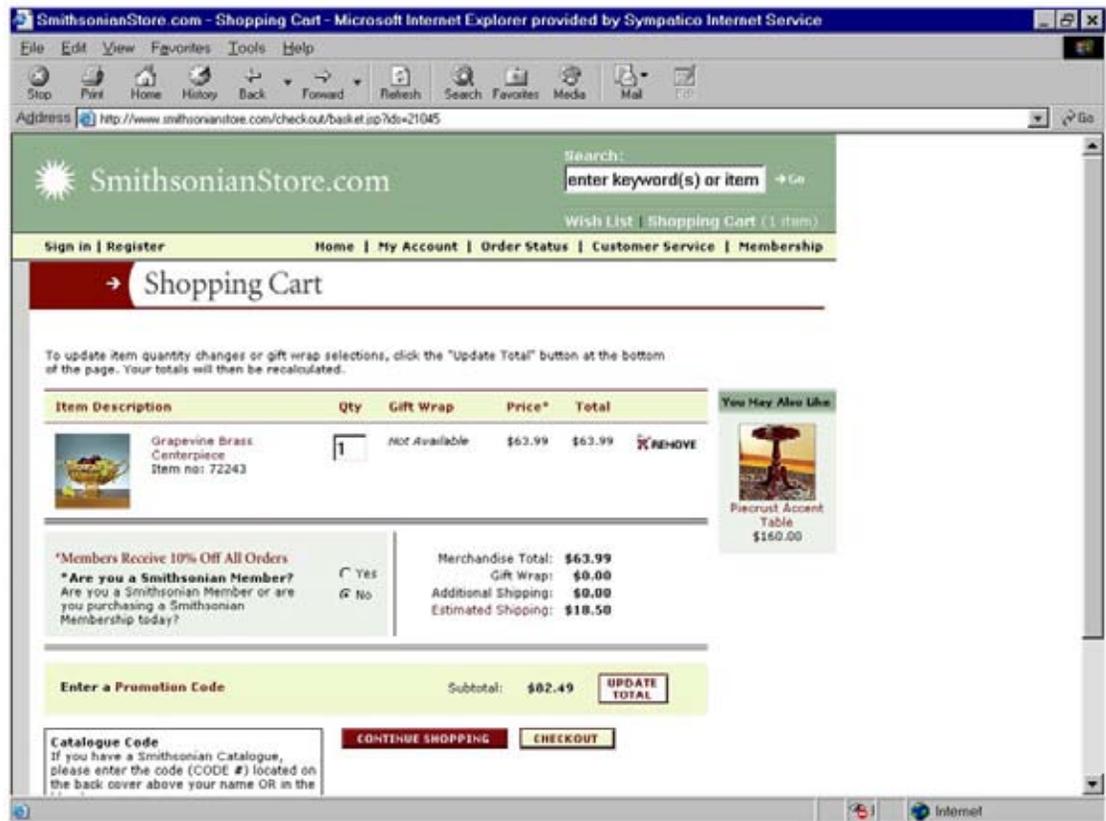


Image Used With Permission of Smithsonian Institution

Step 10: Be specific when requesting information.

When collecting information from a shopper, be specific, and avoid ambiguity.

I came across an online store that requested four pieces of mandatory information from customers who were paying by credit card: the type of credit card, the credit card number, the expiration date, and the “Card ID.” There was no explanation of

what a Card ID is or where to find it. Presumably, the online store was looking for the three-digit Card Verification Number that's found on the back of your credit card, but it wasn't entirely clear.

If there's any possibility that your customers won't understand what you're asking for, provide a full explanation and instructions if necessary, as Winebuys.com (www.winebuys.com) does on its website.

On the order screen shown below, notice that there's a "What's this?" link beside the field for a customer's Card Verification Number:

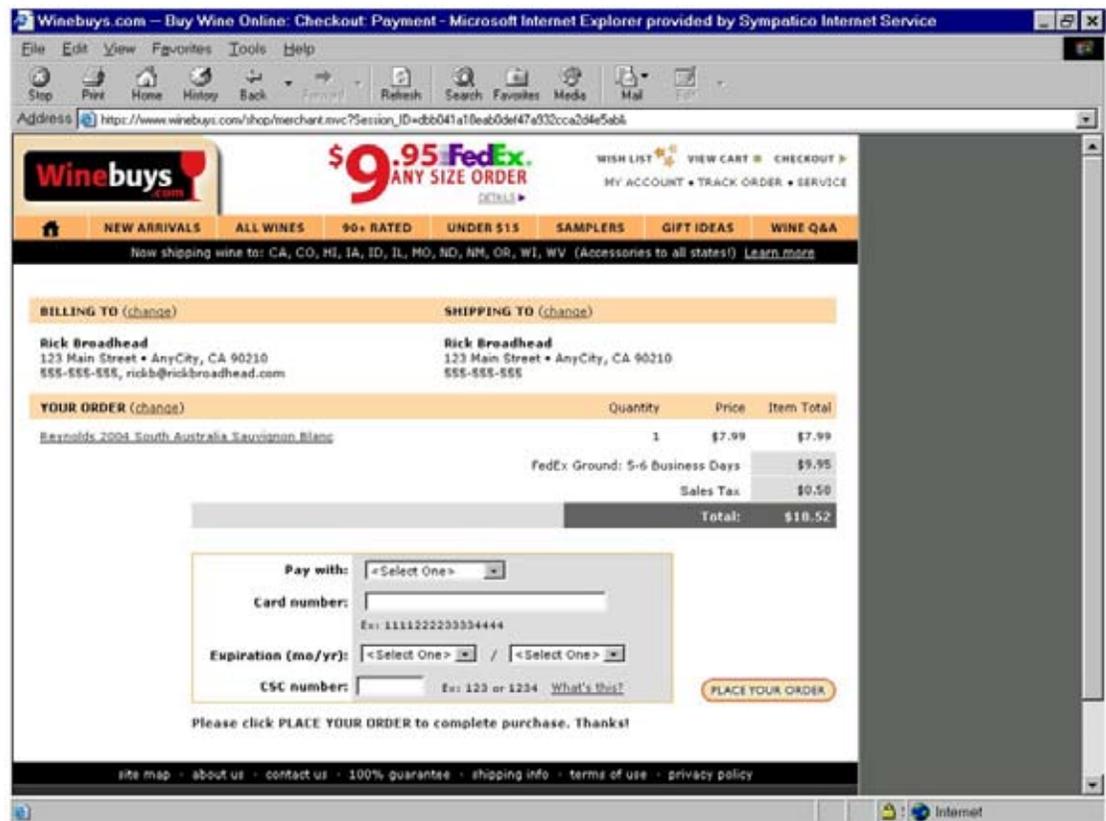


Image Used With Permission of Winebuys.com

Clicking this link opens a second window (shown below) that explains how to locate the number on a credit card. There is a link at the bottom of the window that will take the customer back to the billing page.

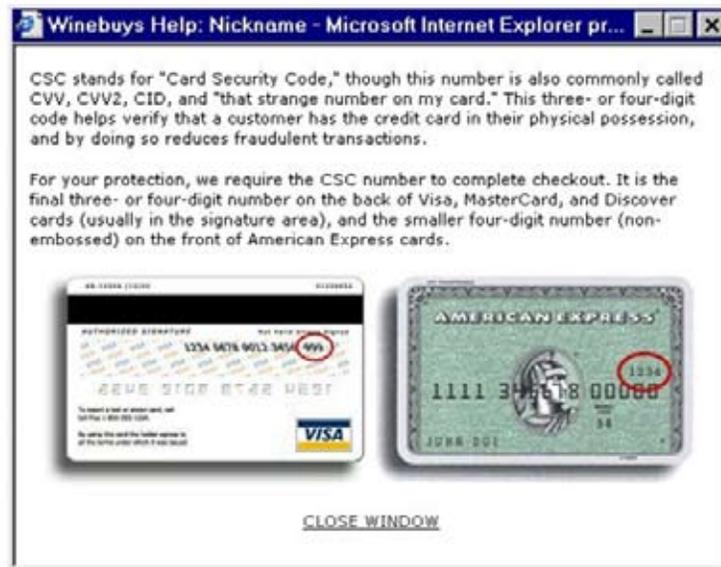


Image Used With Permission of Winebuys.com

You also need to watch out for situations where the same question could be answered in different ways. For an example, suppose a customer lives at 123 Main Street, Apartment 304.

This could be input as either:

304-123 Main Street

-or-

123 Main Street, Apartment 304

-or-

123 Main Street
Apartment 304

The first variation is a common and widely used format for indicating an address with an apartment number, but some websites won't accept it. When I tried using this address format with one online retailer, I got stuck on the billing page, unable to proceed with my purchase. An error message appeared on the screen, informing me that my address was wrong. Initially, I couldn't figure out what the problem was, but then I realized I needed to split my address onto two separate lines.

I erased my original entry and inputted, for example, "123 Main Street" on the first line and "Apartment 304" on the second line. This time, the address was accepted and I was able to proceed to the next step without incident.

Not all shoppers are going to be this patient. If a customer gets stuck while trying to input an address, he may decide to forgo the purchase rather than troubleshoot the problem.

If your website can't accept a suite or apartment number on the same line as the street address, provide explicit instructions for your customers. Either create a dedicated line for the apartment number (and label it as such) or include a note requesting that customers place apartment numbers on a second line.

A good way to uncover these hidden, yet common pitfalls, is to rigorously test your checkout process with a large number of family members and friends. You'll probably discover that your store is error-prone in ways you hadn't noticed – or anticipated.

Step 11: Justify your request for personal information.

When asking your customers for personal information they may not want to divulge, such as an email address or a telephone number, explain why you need the information. Shoppers are much more likely to share information with you if give them a reason for the request.

If you require an email address from your customers, your explanation might be similar to the following: “We need your email address so we can send you an order confirmation and shipping details.”

Don't leave your customers in the dark. Communicate with them, and they're much more likely to cooperate with you.

Step 12: Give customers the option to check out as a guest.

Many online stores require customers to create an account before they can complete a purchase. From a customer's perspective, the benefits of having an account are numerous. Once a customer has registered, his shipping addresses, credit card information, and other shopping preferences can be stored on your website, facilitating faster checkout on each subsequent visit to your online store.

While the convenience sounds attractive, studies have shown that mandatory accounts are a big turnoff to shoppers, so much so that many customers would rather abandon a purchase than spend the time filling out even a short registration form, especially if it requires they give up personal information.

To avoid losing customers in this manner, *always* provide shoppers with the option of making a purchase without having to apply for an account, as Fossil (www.fossil.com) does on its online store, shown below. Time-stressed or privacy-wary shoppers who don't want to create an account can choose Option 1 and skip the registration process altogether.

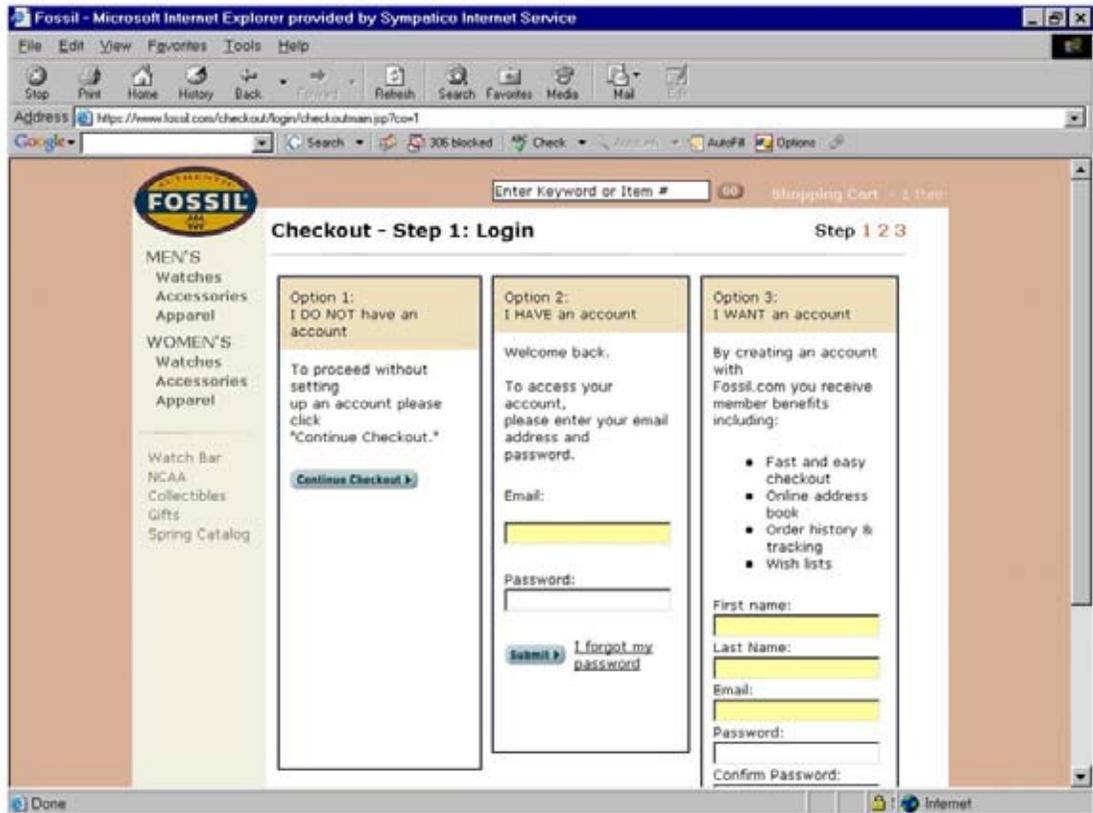


Image Used With Permission of Fossil, Inc.

This may not be the most efficient way for the customer to interact with you in the future, but it provides a quick, time-saving alternative to registering (or reregistering in the case of a lost account) and it's better than losing the customer altogether.

A guest checkout option is also useful for customers who may have an account, but can't remember the correct user name and/or password. I personally have more user IDs and passwords than keys on my keychain, and like most online shoppers, I have a hard time remembering them all.

Step 13: Prepare customers for sticker shock.

It's always an unpleasant surprise when you make a purchase in a retail store and the tally on the cash register is more than you anticipated. On the Internet, the sticker shock is typically compounded by the shipping and handling charges, which can sometimes take a shopper's breath away.

To keep your customers from revolting, or worse, taking their business elsewhere, keep your shipping and handling fees as low as economically possible. They should also be similar to what your competitors are charging. Online shoppers are notorious for comparison shopping and if you overcharge for shipping, you'll eventually find yourself losing customers.

Avoiding shipping charges altogether isn't a good idea either. I came across one online merchant that didn't display any shipping charges at all, not on its website, and not even on PayPal's confirmation screen.

This omission made me nervous about proceeding with the purchase. Unless there was a "free shipping" promotion underway that I hadn't noticed, how could the shipping charges be zero? I wondered whether the shipping charges were built into the prices, but the website offered no explanation. I feared that an additional fee would be added to my purchase after I confirmed the transaction – a charge that I couldn't see – and so I hesitated about doing business with this particular retailer. If the shipping charges are indeed zero, make sure you warn customers *before* they reach your billing screen.

It's a good idea to calculate shipping costs and taxes as early as possible in the checkout process, rather than waiting to deliver the bad news a few screens later. Not only will this proactive approach minimize last-minute surprises, it will build trust with your customers.

I like the approach used by online bike retailer Competitive Cyclist. At CompetitiveCyclist.com, shoppers can estimate the cost of shipping before they enter the checkout area. Once an item has been placed in a customer's shopping cart, the customer

can click on an “Estimate Shipping Cost” button to calculate the approximate shipping charges. A small window then pops up on the screen, asking for the customer’s state/province and ZIP/postal code. Once this information is supplied, an estimated shipping cost is calculated for the customer.

A more common tactic is to simply estimate the shipping charge before the customer starts filling out any forms. Timberland (www.timberland.com), for instance, automatically provides a shopper with an estimate of shipping charges once an item is placed in his shopping cart:

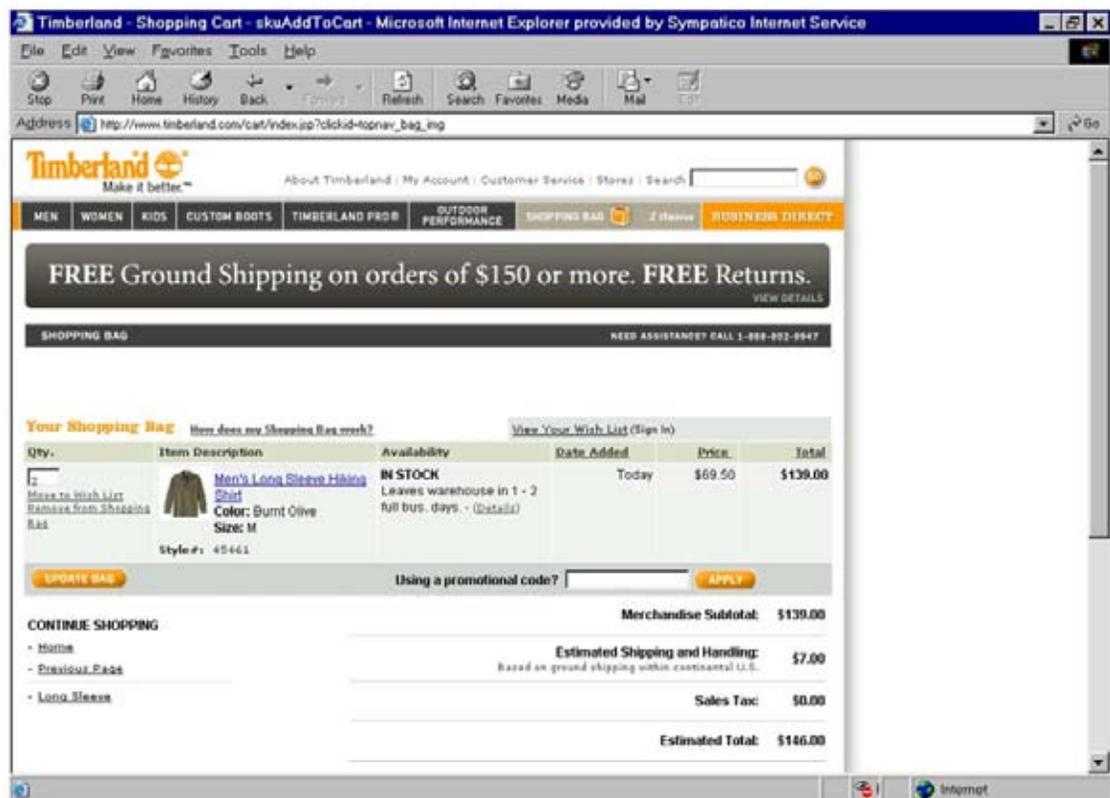


Image Used With Permission of The Timberland Company. © 2006 The Timberland Company

If you’re wondering how this is possible without a shipping address, it’s quite easy. Timberland simply uses the lowest available ground shipping charge available from its preferred logistics provider. The customer will have an opportunity to choose a faster shipping method on a later screen, but in the meantime, he has a ballpark estimate of the minimum amount he can expect to pay.

Step 14: Tell customers when you're *not* going to charge them.

Online shoppers frequently withhold a purchase decision until the very last minute. Naturally, they want to gather as much information as possible before making a “buy” or “no buy” decision. Since shipping charges and taxes are often invisible until midway through the checkout process, it's very common for undecided customers to begin checking out, simply as a means of gathering information on pricing or shipping.

For shoppers who haven't yet committed to making a purchase, proceeding through a virtual checkout line can sometimes feel like walking through a minefield. They worry about clicking every single “Continue” button because they don't know what danger lurks behind it. This is another instance where communication with online shoppers is paramount.

Try and anticipate your customers' fears. With this in mind, choose the words on your navigational buttons very carefully. Use terms like “Continue” or “Next Step” in the middle of the checkout process and “Order” or “Pay” or “Confirm Purchase” at the final step. Don't use a word like “Submit” in the middle of the checkout flow – it suggests finality, or a charge to the customer's credit card – and it may cause a customer to be apprehensive about continuing.

Throughout the checkout process, simple messages like, “Your credit card will not be charged yet” will build trust and prevent your undecided shoppers from abandoning their purchases.

Sometimes a registration page can be intimidating. Online retailer Finewine.com (www.finewine.com) requires customers to register with an email address and password before their orders can be processed. This step occurs after a customer has placed an item in his shopping cart and has decided to checkout. Recognizing that some customers may worry that they've reached the point of no return, Finewine.com includes the following reassuring message on its registration page, as seen below: “Providing this information does NOT obligate you to make a purchase.”

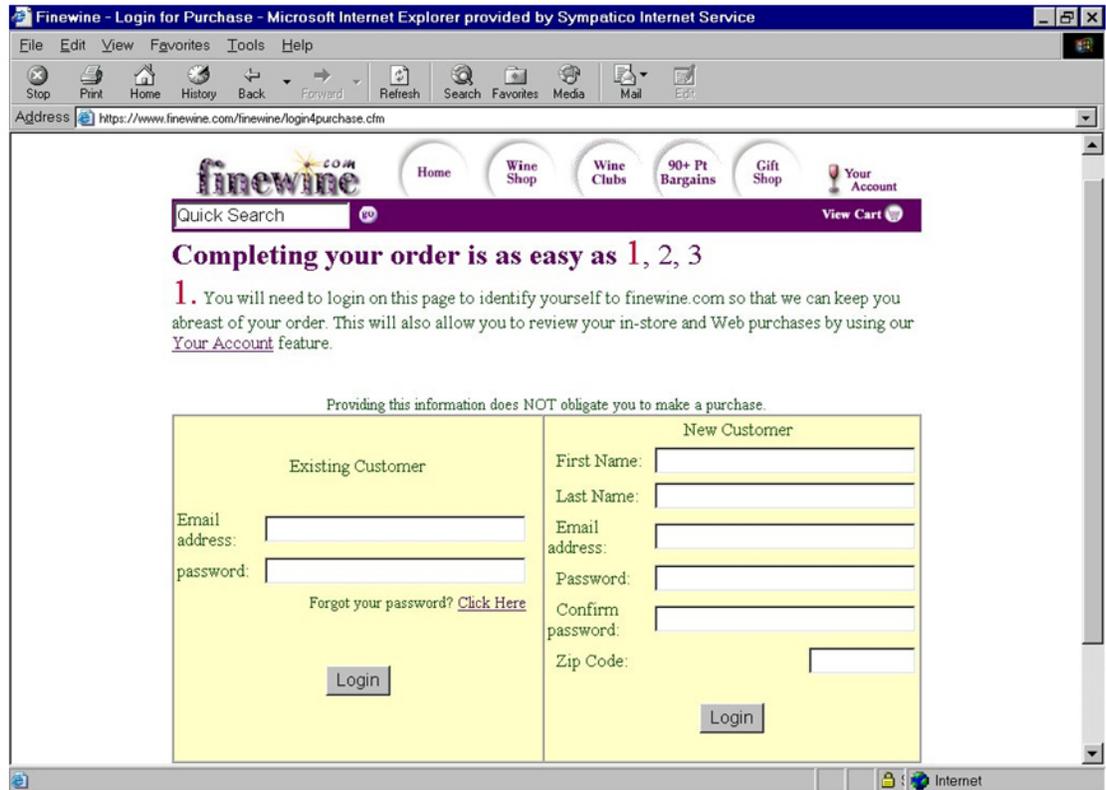


Image Used With Permission of The Timberland Company. © 2006 The Timberland Company

Step 15: Tell customers they can make changes later.

Few online stores let shoppers know they'll be able to make changes right up until the last minute, yet a simple message like this can be very reassuring to hesitant customers.

Consider the website of SheetMusicPlus.com (www.sheetmusicplus.com). At each step of the checkout process, customers are told that they'll be given a chance to modify an order before it's submitted. It's a terrific, yet simple, strategy.

After inputting their shipping information, customers see the message, "You'll still be able to make changes" before they continue to the next page. And when

shoppers reach the bottom of the billing page after entering a credit card number, they're once again reassured by the message, "You'll still be able to make changes before you submit your order." You can see the billing page below.

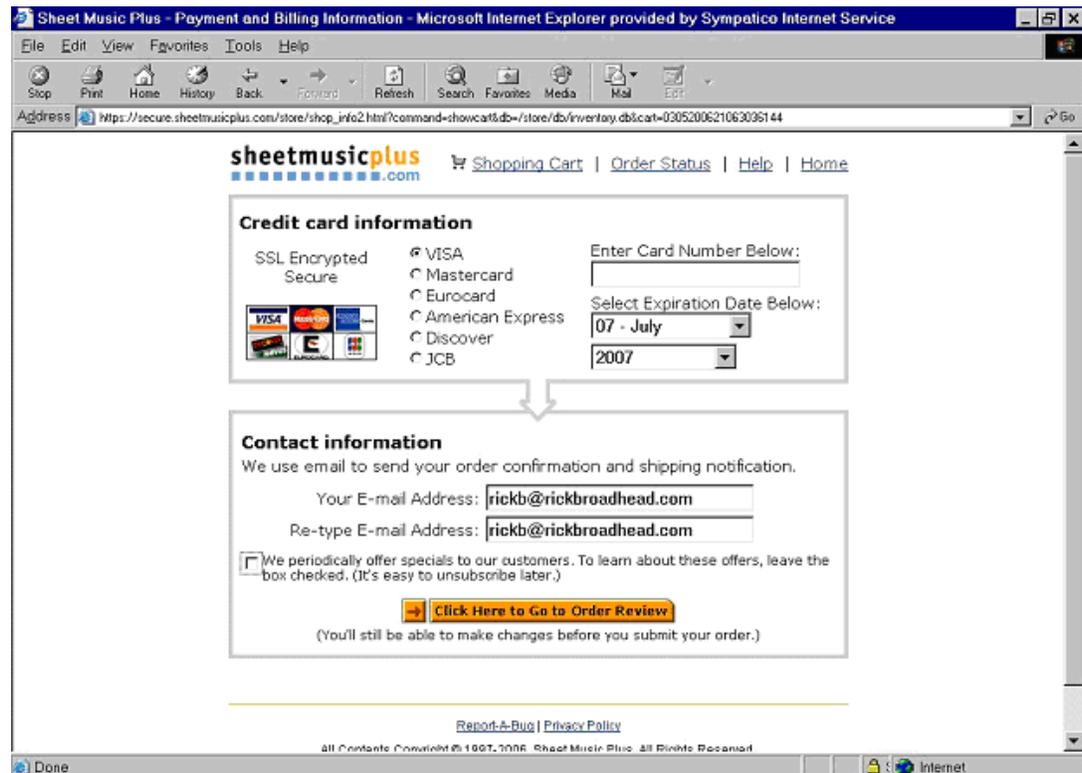


Image Used With Permission of Sheet Music Plus

These calming messages are a rare sight on retail websites, but they're an excellent way to build confidence and keep customers moving toward the final checkout screen.

Of course, these messages should only be displayed if your customers *can* make changes once they reach the final stage of the checkout stream.

Every online store should have a final step, a confirmation page, where a customer can review an order and change it if necessary. While I've come across many online retailers that give a customer a final opportunity to change a shipping or billing address, few provide the ability to add/remove/change a product at the last minute.

BlueFly.com (www.bluefly.com) is exemplary in this respect. When a customer reaches the final stage of checkout (shown below), he is given a chance to modify every aspect of his online order – the shipping address, the payment method, the billing address, and even the contents of his shopping cart.

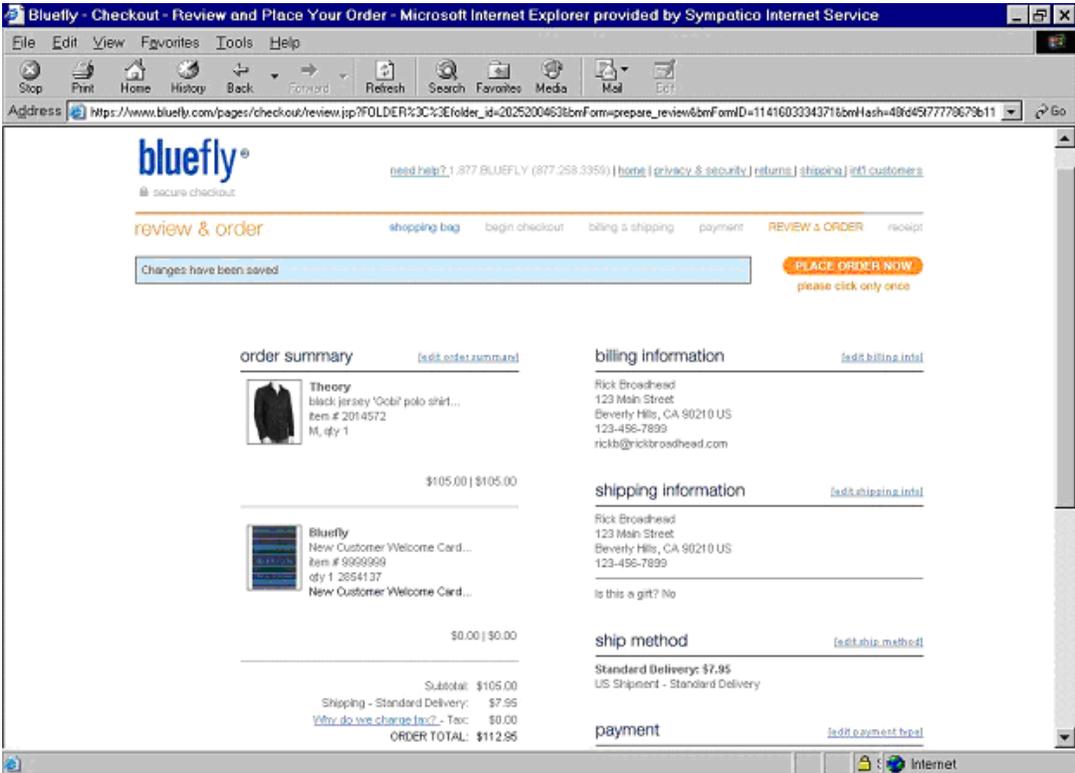


Image Used With Permission of Bluefly

A fully editable confirmation page like this will give your customers peace of mind and provide a final opportunity for them to review their orders for any errors.

Sometimes a confirmation page can be confused with a receipt. Make sure it's clear that the customer needs to click a confirmation button such as "Place Order Now" (as in the screen above) or "Submit Order" in order to complete the transaction.

Step 16: Allow customers to save their shopping carts.

Have you ever been in a supermarket and seen a shopping cart full of groceries sitting unattended in an aisle? It's a common sight. Has the customer left the store or did he walk over to another aisle to pick something up? Will he return?

Online, abandoned shopping carts are a persistent problem. E-commerce merchants have been studying the phenomenon for years and the results are enlightening, even encouraging. Just as in the real world, we know that online shoppers love to browse and comparison shop. While some online shoppers may know exactly what they want, and don't want the hassle of running from store to store, other consumers are reluctant to make a quick decision, preferring to check out the competition before choosing which merchant they want to do business with.

A survey by California-based security firm ScanAlert found that 35% of online shoppers spend more than 12 hours contemplating an online purchase, with 21% needing more than three days (in some cases longer than a week) to reach a final decision.³

So what determines whether a customer will return to an abandoned shopping cart? ScanAlert's research shows that customers are primarily influenced by price, product availability, safety, and trust. So, in addition to making sure your products are well-stocked and priced competitively, it's important to convey a sense of trust and security to your customers. If they feel confused or uncomfortable about your return policy, the security of their online transaction, or any other issue, you could lose business to a competitor who has done a better job at building a more trusting online environment.

But let's say a customer does feel comfortable with your online store and after several days of contemplation, he has decided to do business with you. How easy will it be for the customer to pick up his transaction where he left off?

In a brick-and-mortar grocery store, you can be sure that a shopping cart left abandoned in an aisle three days ago won't be there three days later. But in an online store, a customer's shopping cart can be preserved for the customer's eventual return.

On Dell's online store (www.dell.com), a "Save Cart" button appears in the upper left-hand corner of every customer's shopping cart, as seen below.

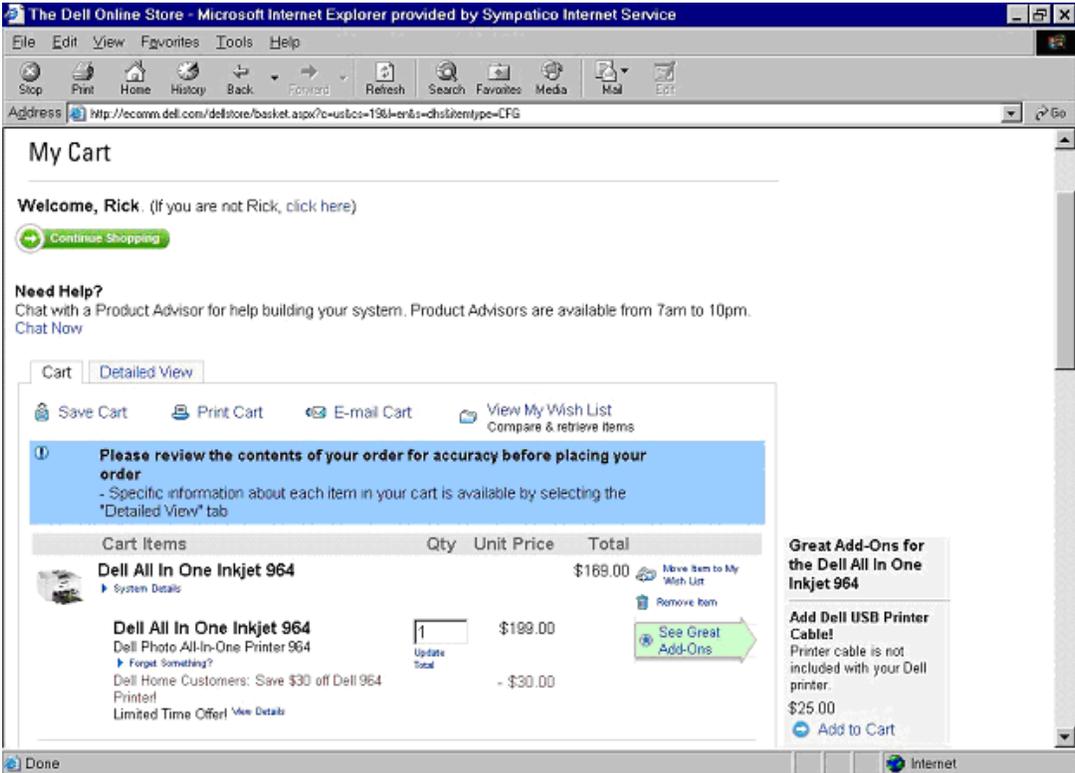


Image Used With Permission of Dell

When a customer clicks on “Save Cart,” the purchase is automatically saved for 30 days, as shown below.

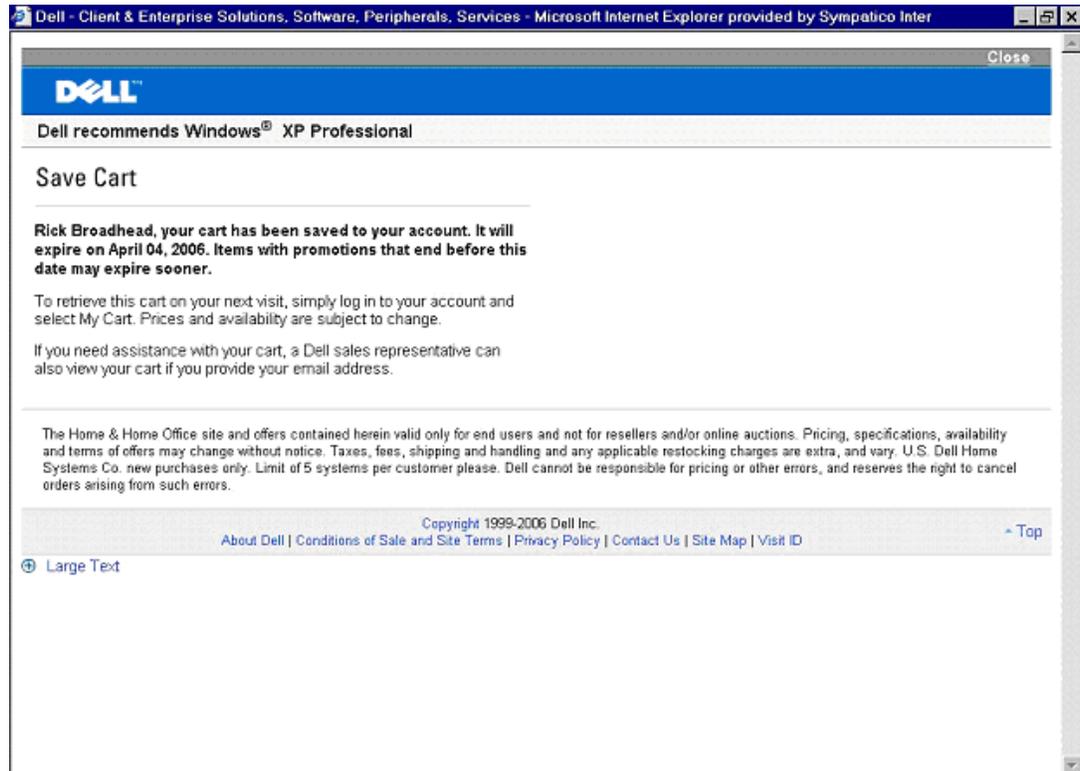


Image Used With Permission of Dell

In order for a customer to use this feature, however, he needs to have an account on Dell’s website.

A different approach is used by Woodstock Quilt Supply (www.quiltstock.com), an online retailer of quilting supplies. As with Dell, a “Save Cart” option appears with the customer’s shopping cart:

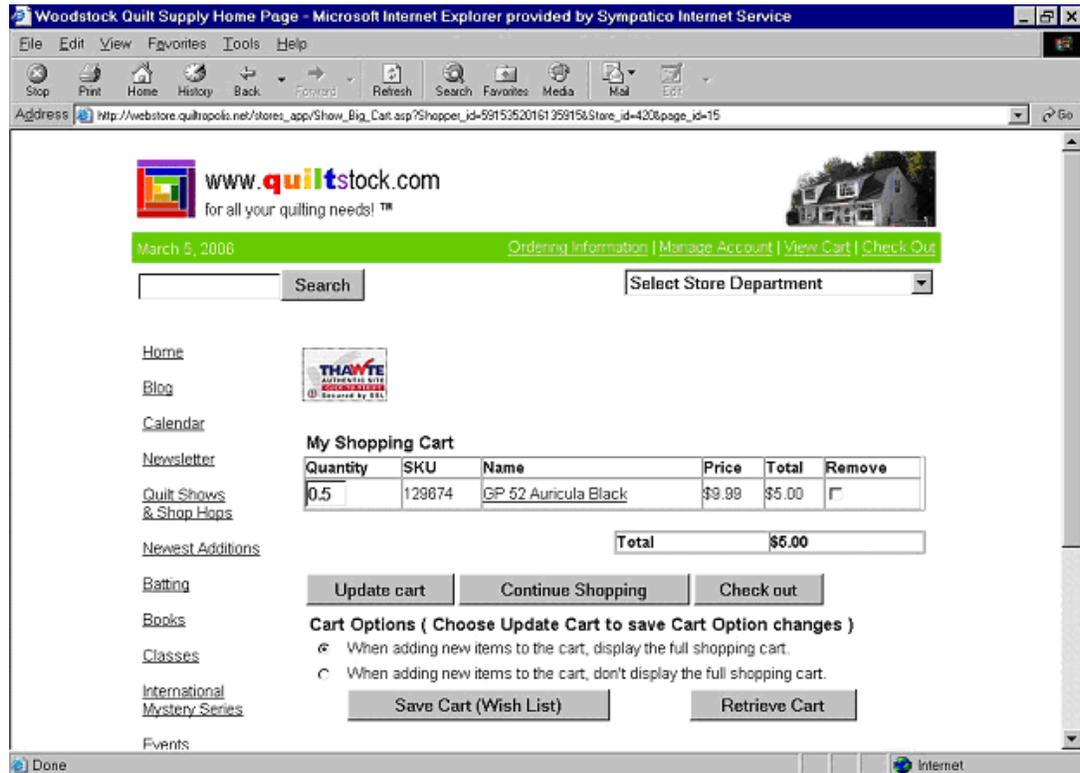


Image Used With Permission of Woodstock Quilt Supply

However, in this case, there's no need for a customer to register with the merchant or create an account. All a shopper has to do is provide his email address:

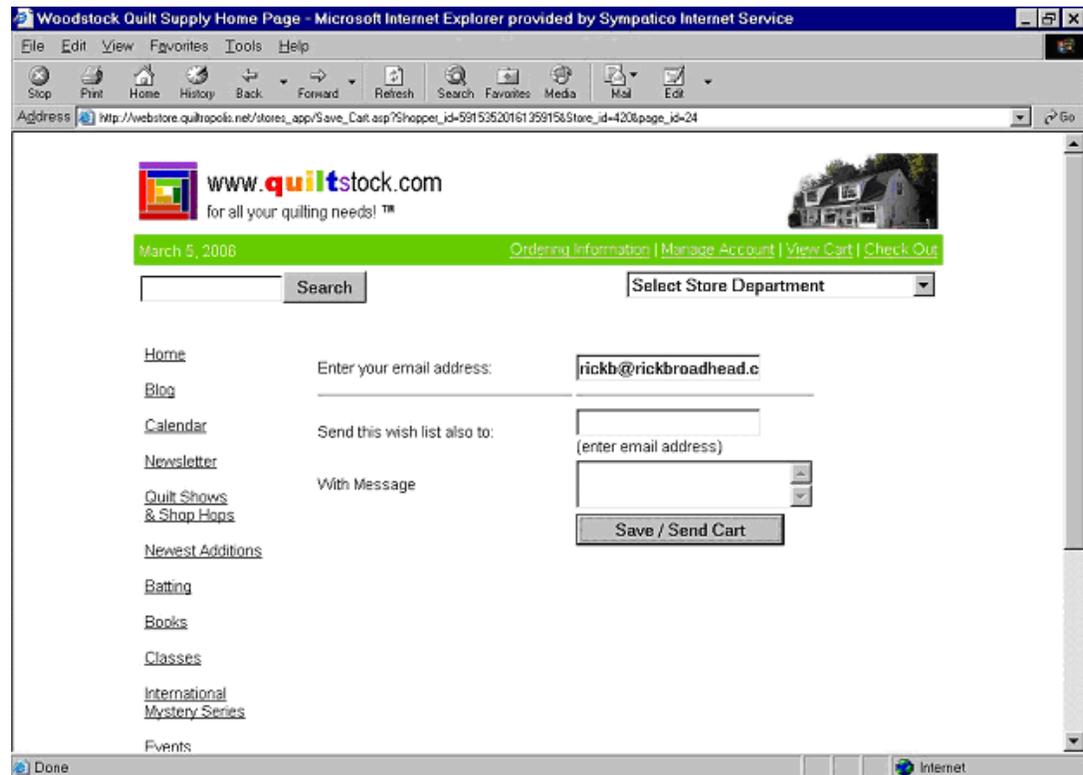


Image Used With Permission of Woodstock Quilt Supply

A personal ID number will then be sent to the email address he specified:

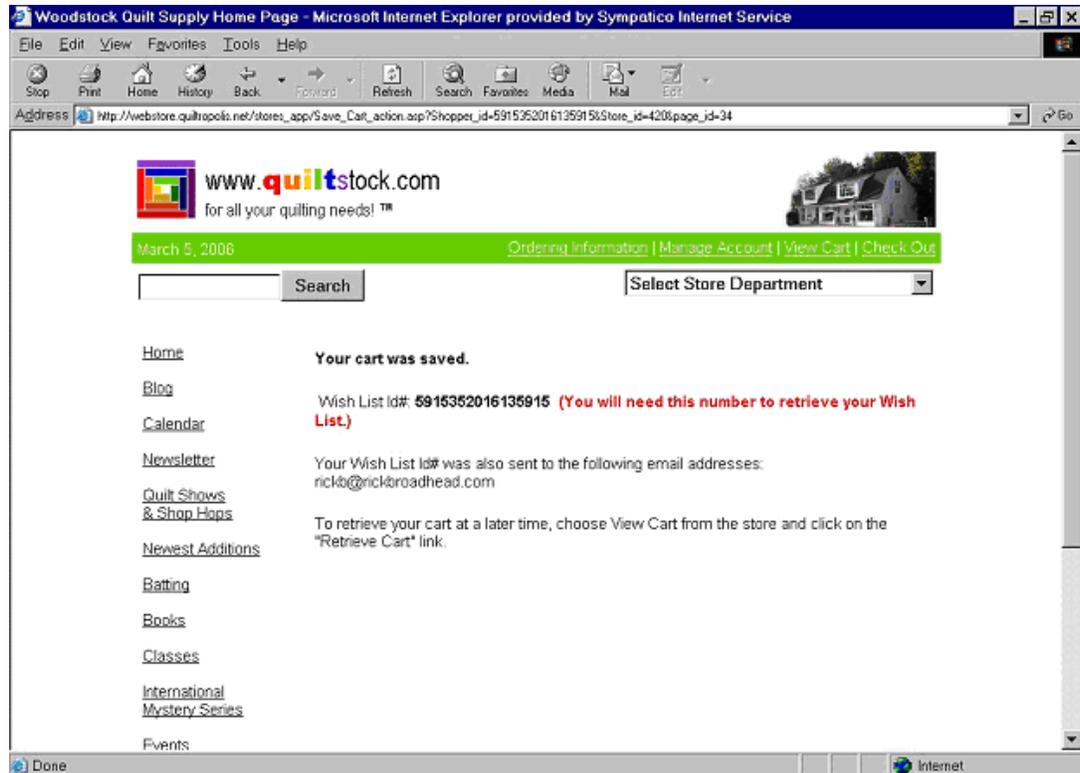


Image Used With Permission of Woodstock Quilt Supply

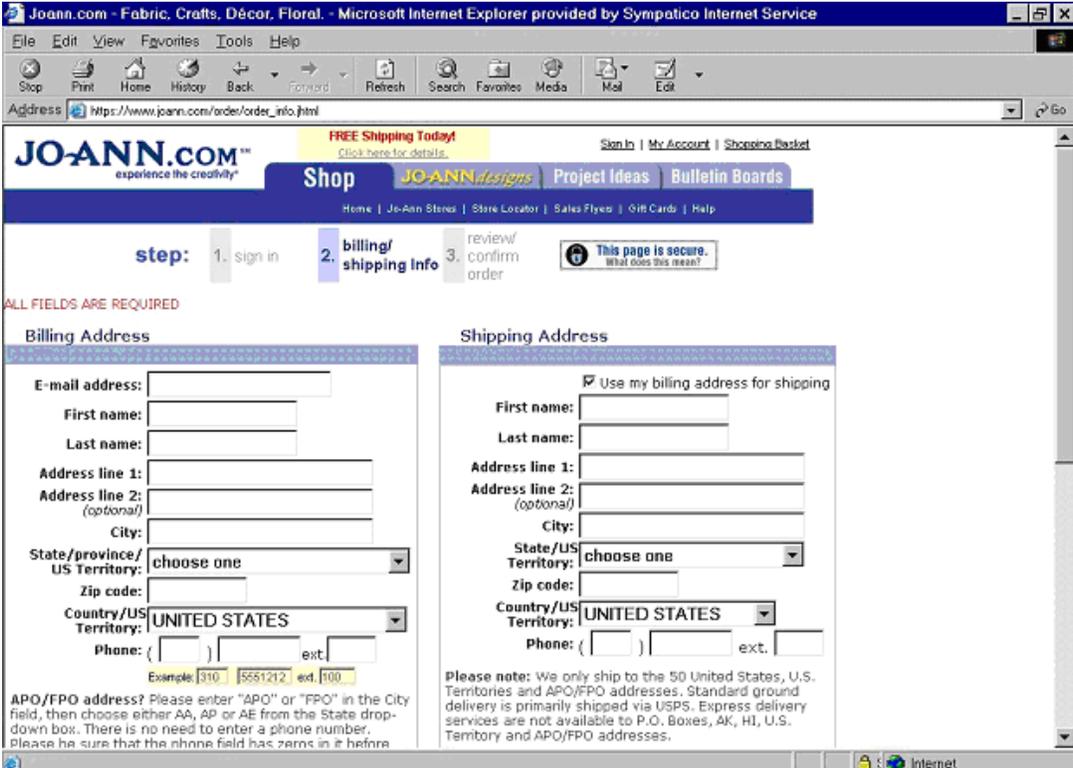
The customer can use his ID number to view the contents of his shopping cart at a later date.

Since many websites use “cookie” technology to store customer information, I’ve found that many online stores keep a customer’s shopping cart active for extended periods of time. Customers who return to a merchant’s website days or even weeks later may still find their shopping carts intact. But this will only work if the customer returns to the website with the same computer that was used on the first visit. If a customer is using more than one computer to shop online (such as a laptop and desktop computer), a “Save Cart” option is essential to ensure the customer has instant access to his shopping cart from any location.

Step 17: Use clean, nontechnical language.

When shoppers are completing a transaction on your online store, it's important they know their purchases are secure. But don't use technical language to reassure your customers. A phrase like "We use SSL Encryption to secure your purchase" may sound impressive, but the meaning of this type of encryption will be lost on the average online shopper. A simple, straightforward message like "This page is secure" with a link to more information is much more helpful.

On the online store of Jo-Ann Stores (www.jo-ann.com), for example, a rectangular button with the message "This page is secure" is displayed throughout the check-out process. You can see it in the screen below, at the top of the page:



The screenshot shows the Jo-Ann.com checkout page in Microsoft Internet Explorer. The browser's address bar displays https://www.joann.com/order/order_info.html. The page features a navigation bar with the Jo-Ann.com logo and the tagline "experience the creativity". Below the navigation bar, a progress indicator shows three steps: "1. sign in", "2. billing/shipping info" (the current step), and "3. review/confirm order". A prominent yellow button with a padlock icon and the text "This page is secure. What does this mean?" is located at the top right of the checkout area. The main content area is divided into two columns: "Billing Address" and "Shipping Address". Both columns contain form fields for E-mail address, First name, Last name, Address line 1, Address line 2 (optional), City, State/province/US Territory (dropdown), Zip code, and Country/US Territory (dropdown). The "Shipping Address" column also includes a checkbox for "Use my billing address for shipping". A "Please note" section at the bottom of the shipping address form states: "We only ship to the 50 United States, U.S. Territories and APO/FPO addresses. Standard ground delivery is primarily shipped via USPS. Express delivery services are not available to P.O. Boxes, AK, HI, U.S. Territory and APO/FPO addresses." The browser's status bar at the bottom indicates "Internet".

Image Used With Permission of Jo-Ann.com

Customers who click on the button will see a popup window appear, offering a nontechnical overview of the site's security measures:

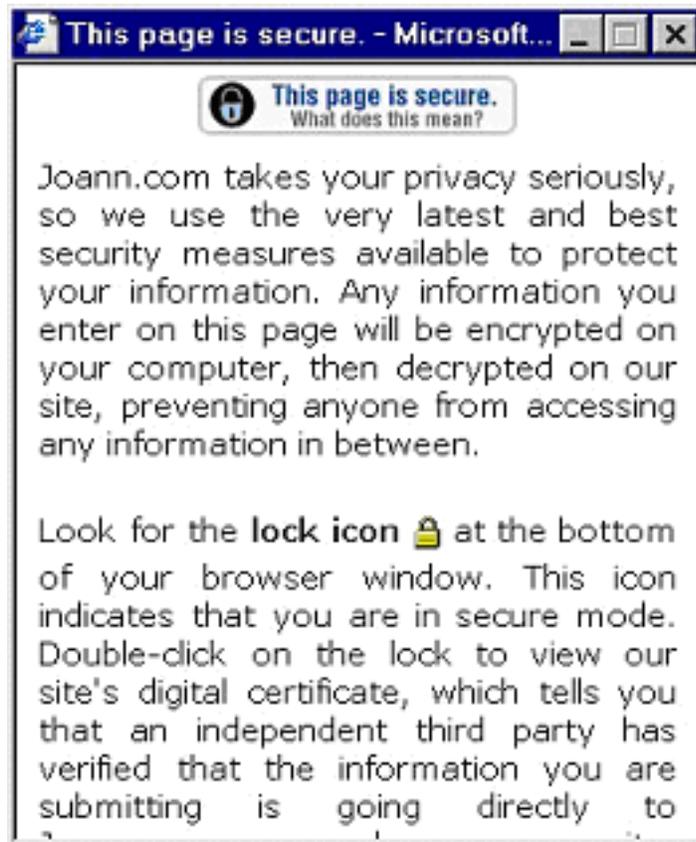


Image Used With Permission of Jo-Ann.com

Step 18: Use third-party security certification.

It seems that hardly a day goes by without a media report about an online security threat of some kind. With the constant media spotlight on hackers and Internet viruses, online shoppers are more vigilant than ever before. Not surprisingly, there appears to be a correlation between sales and customer knowledge of a website's security status.

Yankee Candle Company, an online retailer of scented candles, ran an experiment to see whether online shoppers would be influenced by a third-party security guarantee. Using a service called ScanAlert, which provides daily security audits for online retailers, the company was surprised to discover that online orders were 12.8% higher when the ScanAlert banner was displayed during checkout.⁴ In the screen below, notice the "Hacker Safe" banner on the right-hand side. The banner indicates that the website has been rigorously tested and that it adheres to the highest standards of online security.

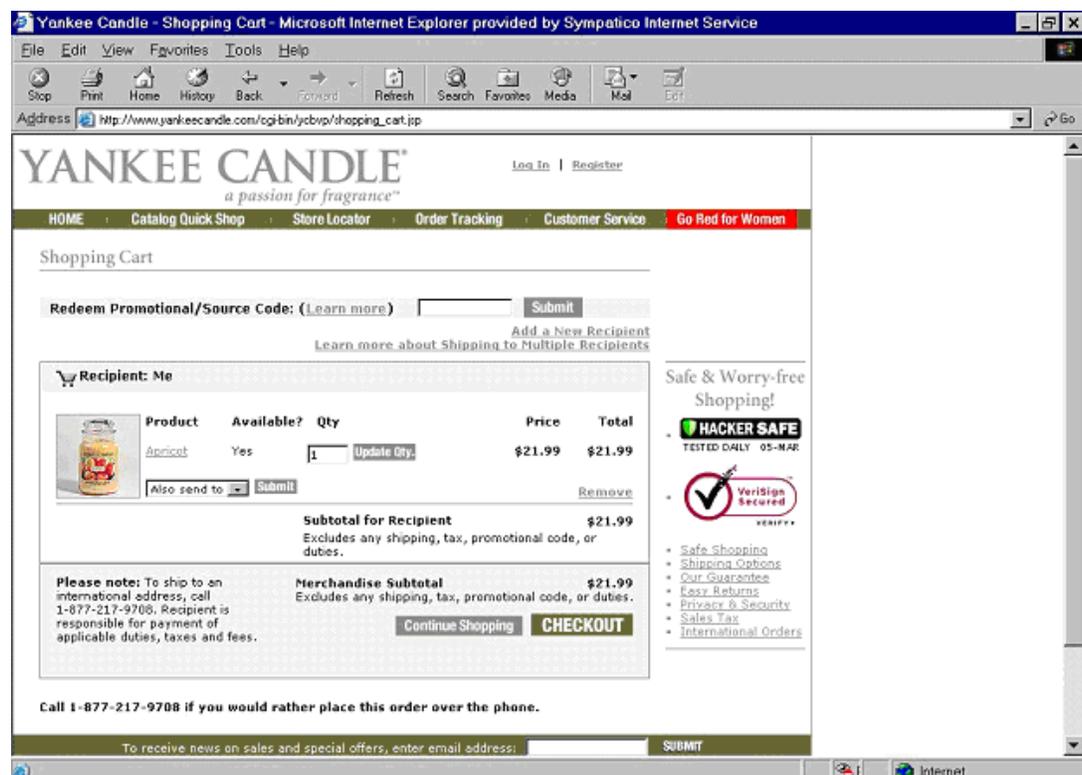


Image Used With Permission of The Yankee Candle Company

Shoppers who click on the banner will receive further information in a popup window:



Image Used With Permission of The Yankee Candle Company

There's tremendous value in having a third-party company monitoring your website's security on a 24/7 basis. Consumers will feel safe when they see that an independent, reputable organization is protecting your online store from hackers. And that means they're likely to come back and do business with you again.

Step 19: Display contact information and store policies throughout the checkout process.

When shopping in brick-and-mortar retail stores, shoppers are accustomed to seeing a store's return policy displayed at the checkout counter. If it's not displayed, they can always ask the cashier.

When shopping online, however, there is no cashier, so customers generally have to rely on whatever information they can find on the website. During every step of your checkout process, customers should have quick and easy access to your store's return policy, privacy policy, and any other important information that may influence their decision to do business with you. You should also have your store's contact information (e.g. a telephone number) displayed throughout the checkout process, so a customer with a last-minute question can get a quick answer.

While many online stores have their return and privacy policies available somewhere on their websites, these policies are usually not visible or easily accessible during the final stages of checkout, when a customer is finalizing a transaction. Without this vital information, a hesitant customer may decide to abandon the purchase.

All of your store's policies should be no more than one click away from each checkout page. And ideally, customers should be able to view any of your store's policies without having to leave the checkout area.

A great example of this approach is found on the online store of A&E Television Networks (store.aetv.com). Notice in the screen below that customers have one-click access to the store's privacy and security policies, money-back guarantee, taxes, and shipping rates – all of which are available in a “Need Help” box that is *consistently* displayed through the checkout process.

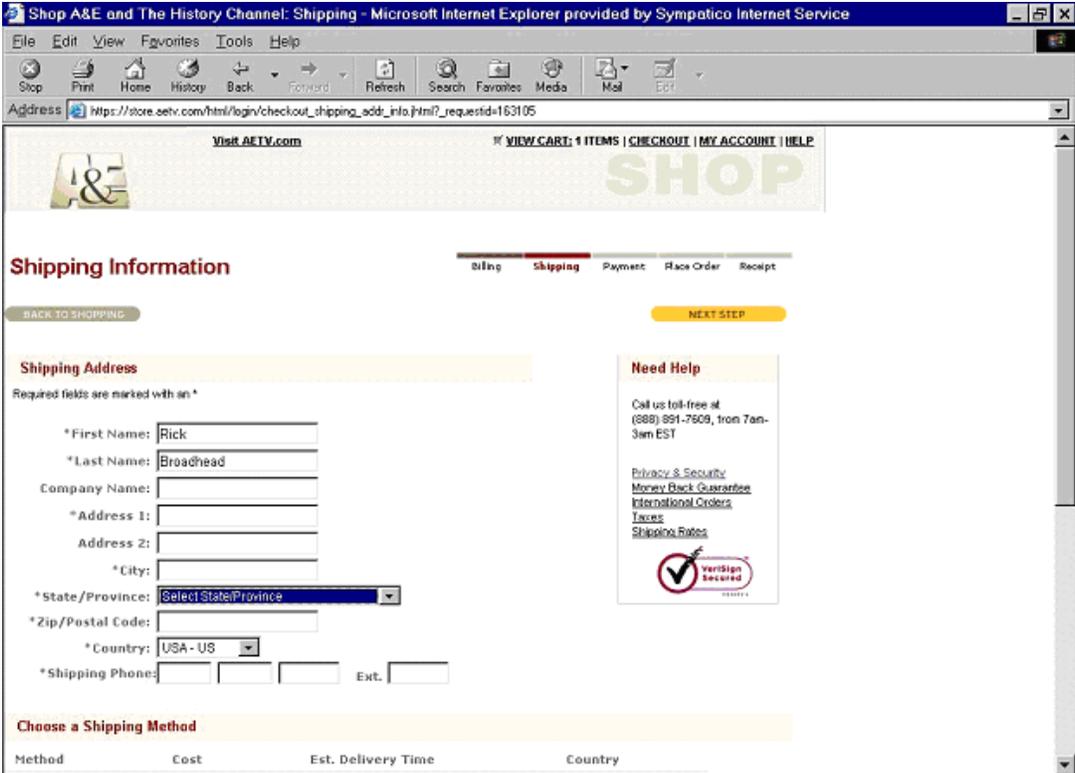


Image Used With Permission of A&E Television Networks. Copyright AETN.

A customer can click the “Privacy and Security” link, for example, and view this information in a separate window – without having to leave the checkout screen.

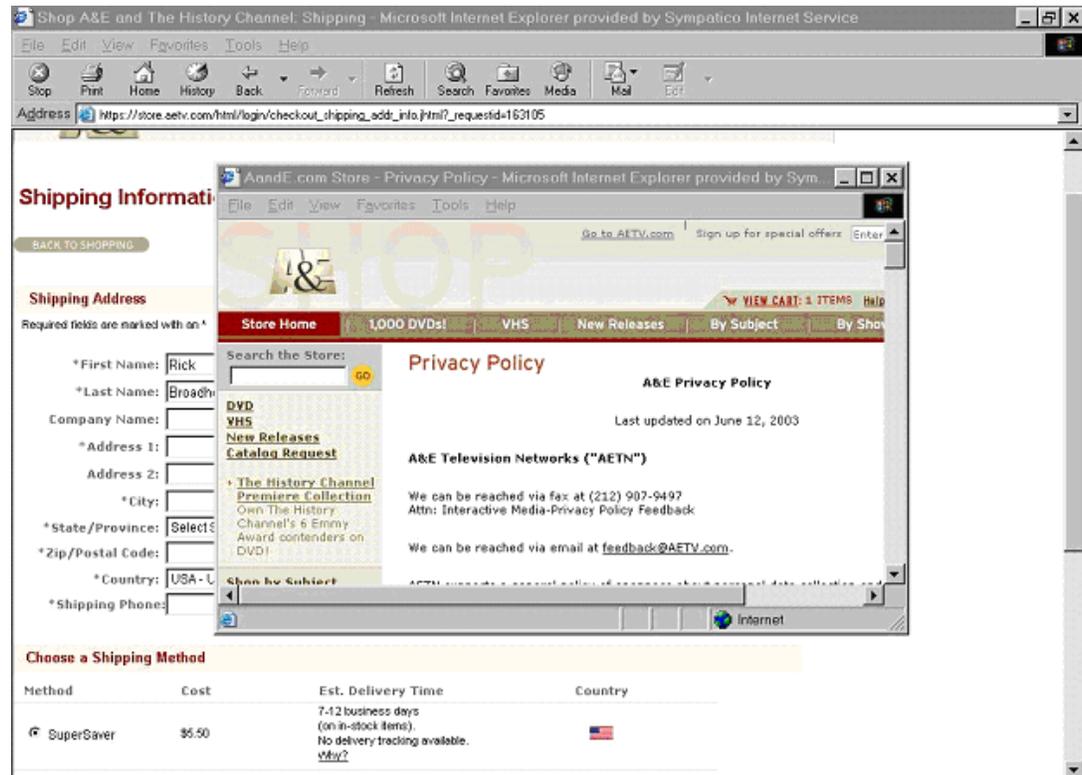


Image Used With Permission of A&E Television Networks. Copyright AETN.

Step 20: Avoid “dead ends.”

As indicated previously, it’s a good idea to display links to privacy policies, refund policies, and other customer service information throughout the checkout process. If a customer clicks any of these links, make sure there is a highly visible button the customer can press to return to his shopping cart. I’ve come across many online stores that take customers to “dead ends” – pages without a link back to the customer’s shopping cart. These dead ends are guaranteed to frustrate customers – and cost you business.

Step 2I: Make sure customers can return to the checkout line.

As customers proceed throughout your checkout screens, they may want to return to the shopping aisles of your online store, perhaps to look at another product or deliberate the purchase a bit longer. To prevent customers from doing this, some merchants have designed their checkout screens so there are few or no external links. I don't advocate this approach, since it's tantamount to holding the customer hostage in the checkout aisle. It may also force a customer to use his browser's "Back" button to return to a previous screen. This action frequently results in a browser error, and the loss of customer data.

If a customer does successfully return to a previous screen to correct an order and then wants to jump forward to the end of the checkout stream, he doesn't want to repeat all of the intermediate steps again, such as filling in shipping and payment information. Many online stores don't retain this information once a customer leaves the checkout area, forcing the customer to start from scratch again if he wants to make a purchase. Clearly, this will frustrate customers and it could result in business being lost.

Rather than worrying about whether or not your customers are going to come back after leaving the checkout area, focus on designing your website so that customers can easily jump back and forth between the checkout screen and the main site. Customers who want to complete a purchase will be able to do so easily and those customers who have changed their minds (or need further information) can leave the checkout area and return a few minutes later without losing all the data that was previously entered.

Once a customer has left the checkout area and returned to the shopping pages, he should always have quick access to his shopping cart and the checkout screen, without having to retype any data.

Step 22: Provide multiple payment options.

While most customers are comfortable paying by credit card or PayPal these days, it's a good idea to offer shoppers other options as well. Unfortunately, very few on-line stores integrate these alternative options into the checkout process. I like Art.com's (www.art.com) checkout page for this very reason – it seamlessly offers customers a wide variety of different payment options, including credit card by phone, credit card by fax, personal check, and money order, as you can see below:

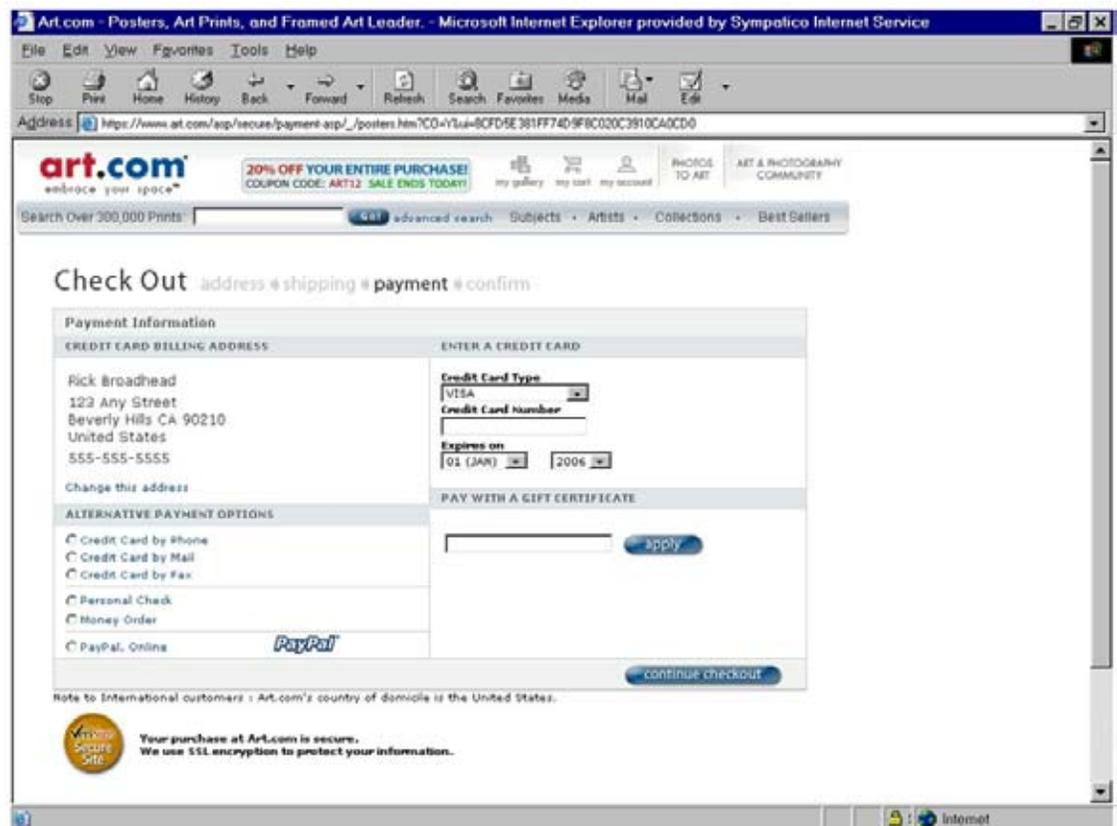


Image Used With Permission of Art.com

If a customer selects Credit Card by Phone, he'll be instructed to call a toll-free number to place the order securely over the phone:

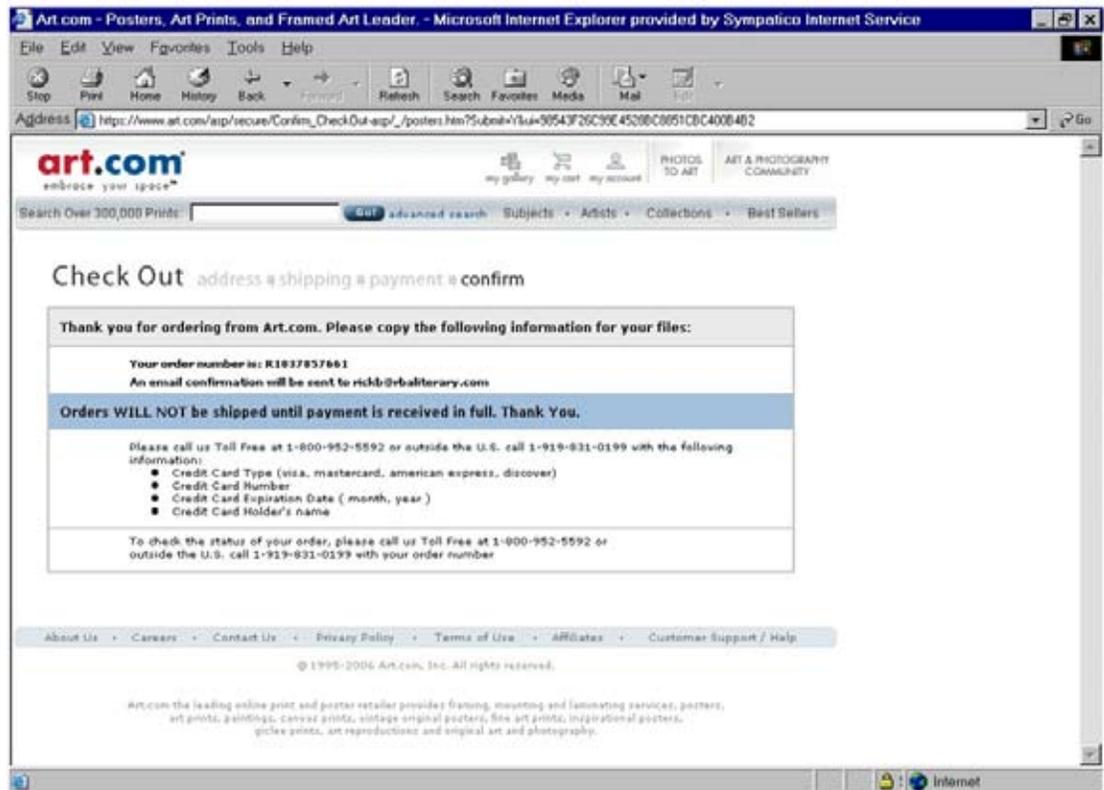
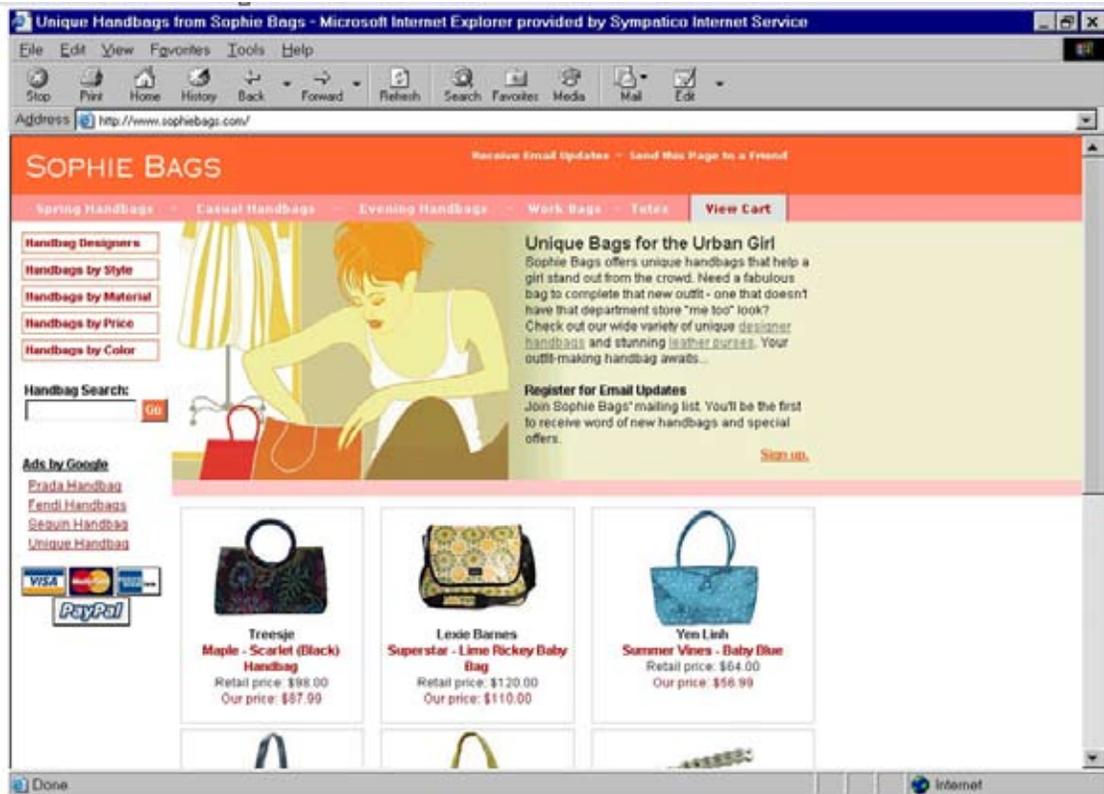


Image Used With Permission of Art.com

To encourage payments through PayPal, you should clearly display the PayPal logo on your homepage and in other appropriate locations in your online store. You can get PayPal logos and usage guidelines at the PayPal Logo Center, which can be found at the following URL:

<http://www.paypal.com/logocenter>

Small-to-medium-sized businesses get an average sales lift of 14% by accepting PayPal¹, so it's in your best interest to promote PayPal on your website. To this end, don't force customers to go searching through your website to see if you can accept a PayPal payment. The homepage for Sophie Bags (www.sophiebags.com) is a perfect model to follow. Notice the PayPal logo on the left-hand side of the screen:



Source: Sophiebags.com Image Used with Permission of Sophie Bags

¹ 2006 PayPal phone survey of small and medium sized business doing a minimum of \$120,000 USD in annual online sales.

Another excellent example of PayPal logo usage is the storefront of Sandlotscience.com (www.sandlotscience.com), an online merchant selling books, puzzles, and optical illusion products. In the screen below, notice how PayPal is highlighted along with the other methods of payment the store accepts:

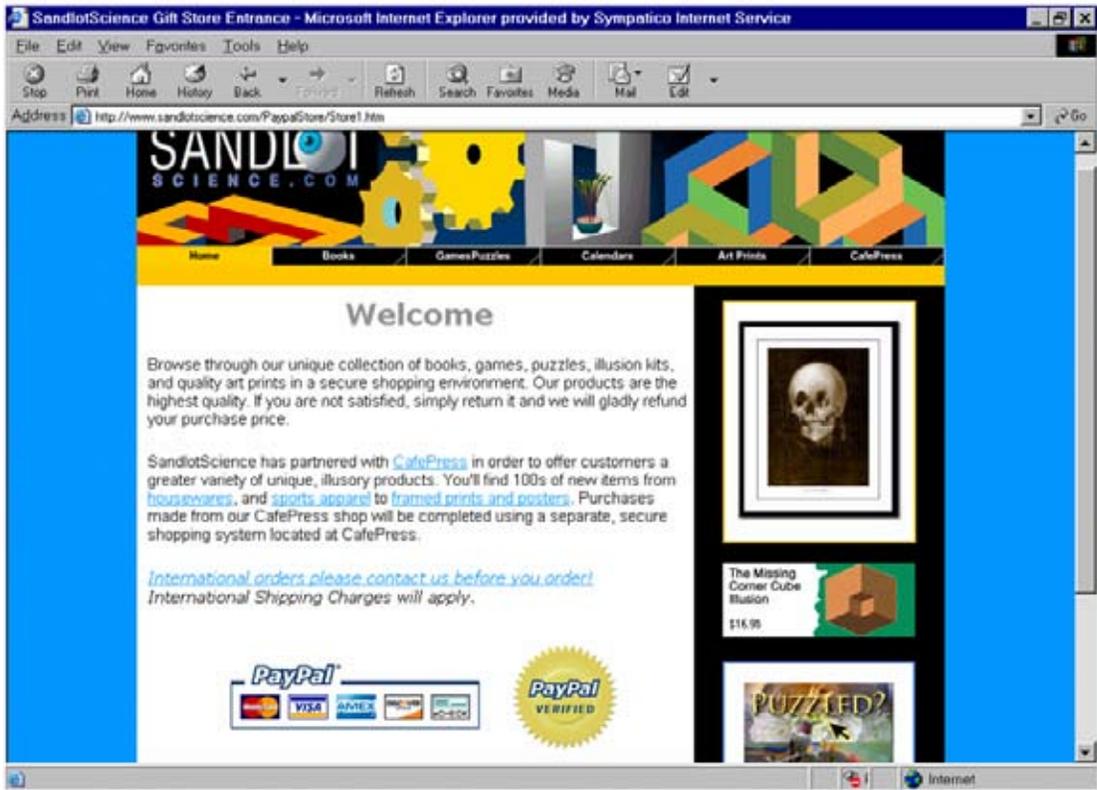


Image Used With Permission of SandlotScience Image Used With Permission of SandlotScience

Step 23: Provide a receipt.

Once a customer has confirmed an order and the transaction has been processed, provide the customer with a receipt summarizing the purchase. Make sure you include your return policy on the receipt, and provide your contact information (both telephone and email) and office hours in the event the customer needs to contact you. You should display the receipt on the screen, but also send a duplicate copy to the customer by email. This will confirm that you received the order and reduce the likelihood of a chargeback from the customer.

I frequently come across online stores that display a receipt on the screen and say “Please print this receipt for your records.” This is frustrating to shoppers who don’t have a printer handy, so make sure that you email a copy of the receipt as well.

Step 24: Offer to help customers who are about to abandon their purchases.

If a customer is about to finalize a transaction and becomes confused or concerned, he may click the “Back” button on his Web browser to try and return to the previous screen. This is a good indication that the customer is hesitating for some reason. The “Back” button on a Web browser is like a pilot’s eject button in an airplane. It’s a quick way out.

Most online stores do nothing when a customer tries to leave the checkout area, but imagine if this happened in a brick-and-mortar retail store. No astute sales clerk would let a customer walk out the door without offering assistance, especially if a purchase had already been rung up and the customer was about to hand over his credit card number.

So what can online retailers do? I really like the approach used by online kitchenware retailer Cooking.com (www.cooking.com). Shoppers on this website will see a popup window (shown below) if they click their browser's "Back" button during the final step of the checkout process. Such an action might indicate a customer in distress, so Cooking.com offers a toll-free number for live human assistance:



Can We Help?

PROBLEM PLACING YOUR ORDER?

1 Having problems? [Click here](#) to contact us or call us at 1-800-663-8810 from 7am to 5pm pacific time for assistance.

SPECIAL OFFERS!

2 We may have a special promotion that applies to your order. [Click here](#) to view our current promotion.

Thank You for Shopping at


CLOSE WINDOW

Image Used With Permission of Cooking.com

Alternatively, you might consider using a financial incentive. Once, when I attempted to leave an online retailer's store after placing an item in my shopping cart, I was generously offered a 5% discount, but only if I agreed to complete my purchase rather than abandon it. The enticement appeared in a pop-up window on my screen.

Since popup windows can be annoying, you should use them judiciously. The popup window should only be triggered if a customer gets all the way to the end of the checkout process, and then tries to back out before inputting payment details. It's a gentle way to say, "We noticed you were about to make a purchase and now you're leaving. Is there anything we can do to help?"

A final word of caution if you like this idea. While offering your undecided customers an online discount sounds like a great incentive, it can actually backfire when put into practice. Once customers realize they can trigger a discount by trying to leave

your online store, they may engage in this behavior deliberately, every time they visit, just to get a better deal. To avoid being manipulated in this manner, provide a toll-free number or access to a sales representative via live chat rather than a financial offer.

Step 25: Remind customers about abandoned purchases.

How many times have you started to write an email and then failed to complete or send it because you became distracted? It's just as easy for a customer to become distracted while shopping online.

There are a variety of reasons why a customer might forget to finish making an online purchase. For example, maybe the customer's phone rang or dinner was ready.

Some online merchants will contact customers who have jettisoned their shopping carts, in the hope of luring them back to complete their purchases. This is only possible, of course, if a customer has identified himself to you, either before shopping by logging in with a user-id and password, or during the checkout phase, if the customer got that far before abandoning the purchase.

If you do decide to email customers to try and entice them to return to your online store, consider extending a discount. It just might help to motivate your undecided customers. One online retailer emailed me several days after I had abandoned my shopping cart and offered a "10% off" coupon. A promotional coupon code was included in the email message, which I could input on the retailer's website to redeem my savings. As mentioned in the previous section, you need to use these types of incentives judiciously, otherwise customers may try and generate them deliberately.

In this day and age, privacy and security are hot button issues, so any type of unexpected communication between you, the merchant, and a customer needs to be handled delicately. A customer may become upset if he receives an email from you reminding him that he still has a bottle of shampoo and some salad dressing in his shopping cart. He may feel that his privacy has been invaded. On the other hand, it's possible that he'll be appreciative and grateful that you reminded him about a purchase he may have forgotten.

Step 26: Test Your Online Store...Again and Again.

Before unleashing your website on the world, test it again and again. Have your family members and friends make purchases on your website as if they were customers. Watch them carefully and make note of any problem areas. Ask your testers to identify areas on your online store where they became confused or had trouble. Solicit suggestions from your friends to make the shopping experience better for your customers.

It's never too late to run usability tests on your website. If your website is already live, you can still invite friends and relatives to shop, make a purchase, and critique the experience. This is the best way to undercover flaws and weaknesses that you didn't notice yourself.

Step 27: Invest in your loyal and repeat customers.

Finally, when it comes to reducing shopping cart abandonment and improving customer satisfaction, don't fall into the trap of forgetting to see the forest for the trees.

According to a survey by WebTrends, a provider of Web analytics software, most retailers have found that repeat customers have lower shopping cart abandonment rates than new customers. In addition, most retailers surveyed by WebTrends found that repeat customers are more likely than new customers to make a purchase after browsing.⁵

These results demonstrate the importance of repeat customers to your business. This is not to suggest that you should abandon your efforts to attract new customers, for these shoppers will hopefully become loyal customers too. Rather, you should make a concerted effort to reward your repeat customers for their business and find ways to generate more purchases from this important, and loyal, market segment.

One way to boost your sales from repeat customers is to create a loyalty or incentive program that rewards customers every time they make a purchase from you. MyStoreRewards is a good example. With it, you can easily begin offering your customers a financial rebate every time they make a purchase from you, and settle the transaction using PayPal. While the amount of the rebate is controlled by you, PayPal recommends a rebate amount of between 1% and 5% of the purchase amount.

While there is a cost for you to administer the MyStoreRewards program, a loyalty program is an excellent opportunity to grow your online business and increase the amount of sales you do with each customer, resulting in an overall increase to your bottom line.

You can read more about MyStoreRewards and try it out for 30 days by visiting the following URL:

<http://www.mystorerewards.com/msr/index.htm>

Another proven technique to increase sales is to offer gift certificates to your customers. Not only can gift certificates bring new customers into your online store (the recipient of the gift certificate may not have shopped with you before), they can result in bigger transactions.

PayPal makes it easy to offer customized gift certificates to your customers. As long as you have a Premier or Business Account, you can get up and running in just a few minutes. There are no setup costs, and you can customize the certificate to suit your needs. When a customer purchases a gift certificate from your online store, PayPal will handle the back-end processing and then email the certificate directly to the recipient. Alternatively, the purchaser can print out the certificate and deliver it personally to the recipient.

For a good example of how gift certificates can be seamlessly integrated into your online storefront, take a look at Sandlotscience.com (www.sandlotscience.com). In the page below, a link reading “Gift Certificates Available” has been placed on one of the product pages:



Image Used With Permission of SandlotScience

Customers who click on the link will be taken to a new webpage where they can choose from a variety of gift certificates:

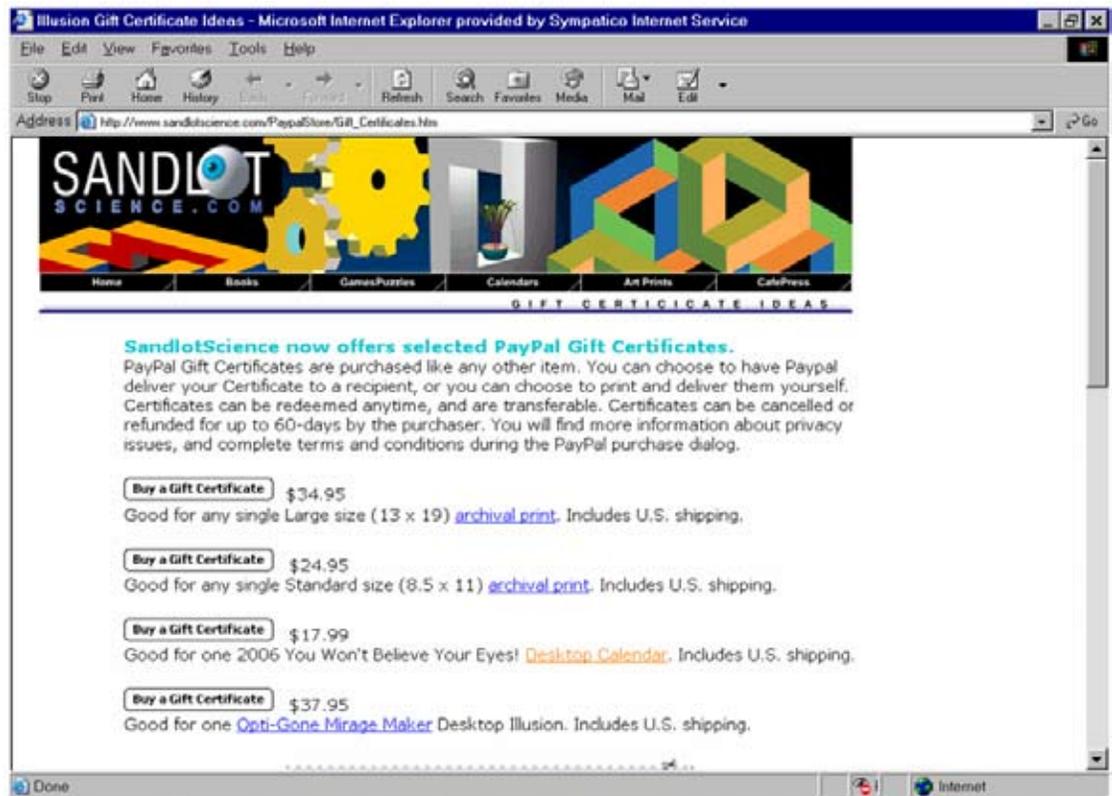


Image Used With Permission of SandlotScience

For more information on PayPal gift certificates, visit the following URL:

<https://www.paypal.com/sellgc>

As you implement the ideas I've recommended in this guide, don't get so caught up in making small changes that you forget about your loyal customers. Some retailers have implemented special discounts for repeat buyers. Another growing trend is for retailers to suggest items based a customer's purchase history. Whatever you do, make sure you keep this segment of your customer base happy!

Conclusion

As long as customers browse and comparison shop online, there will always be a certain amount of shopping cart abandonment. But if a customer wants to do business with you, don't put obstacles in his way. Your online store should be like an open highway, with a clear path from the product pages right through to the final checkout screen. Avoid virtual toll bridges, like registration screens and advertisements, that will force your customers to slow down, or worse, turn around. That's really the secret to avoiding the majority of cases of shopping cart abandonment. If you look at all the recommendations I've made in this report, the majority of them involve either poor communication (e.g. not telling a customer that you're not going to charge his credit card) or poor design (e.g. having too many pages during the checkout process). These problems are, for most online merchants, very easy to fix. Follow the advice in this guide, and I'm confident you'll soon be reaping the benefits of happier customers and greater revenues.

To learn about all of PayPal's merchant services, visit:
www.paypal.com/merchants

End Notes

1 January 24, 2006, Allurent Press Release, "Negative Online Shopping Experiences Pose Serious Danger to Retailers' Brands According to National Consumer Survey."

2 October 11, 2005, Forrester Research, "Rethinking The Significance Of Cart Abandonment."

3 May 2, 2005, ScanAlert, Inc. "A New Era of Digital Window Shopping: From Shopping Cart Abandonment to Purchase."

4 August 22, 2005, ScanAlert/Yankee Candle Company Joint Press Release, "Yankee Candle Company Raises Online Conversion Rate With Hacker Safe Certification."

5 August 2, 2005, WebTrends Inc. Press Release, "WebTrends Survey Highlights Retailers' Expectations and Tactics for 2005 Holiday Season."