

Express checkout: how to raise online retailing efficiency

Fadi Shuman, Pod1, shows how research has helped develop a greatly improved online checkout experience for e-commerce

OVER THE PAST five years we have seen a dramatic increase in the acceptance of online shopping by consumers. The numbers speak for themselves: according to figures for the UK published by the Office for National Statistics and the Interactive Media in Retail Group, of the £26 billion increase in retail sales during this period in real terms, just under £24 billion was online growth. Retailers that have invested heavily in their e-commerce presence are now reaping the considerable benefits from having done so. But this changing consumer purchasing culture has brought with it a need for the online shopping experience to develop with it.

Without doubt, consumer confidence is high in e-commerce. Yes, there is still fraud, but people have come to realise that this is not confined to online transactions, and they are now much more comfortable buying online. For the most part it is seen as a hassle-free way to shop, particularly with the spread of broadband internet access.

The problem is that not all retailers have kept pace with this change. While the successful online retailers have now generally completed, or are about to complete, their second phase of e-commerce development, many are still running on 'first-generation' sites that do little to enhance the consumer journey and are still based around the original technology that represented retailers dipping their toes in the water in the early days of online trading. That's not to say that these sites are in any way backward, it's just that when the bulk of e-commerce sites were created they weren't targeted at customer usability. Today this could represent a major barrier to their success.

Second-generation e-commerce sites are much more focused on the user. They have put more thought into what the consumer wants and they have a few years of historical information on consumers' online buying habits. These websites are now better - although not always great - at giving consumers a better journey to purchase. This is essential, as a side effect of people embracing online shopping is that they are starting to demand as much



Uniqlo: a recently employed single-page checkout system has seen a huge rise in customer completion rates

from their online shopping experience as they do from their offline experience. The savvy online retailers (or e-tailers) are aware of this and are making their customers' online experience as pleasurable as possible.

The next generation

With second-generation e-commerce sites, the journey to purchase is the key factor, with the focus on giving the customer as much information as possible to enable them to make an informed decision. Consumers want to be able to see a product from various angles, zoom in and out, and be able to find out easily all the specifications (height, width, materials used, and so on) to help them make informed decisions to buy. This becomes especially important when there are other competing products out there, and when you can go to shops - and even buy things cheaper offline, because of the battle to draw consumers back into the shops. It is important that e-tailers know what their customers are looking for in their shopping experience, and then ensure they tick all the right boxes. But it doesn't stop there: originally e-commerce was about getting something up and running to keep up with the competition;

now retailers also need to ask themselves 'Is it reflecting the brand?'

Podi tends to get involved with retailers at the stage when they have realised the power of e-commerce and want to develop it and make it work harder for them, and there are several questions we will pose when looking to bring a company's online experience up to date.

>• Is the imagery suitable? As customers cannot touch, feel or even try on products online, a website's imagery needs to get as close as possible to the offline store experience. If you can see the stitching in the picture of a garment, then you have achieved this goal.

>• Is enough of the retailer's range online? For whatever reason, whether it be stockroom space or admin costs, retailers do not put enough of their stock onto their e-commerce sites. This is not good for the shopping experience, as people want to see as much as possible and have the online experience as close to the offline one as possible.

> Is the checkout process as simple as possible? Our research has found that up to 50% of purchasers drop out during the checkout process. That is 50% of people who have passed the stage of researching products and prices on the web and are at



Fadi Shuman is the co-founder/director of Pod1, one of the UK's fastest-growing digital agencies. fadi.shuman@pod1.com

the 'ready to buy' stage. Sometimes this drop-out is due to people not having the correct details to hand - and there is nothing we can do about that - but by keeping distractions to a minimum throughout the process and focusing on making the checkout journey as user-friendly as possible, retailers can dramatically increase their conversion rates. The more clicks consumers have to make, the more likely they are to drop out of a purchase.

This has been a key area of investigation for us. The 50% drop-out rate equates to huge amounts of lost revenue, and we have spent a lot of time investigating, testing and researching how to get consumers to complete the checkout process. This has led to the creation of a single-page, or express, checkout.

The customer journey

The focus of the single-page checkout is on making the customer's journey as easy as possible, and this is the same whether you're selling a £3,000 jacket or a £5 pair of socks. The idea is to strip out all navigation and distractions from the process. Go to buy from some websites and you are confronted with a barrage of questions (ranging from

user-names and passwords to personal details and questionnaires) before you've actually bought anything. While it is undeniably important to find out all this information about your customers, why do it before the customers have made their payment? The reality is that all retailers actually need from a customer when they are making a purchase online is an email address and billing details.

People may be concerned that the removal of the need for passwords is taking away a level of security from the process, but the only reason online retailers need passwords is so consumers can log back in to track their order. Of course, people need to be able to look at their order history, and retailers also need to be able to target specific customers with special offers and discounts, but the username and password can be auto-generated and an email despatched with a predefined link for opening the customer's personalised account page, from where customers can add or edit details, as well as track orders. So there is no reason for all this information to get in the way of the actual purchase process. We need to be taking pressure off the consumer and removing all possible barriers to purchase.

We have recently employed the single-page checkout system in the e-commerce website redesign for fashion retailer Uniqlo.co.uk, and the company has seen a huge rise in customer completion rates. This serves to highlight that retailers need to realise just how important the checkout process is for them. We often explain this by asking clients to compare their online checkout process with that of the offline retail experience. If all the tills are down, or there are huge queues or forms to fill in, then customers will simply go to another shop and you are losing customers - consumers will follow exactly the same rationale online.

Removing distractions

The single-page checkout does exactly what it says, clearing away all distractions and putting the whole purchase process onto one page. This means consumers can see exactly, at every point, what they are

buying. It also displays the full, clear purchase price, including all delivery charges, taxes and sundry charges, at the very beginning of the process. We have found that a lot of people abandon purchases because they discover the delivery charges they thought they were paying are different when they appear further down the line.

As consumers become more familiar with websites they are more interested in having a fast solution to their problems. Multi-page checkout solutions immediately make customers think that this is something that is going to take a long time. With a single-page checkout solution you can see exactly where you are going - if consumers can see a button at the bottom of the page that says 'final >

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Multi-variant testing

We did considerable multi-variant testing - changing very small bits of information across the checkout process and then measuring the increased or decreased response and conversion rates in reaction to this - before devising this system. As part of this, we discovered that the bulk of drop-outs could be divided into two categories: those failing to complete because delivery charges and other pricing was unclear; and those faced with technology issues, such as people getting odd error messages. In the early days of e-commerce, the majority of websites were designed and developed by techies, who were not speaking a language that was encouraging consumers to complete their purchase. However, the most staggering results we had during our testing was when we first put all the pages of a checkout onto one page. This resulted in a dramatic upturn in completion rates, of up to 50%.

payment' they are much more likely to complete the process. It's amazing how the subconscious works in this environment, and one of the*things we will be doing this year is researching the psychological reasons behind why people make the decisions they do in purchasing online.

We work with a wide range of fashion retail and travel clients, and they have all found the system to work well. We have also tried out the concept in the financial sector for loan application forms, and found that despite the apparently daunting look of what they were filling in, people were still far more likely to complete a single-page application. A major advantage within the single-page process is that there are things you can do to ease the journey - for example, by allowing people to save up to certain points, so that they can dip in and out of the process. Basically, more intelligence can be added into the process than in a multi-page process.

Key guidelines

There are three basic guidelines for a successful single-page checkout system:

1. get your warranty and returns information upfront and correct
2. get your delivery information upfront and correct
3. and ensure the customer knows exactly what they are paying right at the beginning of the process.

Get these three right and there are no nasty surprises along the way. If you're an online store with offline counterparts, then offering customers the opportunity to return things in-store is invaluable.

One key barrier to online purchasing is the perceived inconvenience of returns; however, if consumers know that they can take items into a local store and exchange them, it makes the whole process appear that much easier.

Despite all this, we accept that a single-page 'process may not be right for everyone. It needs to be the right thing for your brand, your product and ultimately your customer. Anyone considering this should do a simple A/B test - run a normal checkout and then a single-page checkout and measure the difference over a couple of months.

Investing for the future

In our experience, retailers can see an immediate effect in terms of their purchase completion rates from single-page checkout systems. Sadly, retailers spend vast amounts of money doing up their flagship stores annually, yet many balk at spending a comparatively modest sum on their e-commerce sites. But, in general, within 12-18 months, retailers that invest heavily in getting their e-commerce systems right are seeing their e-stores become their highest revenue-generating stores.

E-commerce sites can take between two and five months to bring online, but the disruption to the consumer is minimal if sites are run concurrently and then switched over, causing only a few minutes' interference in shopping time. The impact internally is likely to be greater, with retailers needing a team to run the project and requiring buy-in throughout the organisation.

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However, e-commerce is opening brands to a much wider audience, and therefore the impact of getting it wrong can have a much bigger, and further-reaching, impact on the brand. E-tailers planning to be around for the future really need to be investing in their online shop front.

So does this mark the end for bricks-and-mortar retail as we know it? In my opinion, yes. This is only the start. When we get card-readers on computers as standard - and this is not that far away - then buying online will become easier still, and the sector will receive another huge boost. I believe that within 18 to 24 months, we'll start to see a major shift in the way bricks-and-mortar retail operates, with traditional shops becoming big warehouses where you can look at things and then order online.

People want to shop in as easy and stress-free manner as possible; and they also need to be able to compare goods easily. Without a doubt, the easiest way to do this is online. What bricks and mortar will remain good for is for experiencing things that you need to touch, feel, sit on, listen to or taste. I think we'll see shops become more orientated around the social experience - integrating bars and cafes - as retailers attempt to reinvent the shopping experience. Staggering home on the bus with huge bags of shopping will become a thing of the past.



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