# Shopping Cart Abandonment Practices of the Internet Retailer 1000 Companies

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Shopping cart abandonment rates are on the rise. The average abandonment rate jumped from 71% to 75% during the first six months of 2011. Why? More consumers are using online carts to compare prices before making a purchasing decision, both on their computers and smartphones. For others, carts are abandoned due to high or unexpected shipping costs, simple interruptions, etc. While some customers do return to complete the purchase, many more remained lost.

We keep our finger on the pulse of the eCommerce industry through frequent longitudinal studies and industry quick polls. Our latest research study was on the shopping cart abandonment habits of the Top 1000 Internet Retailers, as identified by the Top 500 and IR Second 500. This whitepaper contains the results of that study along with recommendations.

## Methodology

This is our third shopping cart abandonment study. It differs than the first two in that we not only shopped and abandoned Internet Retailer Top 500 sites but the Second 500 as well. The methodology was the same – we shopped 97.3% of the top 1000 sites (97.2% from the Top 500 and 97.4% from the Second 500), excluding sites where a military ID or exclusive membership was required and sites that were no longer functioning.

During the checkout process we noted where each company is requesting the shoppers' email addresses and whether or not the payment information is on the same page. Items were added to carts, the checkout process was started, and the carts were then abandoned before completing the purchase. The same information was added to each checkout page – first and last name, email address, mailing address, and phone number. We then tracked the cart abandonment campaigns received, noting the time, personalization, dynamic merchandising, offers, and number of emails if a series was sent. Below are the detailed results.
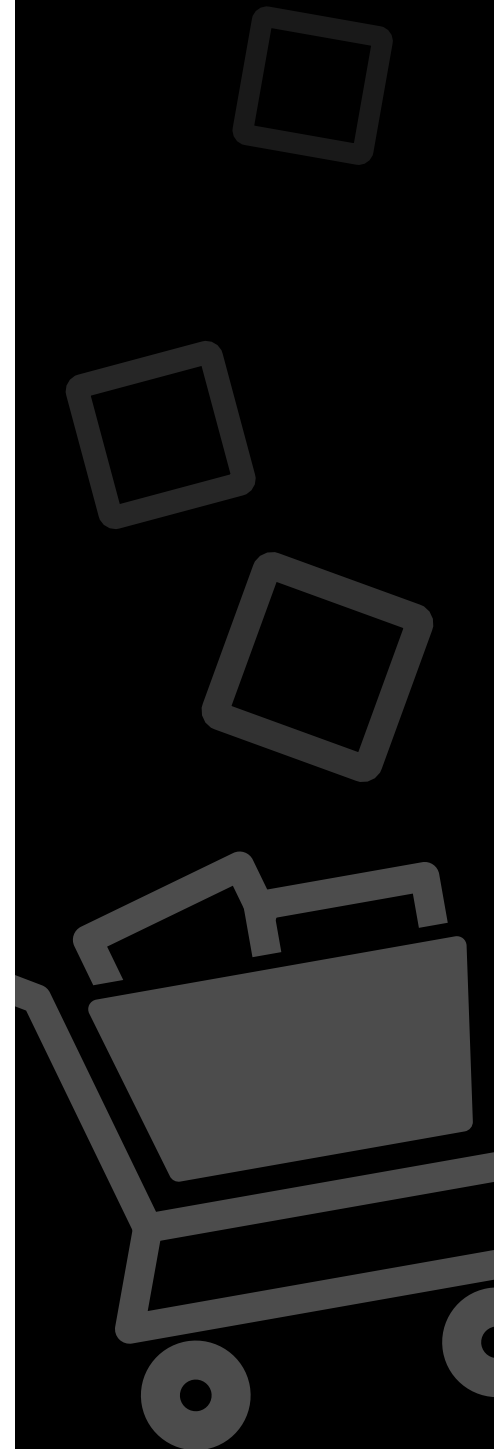
## Part 1 – Number of Messages

### How many online retailers are recovering revenue with shopping cart abandonment email campaigns?

14.6% of the IR-1000 companies sent at least one message - 18.7% of the Top 500, which is a 42% increase from our last study released in January 2011, and 10.7% from the second 500.

The increase in the Top 500 is a sign of the times as more and more retailers are implementing shopping cart abandonment strategies. We're happy to see the increase, but we're still surprised to find that less than 20% of the top 1000 eCommerce sites have implemented a solution at this point. Another interesting note is that the mid-sized internet retailers (501-1000) are closely keeping up with the Top 500 with cart abandonment campaigns; an indication that this strategy is feasible and not just for the "big boys".

**IR 1000**

**14.6%**

**18.5%**   **10.7%**
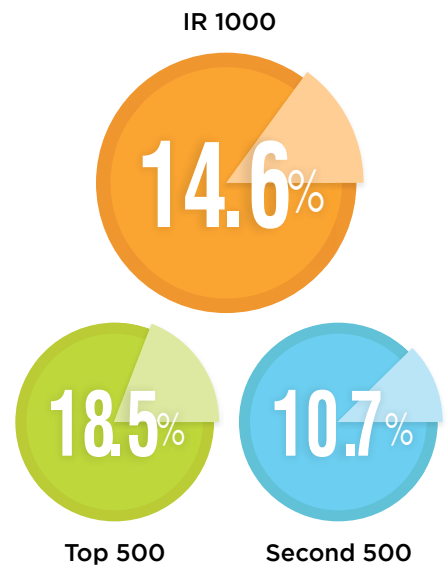
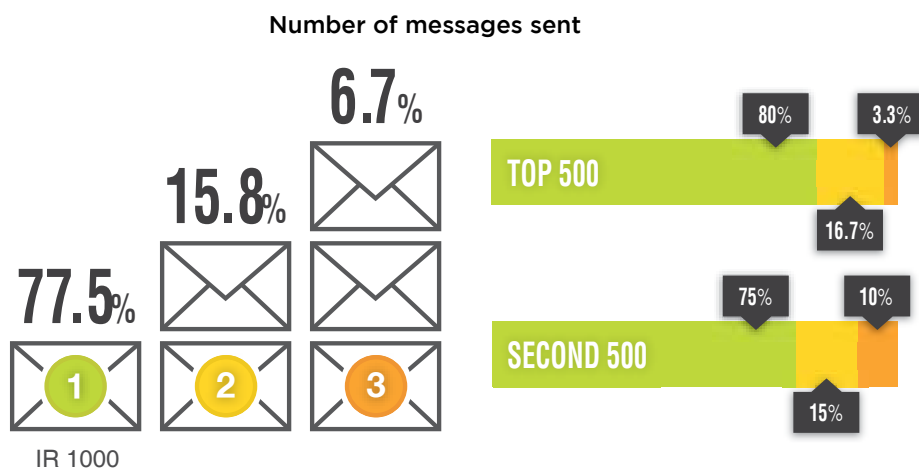**Top 500**   **Second 500**

### How many emails are online retailers sending?

An astounding 77.5% of all shopping cart abandonment campaigns received were single messages – 80% of the Top 500 and 75% of the Second 500. And 15.8% - 16.7% from the Top 500 and 15% from the Second 500 – sent two emails. However, 10% of the Second 500 and only 3.3% of the Top 500 sent the all-important third message.

Our recommendations:
Think three reminders are too many? Think again. Sending a third message takes little time, money, or resources and we've seen them convert at nearly the same rate as the second message of the series. You'll simply make more money.
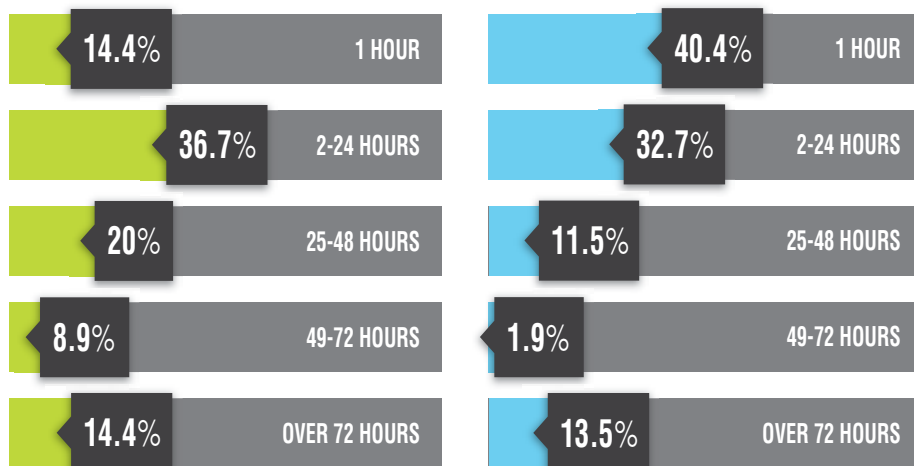
**Number of messages sent**

**6.7%**

**15.8%**

**77.5%**

1    2    3

IR 1000

**80%**   **3.3%**

**TOP 500**

**16.7%**

**75%**   **10%**

**SECOND 500**

**15%**

# Part 2 – Timing of Messages
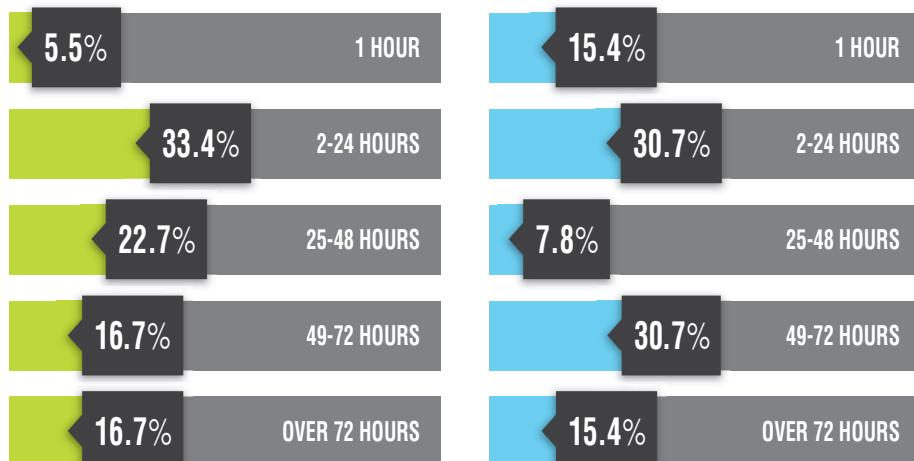
## What is the timing of the messages?

### Message 1:

Arguably the most influential factor of shopping cart abandonment campaigns, the timing of the messages differed greatly between the Top 500 and Second 500. Only 51.1% of the Top 500 sent the first remarketing campaign within 24 hours of the abandonment whereas 73.1% of the Second 500 reached out in that time frame. In fact, 40.4% of the messages were received within an hour of the abandonment, compared to only 14.4% of the Top 500.

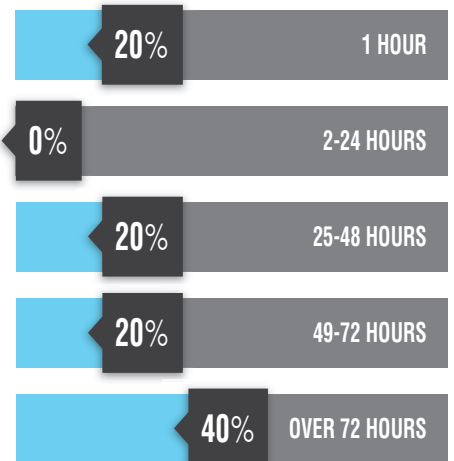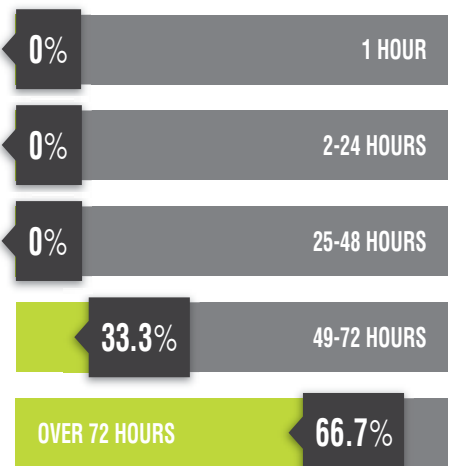| Top 500 | Period | Second 500 |
|---|---|---|
| 14.4% | 1 HOUR | 40.4% |
| 36.7% | 2-24 HOURS | 32.7% |
| 20% | 25-48 HOURS | 11.5% |
| 8.9% | 49-72 HOURS | 1.9% |
| 14.4% | OVER 72 HOURS | 13.5% |

### Message 2:

The second message produced similar results. Only 38.9% of the Top 500 sent the second message within 24 hours of the first whereas 46.1% of the Second 500 sent within that time frame. The biggest discrepancy between the two groups was the 25-48 hour period, where the Top 500 sent 27.7% of messages in this period compared to only 7.8% of the Second 500.

| Top 500 | Period | Second 500 |
|---|---|---|
| 5.5% | 1 HOUR | 15.4% |
| 33.4% | 2-24 HOURS | 30.7% |
| 22.7% | 25-48 HOURS | 7.8% |
| 16.7% | 49-72 HOURS | 30.7% |
| 16.7% | OVER 72 HOURS | 15.4% |

### Message 3:

The third message had an even greater discrepancy. Only 33.3% of the Top 500 sent the third message within 72 hours of the second message while 60% of the Second 500 reached back within three days.

| Top 500 | Period |
|---|---|
| 0% | 1 HOUR |
| 0% | 2-24 HOURS |
| 0% | 25-48 HOURS |
| 33.3% | 49-72 HOURS |
| 66.7% | OVER 72 HOURS |

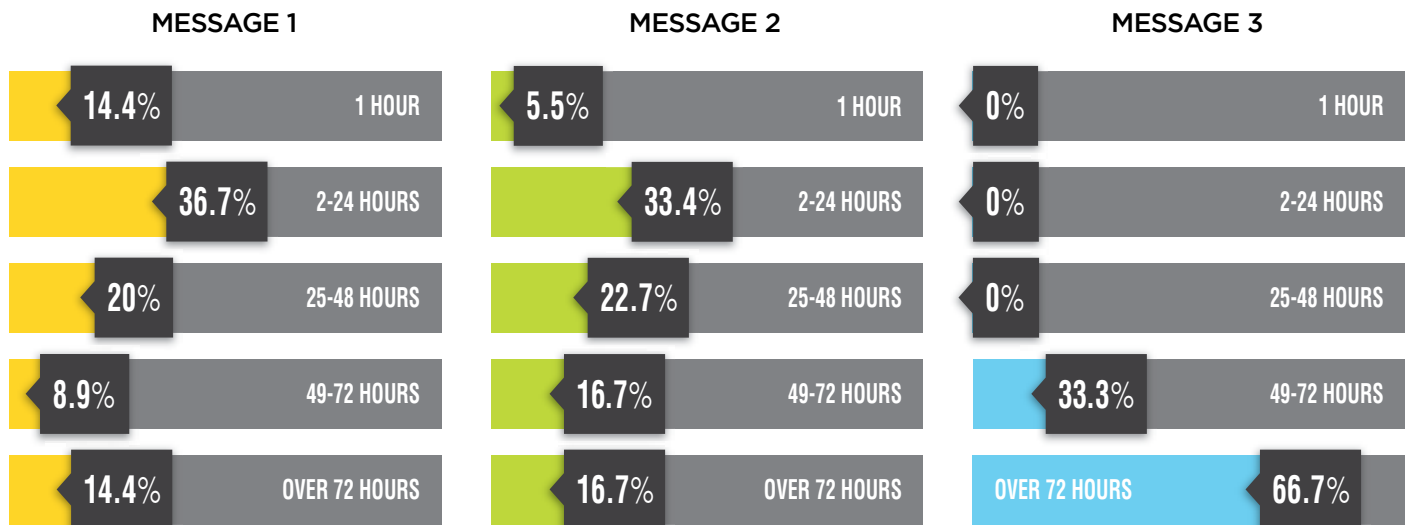| Second 500 | Period |
|---|---|
| 20% | 1 HOUR |
| 0% | 2-24 HOURS |
| 20% | 25-48 HOURS |
| 20% | 49-72 HOURS |
| 40% | OVER 72 HOURS |

● top 500   ● second 500

Our recommendations:

Always test to find what works best for your audience, but we recommend sending the first message within three hours (or even one hour) of the abandonment so you reach customers while they're still contemplating the purchase. We've found that emails sent within one hour of abandonment have the highest open and click rates but emails sent three hours after the abandonment have the highest Average Order Values.  We've also seen retailers double their campaign ROI simply by moving the first message deployment from 24 hours to three hours after the abandonment.  The second message should be sent 24-48 hours later and the third message 48-72 hours after that. That way, you'll reach out three times within six days. Waiting too long gives customers the opportunity to purchase the items elsewhere.
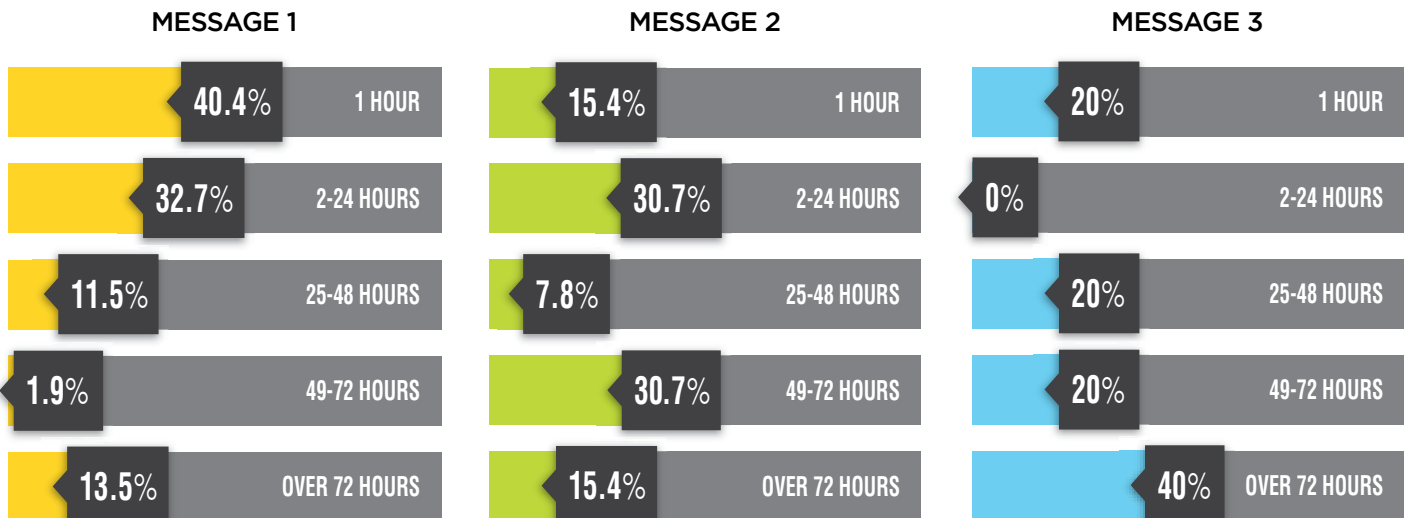
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## What is the cadence of the messages?

Email cadence refers to the deployment pattern of a series of messages.  It is just another way of looking at the information supplied above.

Below is the cadence for the Top 500:

| | MESSAGE 1 | MESSAGE 2 | MESSAGE 3 |
|---|---|---|---|
| 1 HOUR | 14.4% | 5.5% | 0% |
| 2-24 HOURS | 36.7% | 33.4% | 0% |
| 25-48 HOURS | 20% | 22.7% | 0% |
| 49-72 HOURS | 8.9% | 16.7% | 33.3% |
| OVER 72 HOURS | 14.4% | 16.7% | 66.7% |

Below is the cadence for the Second 500:

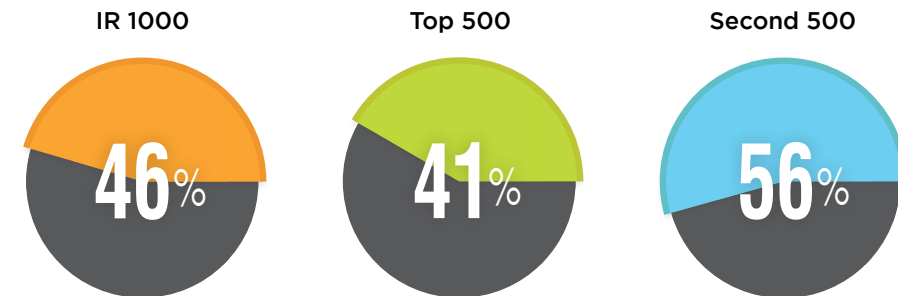| | MESSAGE 1 | MESSAGE 2 | MESSAGE 3 |
|---|---|---|---|
| 1 HOUR | 40.4% | 15.4% | 20% |
| 2-24 HOURS | 32.7% | 30.7% | 0% |
| 25-48 HOURS | 11.5% | 7.8% | 20% |
| 49-72 HOURS | 1.9% | 30.7% | 20% |
| OVER 72 HOURS | 13.5% | 15.4% | 40% |

# Part 3 – Content and Messaging

## Are online retailers relying on discounts in their shopping cart abandonment campaigns?
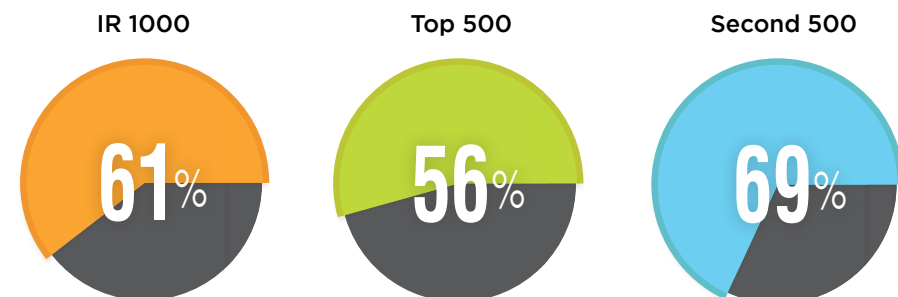
Some online retailers are reluctant to include an offer in their shopping cart abandonment campaigns because they're worried that they'll be training customers to abandon carts and wait for the discounts. Including special offers in your shopping cart abandonment campaigns can work to your advantage if you take a strategic approach; but it can also decrease your profit margin if you aren't careful.

**Offers in Message 1:** 41% of the Top 500 offered a discount in the first message compared to 56% of the Second 500.

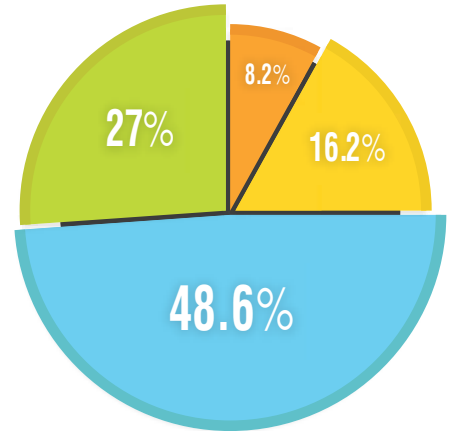| IR 1000 | Top 500 | Second 500 |
|---------|---------|------------|
| 46% | 41% | 56% |

**Types of Offers in Message 1:** 14 companies offered free shipping in the first message, 40 offered a percentage off, seven offered a dollar amount off, and five had a miscellaneous offer, such as 50% off a second item or $5 flat rate shipping. 76 didn't include an offer or discount. message.
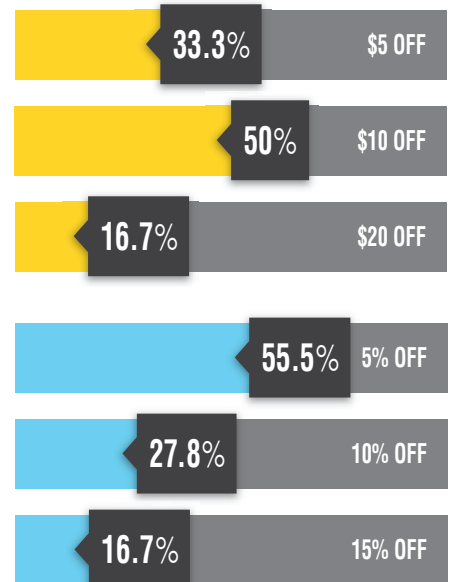
**Offers in Message 2:** 56% of the Top 500 offered a discount in message two, a 36.5% increase over message one. 69% of the Second 500 offered discounts in the second message, a 23% increase over the first message.

| IR 1000 | Top 500 | Second 500 |
|---------|---------|------------|
| 61% | 56% | 69% |

## MESSAGE ONE OVERALL OFFERS

8.2%
27%
16.2%
48.6%

- top 500
- free shipping
- $ amount
- % off

| 33.3% | $5 OFF |
| 50% | $10 OFF |
| 16.7% | $20 OFF |
| 55.5% | 5% OFF |
| 27.8% | 10% OFF |
| 16.7% | 15% OFF |

10% OFF!

**Types of Offers in Message 2:** This chart shows actual offers across the first two messages. Only 19 of the second messages received included an offer:

| MESSAGE 1 | MESSAGE 2 |
|---|---|
| Free Shipping | Free Shipping |
| Free Shipping | Free Shipping |
| Free Shipping | 5% off |
| Free Shipping | Free Shipping |
| 5% off | Free Shipping |
| 5% off | 5% off |
| 5% off | 10% off |
| No offer | 5% off |
| No offer | 5% off |
| No offer | 10% off |
| No offer | 10% off |
| 10% off | 10% off |
| 10% off | No offer |
| 10% off | 20% off |
| 10% off | 5% off |
| 10% off | 5% off |
| 10% off | 10% off |
| No offer | 10% off |
| $5 flat rate shipping | $5 flat rate shipping |
| 50% off extra print | 50% off extra print |

**Offers in Message 3:** 33.3% of the Top 500 and 80% of the Second 500 offered a discount in the third message.

### IR 1000



**62.5%**

### Top 500



**33.3%**

### Second 500



**80%**
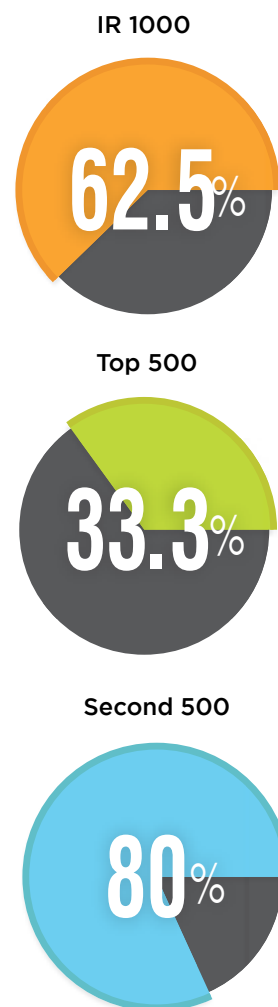
**Types of Offers in Message 3:** Only five of the third messages received included offers. This chart shows the actual offers across those the three-message series:

| MESSAGE 1 | MESSAGE 2 | MESSAGE 3 |
|---|---|---|
| Free Shipping | Free Shipping | Free Shipping |
| Free Shipping | Free Shipping | Free Shipping |
| 10% off | 10% off | 10% off |
| No offer | No offer | 10% off |
| 5% off | 10% off | 10% off |

What's interesting to note here is that the vast majority of third messages from the Top 500 do not have an offer, while the reverse is true for the Second 500. And, in the first message, both groups were almost equally dispersed between offer and no offer. If you're willing to offer a discount in the first message, why not carry it across all three messages?

Our recommendations:

We recommend implementing a discount ladder to maximize your profitability. Many times an offer isn't needed in the first message as a simple reminder of the products in the cart is enough to prompt customers into action. However, a nominal discount in the second message can help entice shoppers who are still considering the merchandise to complete the purchase. And, for shoppers who still haven't acted, a larger discount in the third message is typically too tempting to pass up. A discount ladder allows you to apply the larger discounts only to customers who need them so you'll make more money on the transactions completed in your first two messages.

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## Are emails personalized with customers' names?

Only 27.4% of the first messages received included the customer's name in the email copy even though 100% of them had access to the information from the checkout page.

### IR 1000
**27.4%**

### Top 500
**26.6%**

### Second 500
**28.8%**
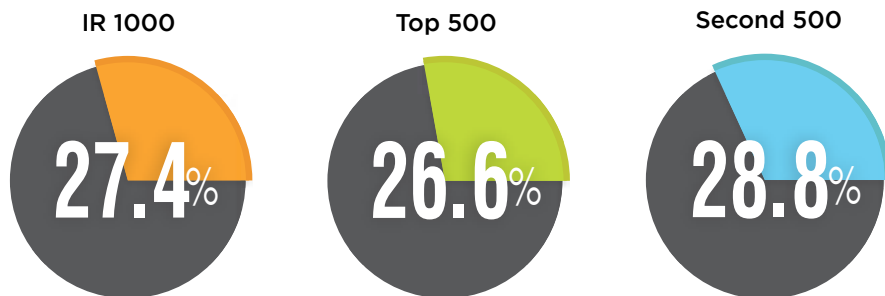
Our recommendations:

Shopping cart abandonment messages are extremely personal messages, so avoid lumping all of your valuable customers into the "Dear Valued Customer" category. Calling your customers by name really helps personalize the interaction. If you have the information, use it.

## Are emails personalized with images of items left in cart?

Another surprise was that only 38.7% of the first emails received included images of the merchandise left in the carts.

**38.7%**
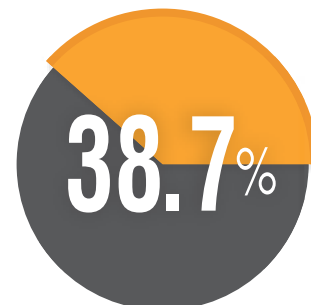
Our recommendations:

What is more tempting to a customer than opening an email and seeing the merchandise they want to buy? In many cases, just seeing the items again is enough to prompt customers into completing the purchases, even without a discount. Again, you have the information so use it.
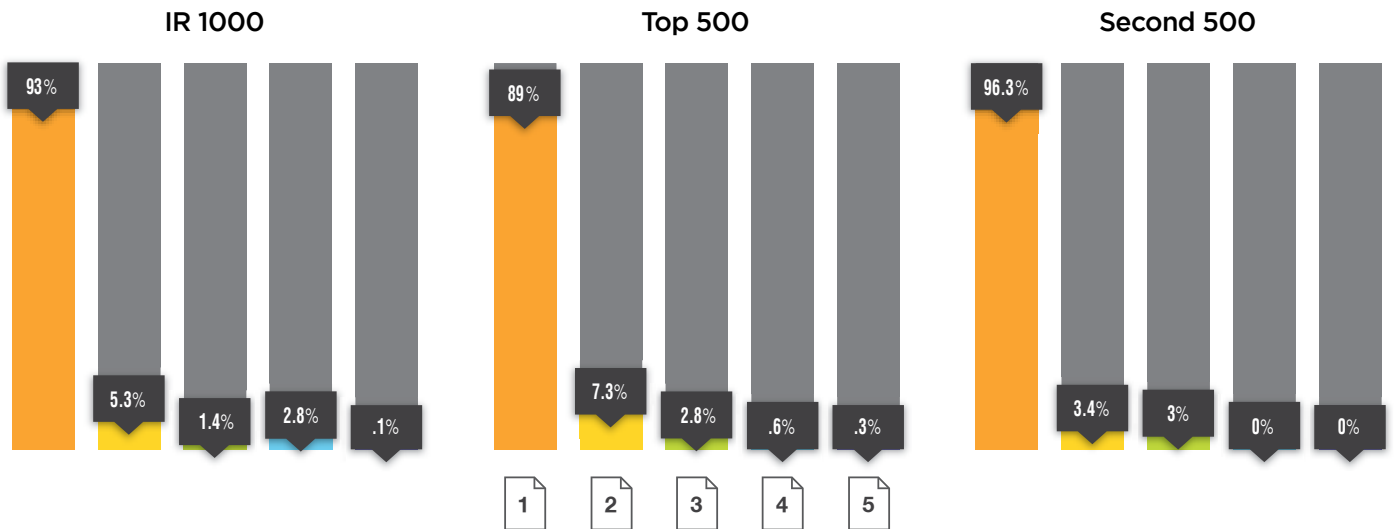
# Part 4 – The Checkout Process

## Where are online retailers capturing customers' email addresses?

97.5% of the Top 1000 retailers that send remarketing campaigns capture customers' email addresses on the first page of checkout.

### IR 1000

**97.5**%    **2.5**%

### Top 500

**97**%    **3**%

### Second 500

**98**%    **2**%

● page one    ● page two
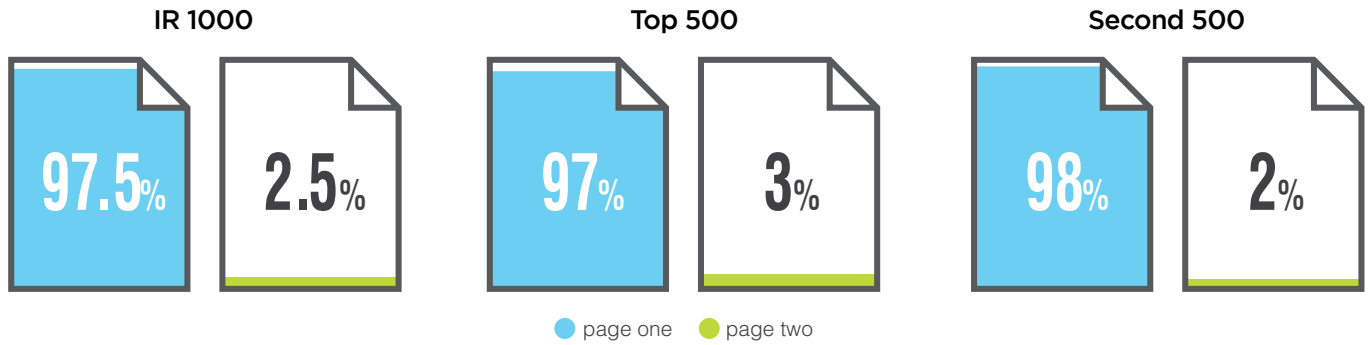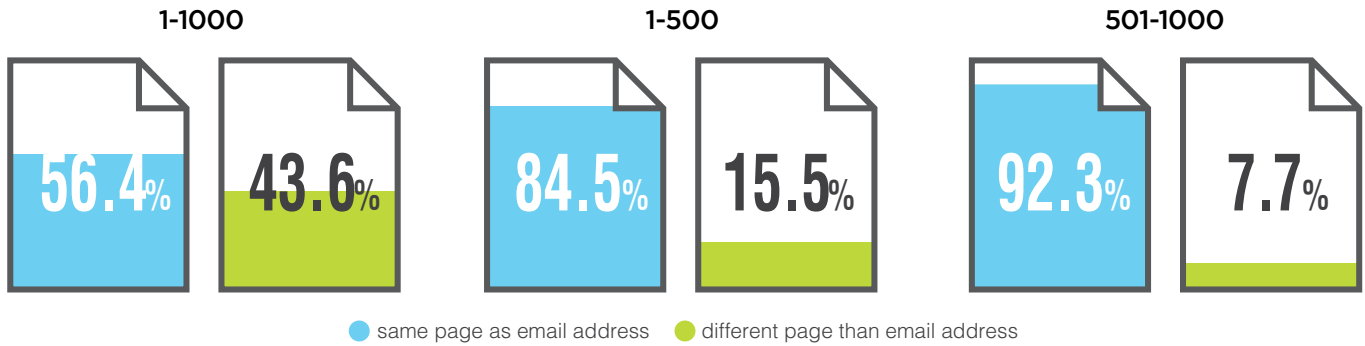
But that percentage drops slightly to 93% when looking at the Top 1000 retailers that do not send remarketing campaigns.

### IR 1000

93%   5.3%   1.4%   2.8%   .1%

### Top 500

89%   7.3%   2.8%   .6%   .3%

1   2   3   4   5

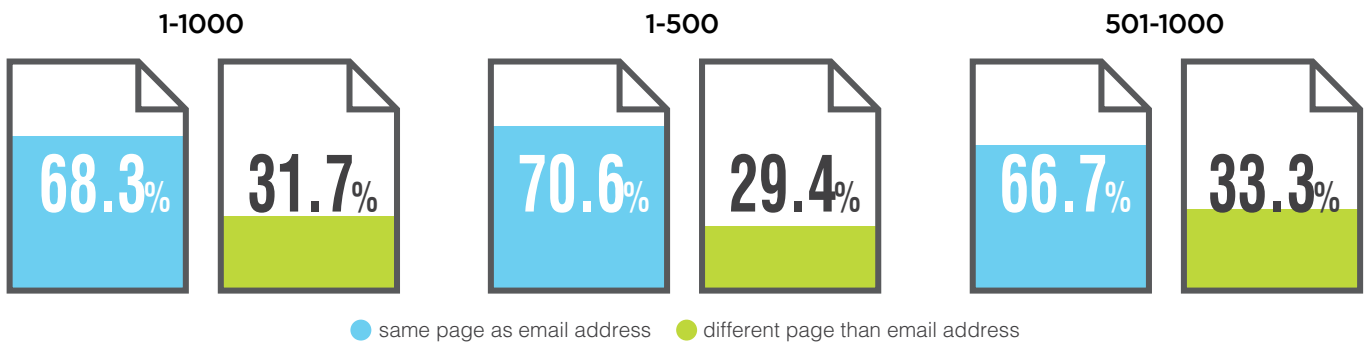### Second 500

96.3%   3.4%   3%   0%   0%

## Where are online retailers capturing payment information?

The biggest surprise of the study was found here. Of the online retailers that send remarketing campaigns, only 15.5% of the Top 500 companies request payment information on the same page as the email address whereas 92.3% of the Second 500 companies request the information on the same page.

| 1-1000 | 1-500 | 501-1000 |
|--------|-------|----------|
| **56.4%** **43.6%** | **84.5%** **15.5%** | **92.3%** **7.7%** |

● same page as email address  ● different page than email address

Of the Top 1000 companies that do not send remarketing campaigns, the numbers are more closely aligned. 29.4% of the Top 500 companies and 33.3% of the Second 500 request the information on the same page.

| 1-1000 | 1-500 | 501-1000 |
|--------|-------|----------|
| **68.3%** **31.7%** | **70.6%** **29.4%** | **66.7%** **33.3%** |

● same page as email address  ● different page than email address

Our recommendations:

Email addresses should be the first thing you ask for during the checkout process. After all, you can't send a remarketing campaign without one. The further in the process you request the information, the more chances customers have to abandon the carts.

## A Few Surprises

In addition to the expected email reach backs, we also received three follow up phone calls after the carts were abandoned. All three calls were made within 1 ½ hours of the abandonment and all three were made by representatives asking if we experienced technical problems during the online checkout process and offering to complete the sale for us over the phone. Two of the three companies sent the first remarketing email message immediately after the phone call, and the third sent the email four hours after the call.

We also received one direct marketing piece in the mail and; surprisingly, the company that sent the catalog did not send a follow up email.

We were also surprised at the subject lines of the messages. We expected to see more subject lines announcing the offers, such as "You left products in your cart. Buy now and save $10." But most of the subject lines were simple reminders, such as the few examples below:

- Did you forget something?
- Having trouble checking out?
- Hurry, before it's too late!
- Thank you for your recent visit.
- Where did you go?
- Oops….Was there a problem checking out?
- You left some items behind.
- Ode to an abandoned cart.
- Your purchase.

## Final Thoughts

Shopping cart abandonment campaigns work. Once they are set up, they run in the background with little maintenance required. These campaigns are on an upward trend with a 42% increase in the Top 500 this year alone. If you don't already have a solution, it's time to implement one.

In the next few weeks, we'll release a look-book containing samplings of the emails received. The emails varied greatly – from simple text-based reminders to intricate dynamically-populated personalized messages.

We're here to answer all of your questions on shopping cart abandonment. Visit us at www.listrak.com to learn more.

## About Listrak

Listrak is an email marketing firm providing the solutions, software, and expertise to optimize the value of email. Listrak works with clients like Birkenstock Central, Swell, Vintage Tub and Bath, Chiasso, and Active Ride Shop to develop engaging shopping cart abandonment remarketing campaigns that go beyond the inbox to the individual, to deliver the extra percent in effectiveness and ROI. Visit www.listrak.com to learn more.

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