# THE COST OF A FAILED CONVERSION

# INTRODUCTION

Consumers around the world are increasingly choosing to make their purchases online. According to Internet Retailer, US eCommerce grew by 14.6 percent in 2015, with online sales totaling *$341.7 billion,* which accounted for over 10 percent of all US retail sales. With the continuous growth of the eCommerce space, retailers are constantly looking at the different ways they can take a bigger slice of the online pie, from using retargeting to improving the purchasing process on their website.
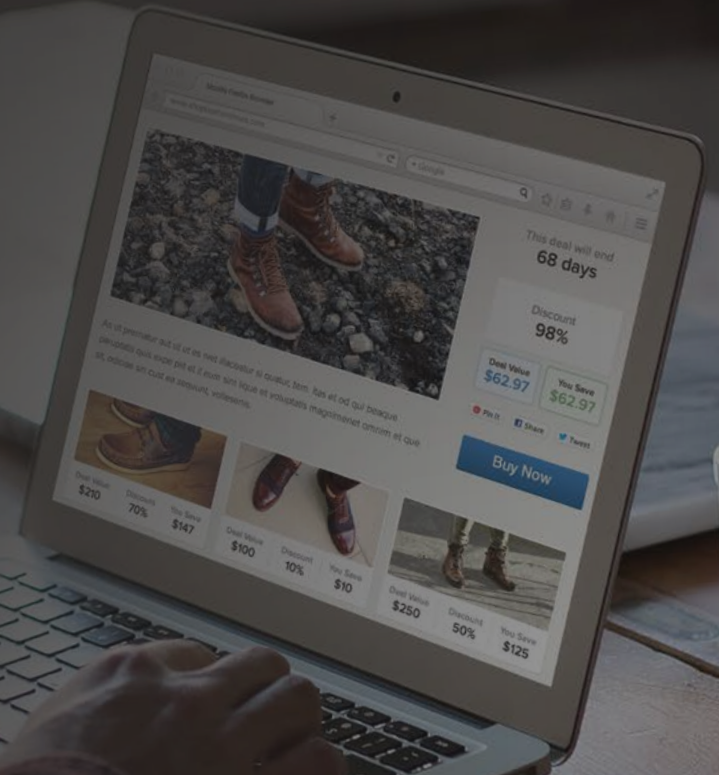
| >10% | 14.6% | $341.7b |
|:---:|:---:|:---:|
| of all US retail sales | eCommmerce growth | online sales |

This Report looks at eCommerce industry data from January to June 2016, with a focus on why shoppers visit your site, as well as the reasons why shoppers were unable to make a purchase and the sequential financial impact.
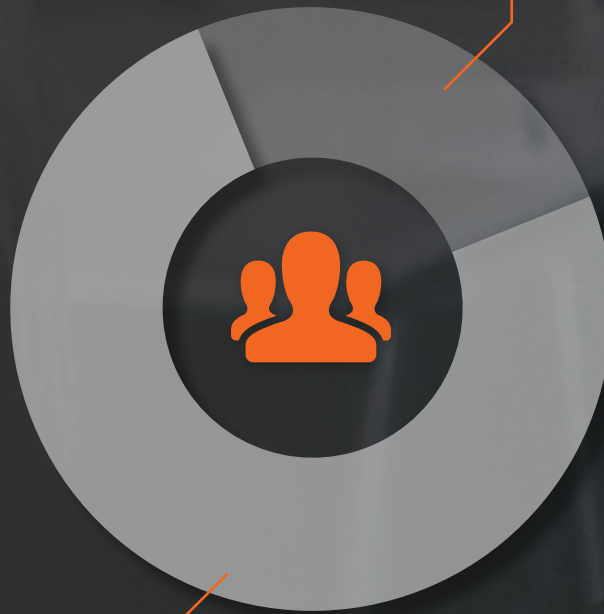
# VISITOR INTENT

**1:4** While many visitors on eCommerce websites are still researching, one in four of all visitors intend to make a purchase.

**<25%** However, less than a quarter of those intending to make a purchase actually make their purchase, resulting in lost revenue.

**!** Understanding the reasons behind these failed purchase attempts can help retailers shift their strategies to maximize conversion dollars.

**< 25%** actually made a purchase

**75%** intended to purchase

# COST OF A FAILED PURCHASE

To truly understand the cost of visitors failing to make a purchase, let's look at an example of a website that has 2 million unique visitors per month, and the average transaction value is $100.

When taking into account the bounce rate of the website and looking specifically at those coming to make a purchase, the total revenue for this site is nearly $7M a month.

However, 75% of visitors who wanted to make a purchase DIDN'T! This means that more than $20M is left on the table per month!
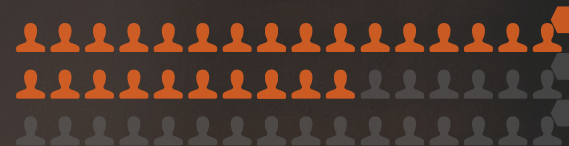
**1%** If you just increased conversion by 1% this would cover the cost of a VoC solution that would help you identify why visitors failed to make a purchase.
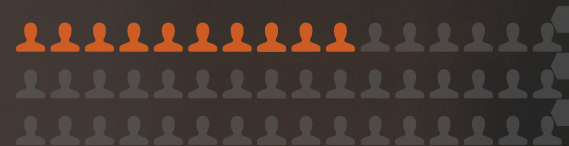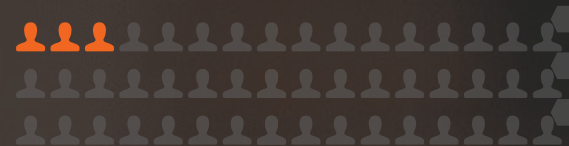
**2,000,000**
unique visitors per month

**1,100,000**
engaged customers
*45% bounce rate*

**275,000**
intend to make a purchase

**68,750**
made a purchase
*25% of purchase intenders*

**$6,875,000**    TOTAL REVENUE    *Assuming 100% made their purchase, $100 per transaction\**

**206,250**
intend to purchase, BUT didn't
*75% of purchase intenders*

**$20,625,000**    LOST REVENUE    *At an estimated online transaction value of $100\**

# REASONS WHY PURCHASERS COULDN'T CONVERT

**$** With so much money being left on the table, it is crucial to look at the reasons why purchasers did not convert.

**!** One of the leading reasons for not completing a purchase is that shoppers could not find the product they were looking for. This, along with technical issues and "still looking", all surfaced as primary barriers to purchase.

**!** If these issues could have been rectified during the visitor's experience, many would have completed their purchase.

**STILL LOOKING**

**COULD NOT FIND DESIRED ITEM**

**TECHNICAL PROBLEM**

**ITEM NOT AVAILABLE**

# NEXT STEPS FOR PURCHASERS WHO DIDN'T CONVERT

**?** With an average of 75% of purchasers not making a purchase, what are these visitors planning on doing next?

**Q** A quarter of shoppers will check out the competition, and another 1/3 of purchasers will return to the website later.

**!** This presents an opportunity for retailers to engage with visitors as they continue the purchase process and keep their brand top of mind.

**35**% will return to website later

**25**% will shop elsewhere

**5**% will say *Other*

**15**% are unsure or don't know what they will do next

**20**% will visit a physical store

# RECOMMENDATIONS

**Deliver on shopper's expectations:** Understanding the barriers to conversion on your website only solves half of the puzzle. To help maximize revenue, retailers need to deliver on their shoppers' expectations. This involves investing in a VoC solution to identify any barriers that may lead to visitors leaving the site and taking their business elsewhere.

**Tailor website experience:** It also means that retailers need to create experiences that directly align to visitor needs, wants and expectations. Personalizing the experience is one way to allow retailers to engage with visitors and drive conversions. For example, providing a more tailored website experience through personalization might help convert more people who couldn't find their desired item. Or, connecting visitors who experience a technical problem with live chat could serve to help address the issue in real-time.

**Retarget visitors:** Finally, by crafting retargeting campaigns that are aligned to visitors' next steps, such as the 35% of visitors that plan to return to the website later or the 25% that will shop elsewhere, retailers can optimize their retargeting spend by targeting the right visitors with the right message.

# iperceptions
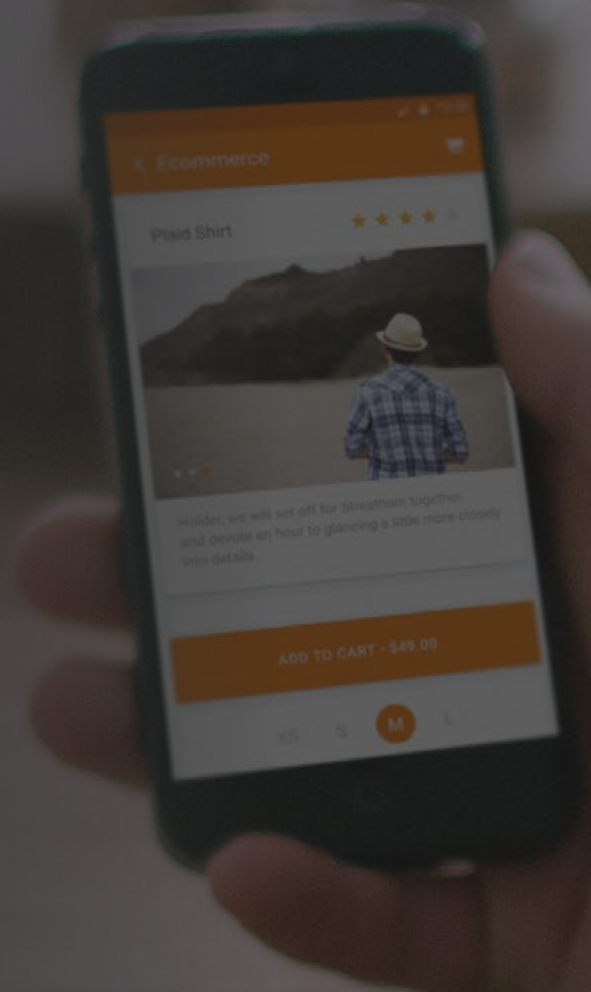
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Learn how customer experience analytics can evolve to recognize and personalize the visitor experience in real-time.

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