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# Checkout Optimization

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# Checkout Optimization

70 ways to increase conversion rates



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# 1. Introduction: The Checkout Challenge

Checkout abandonment is a major inefficiency for most e-commerce sites. In the US, 45% of online shoppers admitted having abandoned shopping carts ‘multiple times’ within a specified three week period - the average value of goods in these abandoned carts was \$109. One third of US e-commerce merchants report cart abandonment rates of 50% or higher.

Monthly data on checkout abandonment in the UK has been published by Coremetrics, an analytics vendor used by many of the major UK retail sites. By extracting and analysing this published data, a significant increase in checkout abandonment over the past two years emerges. This is worrying! We are meant to be getting better at guiding customers through the checkout, not worse.

“...The average online checkout makes customers abandon half of the revenues they are in the process of spending.”

## 1.1. About this report: a note from the author

As a full-time e-commerce consultant, all I do is investigate e-commerce sites with a view to improving their performance. Over the course of 2009, for example, I completed full audits of over 30 e-commerce sites, including their checkouts. After reviewing this many sites, the patterns of good and bad practice become increasingly clear, especially since the vast majority of well-run sites now have web analytics installed in at least a basic way.

The scope of this report is improving ‘checkout’ – i.e. the steps after the basket and up to order confirmation. This is not to diminish the importance of other aspects of the online shopping journey (e.g. navigation, on-site search, cross-sells) but simply an acknowledgement that the average online checkout makes customers abandon half of the revenues they are in the process of spending.

The geographic coverage of this report has been extended to the UK and the USA (the 2007 report focused entirely on UK e-commerce sites). As part of the preparatory research for this report, the checkouts of the top 25 UK and US retail sites were evaluated and screenshots taken on their pages, error messages etc. including US sites didn’t actually change a great deal in the report. There are some specific regional issues that make checkouts different (e.g. addresses are less standardised in the UK and hence more difficult to capture; sales tax and delivery changes are more varied in the US and hence more difficult to present to customers) but apart from that there was no evidence that retailers in one region are managing checkout any differently or better than the other. The most valuable insights come from finding sites that do one aspect of checkout particularly well or badly, regardless of which country they are in.

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## 1.2. How to use this report to improve your checkout

This report is written in four sections:

1. **Improvements that apply to the entire checkout.** Some aspects of checkout best practice apply equally to all the pages within the checkout process – good form design and effective, informative error trapping are examples. This distinction between checkout universals and specifics isn't just a point of principle – there are also practicalities involved. Anything that applies to the entire checkout should be coded and deployed differently to page-specific features. Using templates, CSS or JavaScript libraries will ensure that any changes or refinements to these checkout universals will require code changes to only a single file.
2. **Improvements that apply to specific parts of checkout.** Inevitably, a lot of the devil lies in the detail for checkout and the only way to ensure this detail is implemented effectively is to work through your checkout page by page, element by element. So, to help you to do this, we have compiled best practice recommendations for the following areas:
  - Log-in / Registration / Guest checkout
  - Address capture
  - Delivery / Gift options
  - Payment & Promotions
  - Order summary
  - Order confirmation
3. **Checklist of checkout success factors.** Is your checkout fit-for-purpose? This is intended to be the quick-win section of the report. By the end of this audit, you should know just how good or bad your checkout is and have an appreciation of what needs to be done to fix it. Don't imagine this is a five minute task, however. To answer some of the questions you will probably have to dip into the main body of the report and work through your checkout, testing elements of it online, as you go.
4. **Analytics & split-testing.** Best practice describes how to get the best from the majority of sites, but not necessarily all sites. Aspects of your site may defy best practice rules because of the nature of your customers, your products or the sector that you operate in. Web analytics and split-testing can be used to confirm your conclusions from our best practice recommendations, as illustrated by our overview in this final section.

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## 1.3. About Econsultancy

Econsultancy is a [digital publishing and training group](#) that is used by more than 200,000 internet professionals every month.

The company publishes [practical and timesaving research](#) to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than [100 events](#) every year in the US and UK. Many of the world's most famous brands use Econsultancy to [educate and train](#) their staff.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

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## 1.4. About Sales Logiq & the author

Founded in 2001, Sales Logiq is a boutique consultancy offering a wide range of e-commerce consultancy services. Led by Dr Mike Baxter, who has a background in both psychology and design, our work focuses on the online customer experience and its effects upon customer acquisition, conversion and retention.

Recent clients include Google, KLM, Littlewoods and Crabtree & Evelyn. We were consultants to Google during the development of their Conversion Professionals accreditation scheme, launched in 2009.

Mike has chaired the annual Internet Retailing conference for several years running, speaks regularly at industry conferences, workshops and seminars and is the main contributor to Google's Conversion webinars.

### Our Services

We are the UK's leading authority on the auditing, design and improvement of online retail sites. We prioritise the changes needed on clients' e-commerce sites to maximise business performance – we tell you what to improve, why and how much extra revenue will result. Our approach is rigorous, thorough and data-driven, based on:

- web analytics
- customer journey analysis
- customer segmentation
- split-testing

Our engagements range from a few days to several months, with a maximum of 100 days consultancy available in any year.

Contact Mike Baxter on +44 (0) 7740 664696 or [mike@saleslogiq.com](mailto:mike@saleslogiq.com)



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## 2. Improving the whole checkout

The guiding principle for all checkout design is 'keep it simple'. Every checkout should look simple, be simple to understand and simple to use.

If there is one thing every e-commerce manager should know about the psychology of customers using checkout it is that they are lazy and operating on auto-pilot. This isn't being pejorative about online shoppers – it applies to all of us. The revolution that has been sweeping psychology, as popularised in books such as Blink and Nudge, reveals that we operate sub-consciously a lot more than we realise. A huge amount of what we believe to be rationally considered, consciously-driven activity is actually planned and executed sub-consciously – our consciousness is then told what is happening, giving us the **illusion of conscious control**. A more specific finding is that we are cognitive misers: our minds take lots of shortcuts to minimise the amount of thinking effort required to get a task done. Checkouts, therefore, need to be designed so that they can be completed with as little thought as possible – or possibly while multi-tasking (e.g. grabbing a sandwich for lunch, looking busy at work, keeping an eye on the kids).

Here are 10 specific issues related to the entire checkout process (as opposed to any particular element or page, which will be dealt with in the next section), all of which are focused on making checkout simpler in one way or another:

1. Isolating the checkout
2. Checkout steps
3. Navigation
4. Persistent summary of checkout information
5. Avoiding loss of information already entered by customers
6. Stock management & session timing
7. Form design
8. Validation and error-trapping
9. Calls to action / submit buttons
10. Trust

The remainder of this chapter looks at each of these areas in more detail.

### Amazon keeps it simple

Amazon's patented<sup>11</sup> 1-Click checkout (below) illustrates how simplicity can be the cornerstone of effective e-commerce. Customers can make purchases with a single click both online and, from 2009, from mobile devices, using previously entered payment details and delivery address. While other e-commerce vendors (such as Apple iTunes) now license the 1-click approach, this philosophy of simplicity goes beyond one-click payment and can be applied to all elements of checkout design from registration to order confirmation.



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## 2.2 Checkout steps

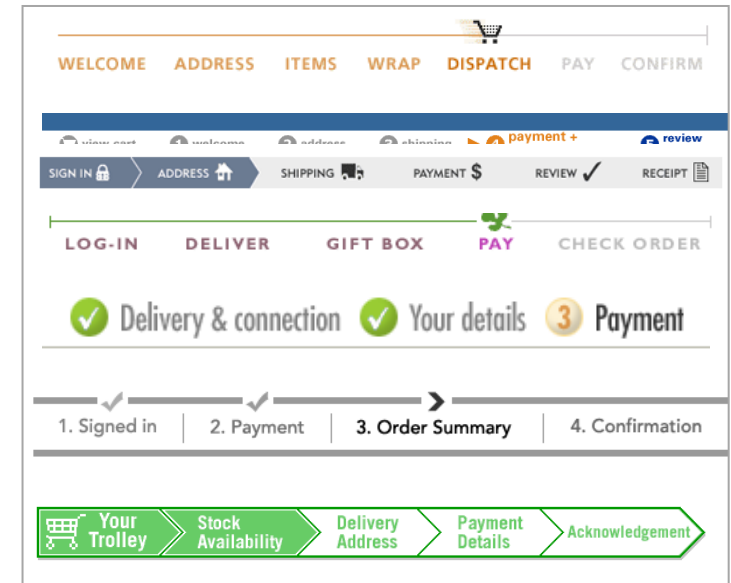
At every stage during checkout, the customer should know where they are in the process and what remains to be done before purchase is complete. This is typically achieved in one of two ways:

Firstly, and most commonly, a progress bar across the top of each checkout page shows the stages within the checkout process and also highlights the customer's current location (see image, right). The progress bar below from [www.CafePress.com](http://www.CafePress.com) indicates that we are at stage two of a four-stage checkout process. Around 100 examples of different checkout progress bars have been collected by Canadian agency Pitstop Media.



Secondly, an accordion design can be used to arrange the checkout process vertically up and down the page, as shown below from Beautiful Pure. Apple has recently moved from progress bar to accordion design in their checkout (see discussion by Luke Wroblewski) – it has not, however, isolated its checkout yet!

It doesn't really matter how the checkout process and progress through it is represented to the customer, so long as it is **clear and simple**. Bear in mind that the purpose of a progress indicator is to inform customers where they are and how far they have to go. It is therefore important that, if a progress indicator is used, it should reflect the actual process being undertaken. If the indicator is inaccurate, it would be better to omit it than risk damaging your brand by misleading and frustrating your customers.



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## 2.8 Validation and error-trapping

The first principle of validation and error-trapping is ‘don’t unless you have to!’ There are so many painful examples of data being rejected in checkout because it doesn’t meet some **unnecessarily strict validation criteria**. During the registration process on Tesco, for example, you need to enter your phone number with no spaces or you get your form rejected with a big red error message. Come on Tesco! It is not difficult to remove spaces from a telephone number – why blame the customer when you didn’t even tell them what you wanted in the first place! But they are not alone. We’ve found examples of spaces in credit card numbers being rejected, a space in a postcode being rejected and even a postcode without a space being rejected.

The rule here is to **let customers type in what they want and then use your e-commerce system to process it into a different format if necessary**. If the customer does make an error during checkout it must firstly be made clear that an error has been detected and secondly, the location of the error on the form must be highlighted and the nature of the error indicated. Making sure that all these aspects of the error are communicated to the customer usually requires ‘double error messaging’, as shown in Bed, Bath and Beyond opposite. Double error messaging puts one error message near the top of the page, indicating that something is wrong with the form and another message next to the form field containing the error. One or both of these messages should indicate the nature of the error and, if not obvious, what needs to be done to rectify it. A nice touch on the error message shown opposite is that it gives the customer another route to purchase – contacting the call centre. By contrast, Argos gives error messages one at a time with no pointer to where the error occurred.

### Tesco rejects a telephone number if it is typed in with spaces in it!

You must supply a valid telephone number for "Daytime tel no". Telephones numbers must begin with '0' and can only contain digits

Daytime tel no: \*

0208 555 5555

### Bed Bath and Beyond uses double error messaging to make sure customers know what's wrong

**BED BATH & BEYOND**

Please enter valid information for the following required(\*) items:

- Please enter a valid billing zip code.

If you continue to experience problems while placing an order, please call 1-800-GO BEYOND® (1-800-462-3966) for assistance.

Fields marked with an asterisk (\*) are required.

*First name John	Middle name 	
*Last name Doe		
Company name 		
*Address 1 123 Main Street	Address 2 	
*City Metropolis	*State California	*Zip Code 01111111
*Day phone 951 111 2222	Evening phone 	
*Email john@doe.com	*Re-type email john@doe.com	

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## 2.9 Calls to action / submit buttons

**The submit buttons play a key role in the entire checkout process.** Technically, they submit the information entered in forms by the customer to the web server for processing and fulfilment. From a customer experience point of view, they are the calls-to-action that drive the customer towards checkout completion. So how do we design a good submit button? Easy... make it big and shiny so it just asks the customer to click it!

More specifically, submit buttons needs to be:

1. **Visually salient** – they should stand out, visually, from the rest of the page and draw the customers attention to them
2. **Visually isolated** – no other buttons should be inadvertently clicked by mistake
3. **Visually consistent across the checkout** – building up a pattern in the customers mind so they know what to look for.

A useful way to check this is to look at a checkout page when it has been blurred. This stops the content of the page from distracting attention away from its visual design. The blurred screenshots opposite show examples of good and bad practice in the design of submit buttons, from Marks and Spencer and JC Penney respectively.



### Good and bad button visibility

The blurred screenshots below help focus attention on visual design and the effectiveness of buttons.

The image on the right, from JC Penney shows the opportunity for confusion, both between several buttons and also between the buttons and the navigation colour-scheme in the top-bar.



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### 3. Improving specific parts of checkout

While Section 2 covered generic themes that apply across the whole of the checkout, this section looks at particular elements of the checkout process. These different elements will often be on separate checkout pages.

They do not need to be, however, and we have tried to ensure everything we say in this section applies equally to single-page checkout as it does to a more common multi-page checkout. The specific parts of checkout that have particular requirements are:

1. **Log-in / Registration / Guest checkout.** This is usually a 'pathway' page that lets registered customers and new customers take different routes through the checkout.
2. **Address capture.** This needs to capture both delivery and billing addresses and the major issue to be resolved is how best to standardise address capture.
3. **Delivery / Gift options.** The customer's choice of express or time-scheduled delivery options may need to be captured as well as gift wrap and gift messaging choices.
4. **Payment capture.** Again the major issue here is standardisation, although security, payment authentication and discount promotion code capture have also got to be considered
5. **Order summary.** Is it better to have an on-going cumulative summary of the order on every page of checkout? We suggest it is but even if you don't do this, an order summary of some sort is essential before getting the customer's commitment to purchase
6. **Order confirmation.** The customer needs to know the order is placed and this provides the retailer with a golden opportunity for an immediate repeat purchase.



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## 4. Checklist of checkout success factors

This comprehensive checklist of best practice issues and their associated success factors can be used to audit **your online checkout process**. In the grid below, we have compiled a list of tests for each area we have looked at in the report to give a readily accessible overview of the points to consider, with space for you to record your site's performance, either on its own or against a competitor.

Best Practice Issue	Success Factor	Test	Your site	Competitor site
Isolating the checkout	The only place you want customers to go, once in the checkout, is order confirmation, so get rid of all navigational links to the rest of the site.	1. Are all header, footer or navigational links removed, except those needed for checkout (e.g. product description, delivery, security, returns, etc)? 2. Do all remaining links present information in a pop-up layer?		
Checkout steps	At every stage of checkout, the customer should know where they are in the process and what remains to be done before purchase is complete.	3. Is there a clear and simple progress indicator, e.g. progress bar on each page of checkout or checkout sections arranged vertically in accordion design? 4. Does the progress indicator reflect the actual process being undertaken?		
Navigation	Customers should be enabled to navigate back and forth within the checkout to view and edit all steps in the process.	5. Does the browser back button work without giving warning messages? 6. Does the browser back button take customers where they expect to go (particularly when using AJAX)?		

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## 5. Analytics & split-testing

The previous sections of this report have illustrated some of the best (and worst!) practices in online checkout. We have drawn examples from a number of retailers, market sectors and products, some of which may resonate with your own area of interest or specialism. The audit tool in Section 4 may also have helped you to identify some specific areas for development for an individual checkout. Whether you are using these insights to make systematic changes or simply tweaking individual elements, this section illustrates how **web analytics and split-testing can be used to confirm whether your application of these best practice recommendations has been effective** both for your customers and for your checkout performance.

### 5.1 Advanced analytics for checkout

The world of web analytics has been shaken up by Google. Google Analytics launched in November 2005 but has only been available for open sign-up since August 2006. Despite this, its share of the analytics market is approaching 50%. This means that, for the first time, all but the smallest e-commerce sites will have some sort of web analytics system installed.

As a consequence, a tipping point has been reached in e-commerce. Whereas previously, a site with good analytics insights might have had a competitive advantage over its competitors, now a site without analytics is at a substantial competitive disadvantage. And the analytics arms race is heating up for the market leaders as well. Good analytics enables more effective marketing, better conversion and higher order values – all of which means more money to spend on further efficiency gains, including even better analytics insights.

Having web analytics properly installed, particularly in checkout has, therefore, moved from a nice-to-have to a basic necessity. In the remainder of this section, principles of best practice will be exemplified with reference to Google Analytics (GA) and Google Website Optimizer (GWO). This is not to diminish, in any way, the importance of other software solutions, such as Omniture Site Catalyst and Coremetrics – it is just that their users tend to be bigger companies and hence better equipped to interpret best practice principles and apply them to their own technologies.

#### The three major web analytics suppliers to e-commerce



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