

# Six best practices to improve your online checkout

Want to reduce cart abandonment and lift conversion rates? These best practices can help you avoid common checkout pitfalls.

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## Introduction

It's the biggest problem of online sales: getting customers to complete the purchases they initiate. The numbers are stark: one study calculated consumer cart abandonment at more than 67%.<sup>1</sup> What major factors keep customers from completing a purchase? Sometimes it's the lack of a preferred payment option. It turns out that customers have strong feelings about how they pay. In one study, 24% of online shoppers abandoned their transactions after not finding a payment option of choice.<sup>2</sup> Others are focused on security; 21% of customers fail to complete a purchase due to concerns about the safety of their credit card information.<sup>3</sup> Yet others, especially mobile shoppers, can become frustrated by overly complex or confusing checkout processes.

With so many variables influencing purchase completion, there's no one silver bullet that will encourage purchase completion and send your conversion rates soaring.

The good news: Businesses that offer PayPal are already ahead of the game when it comes to addressing abandonment. To customers, the PayPal brand represents trust, security,

and convenience. Build on that foundation with targeted adjustments to your checkout process, and the result can be a significant overall conversion increase.

This paper identifies 6 ways to improve your PayPal checkout, based on multiple global studies of PayPal businesses and thousands of checkout implementations:

- **Put yourself in your customer's shoes.** Forget what you know – approach your site as a customer, and go through the entire purchase process yourself.
- **Streamline wherever possible.** Make checkout simple, easy, and clear. Avoid repetition and distraction.
- **Keep your eyes on the prize.** Weigh your need for data against your desire to complete the sale.
- **Think mobile.** Tailor your site to mobile sales or risk losing out.
- **Keep customers informed.** Give customers the right information at the right time. You'll minimize confusion, help set expectations, and eliminate unpleasant surprises.

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21% failed to complete a purchase due to concerns about credit card safety.

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- **Put PayPal to work for your business.** Give customers multiple ways to complete the sale using PayPal.

While businesses tend to see the most positive results when all checkout processes are optimized to work together, many of these solutions can be adopted incrementally, as time and resources allow. And as you refine your checkout process, you can keep improving conversion rates.

<sup>1</sup> Baymard Institute, [E-Commerce Checkout Usability](#), December 2013.  
<sup>2,3</sup> Listrak, "[Cart Abandonment](#)," 2014.

# 1. Put yourself in your customer's shoes.

When you're developing your site, it's easy to focus on the needs of your business. Are you selling the right mix of products? Is your site attractive and well designed? Is your supply chain as efficient as it can be? But it's just as important to put yourself in the customer's shoes.

Too often, businesses develop websites without ever experiencing the checkout process from the customer's point of view. But doing so – everything from selecting an item to receiving payment confirmation – can be illuminating. Processes that seem simple from the seller's point of view can in reality frustrate, confuse, or annoy customers. And the more customers feel one of those emotions, the less likely they are to complete the sale.

When you play customer, try to approach your site without preconceived notions of what it is or how it should work. Go beyond testing; make mistakes and see what happens. As you do, pay attention to each of the

steps in the user experience. Where do you get stuck or feel frustrated? Note the specific pages or actions – that's where you're most likely to lose customers.

Do some user experience testing. It doesn't have to be professional. Ask friends and family – ideally someone who knows nothing about e-commerce – to try to buy a series of products from your site. Watch as they shop, and note where they hit snags. Even two or three such "testers" can help uncover some of your biggest problem areas.

You may not be able to tackle all of the problems you see right away, and that's OK. When deciding which to address first, focus your efforts on making the experience faster, easier, and more secure. You'll address the most common reasons consumers fail to complete an online purchase – and reinforce the qualities that customers value most in online payments.

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## 2. Streamline wherever possible.

In designing an e-commerce website, the little things matter. What may seem like a small step in the checkout process – requesting one more piece of information, adding one more screen before checkout – can be the final impediment that triggers a buyer to abandon her cart. It may sound harsh, but think of it like this: The more form fields (and screens) customers face, the more likely they are to abandon a purchase.

To streamline your checkout, focus on removing roadblocks on the path from selection to completed purchase:

- **Keep it simple.** Ask for only the information you need to fulfill the order. Never ask for the same information twice. In a 2013 cart-abandonment study, the Baymard Institute found that a too-complicated checkout was linked to an 18% dropoff in conversions.<sup>4</sup>
- **Use autofill.** Returning customers should be greeted with prepopulated form fields. New customers should never have to reenter a piece of information from screen to screen. (Billing and shipping information, we're looking at you.)

- **Remember what you learn.** If a customer makes an error, or forgets to fill in a required field, just flag the problem. Making a customer retype an entire page of information is the perfect way to lose a sale.
- **Use PayPal to cut to the chase.** Placing the [Check Out with PayPal button](#) at the top of your payment page gives customers the option to skip typing in shipping and billing information. Along the same lines, offering – and promoting – PayPal as part of a guest checkout option can also help to increase conversions, in some cases by up to 2.5%, according to one study of European businesses. The reason: buyers' payment and shipping information can be drawn right from their PayPal accounts – so they can skip entering those details. And the same European study showed that setting PayPal as the default payment method could provide an additional 0.80% conversion boost.<sup>5</sup>

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Check Out with **PayPal**

*Placing the Check Out with PayPal button at the top of your payment page lets customers skip typing in shipping and billing information.*

<sup>4</sup> Baymard Institute, [E-Commerce Checkout Usability](#), December 2013.

<sup>5</sup> PayPal Germany, Best Practice Integration Study, 2012. Average figure based on measurements of conversion rate increases in standard e-commerce transactions, carried out as part of a PayPal analysis of 6 global online businesses with a total of 269,442 visitors in early 2012. Although the businesses were carefully selected, these figures cannot be considered definitive or representative. Your conversion figures may be different.

### 3. Keep your eyes on the prize.

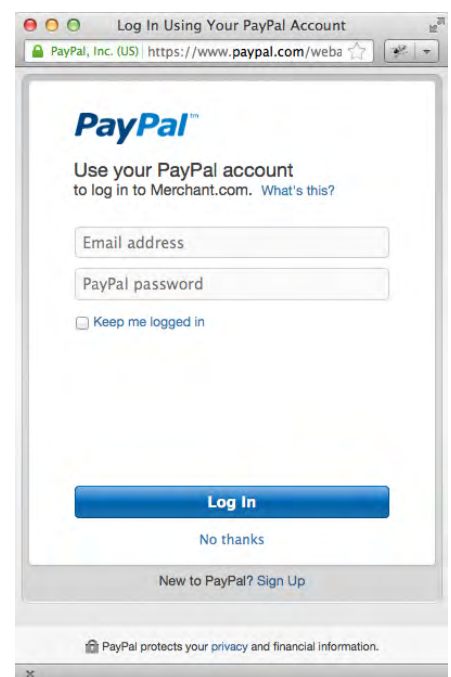
With the value of customer data increasing, and how easy it's become to gather that data, it can be tempting to use the checkout process to pull in as much customer information as possible, then use that info to upsell, resell, and retarget.

But “can” doesn't equal “should.” Remember to weigh your need for data against your desire to complete the sale. Try customers' patience with too many extra steps or information extraneous to the sale itself (e.g., gender, birthdate, “how you heard about us”) and you'll be more likely to inspire frustration and even suspicion – not exactly the qualities of a positive sales experience.

One great way to streamline the customer experience while still reaping the benefits of access to customer data: [Log In with PayPal](#), which lets customers create an account

and log in to a business's site using their existing PayPal credentials. Customers get a quick, secure login experience. They can also opt to share nonfinancial information that helps businesses personalize the shopping experience and offer targeted products and services.

Also remember that a quick, successful checkout nets you that most valuable result: a happy customer who is more likely to return for future purchases. Where first-time customers may be less interested in creating accounts, and more interested in a quick and easy sales experience, returning customers are more likely to value the benefits of account signup, including prepopulated forms and quicker checkout. And the more they come back, the happier they will be to give you more information the next time, as long as doing so makes their purchase quicker and easier.



*Log In with PayPal lets customers create an account and log in to a business's site using their existing PayPal credentials.*

## 4. Think mobile.

All of the factors above are even more important for mobile purchases, where small screens and buying on the go create an environment ripe for cart abandonment.

Not only have smartphones and tablets become near ubiquitous, but the massive growth of mobile commerce shows no signs of slowing. A full 84% of tablet and smartphone owners were using their mobile devices for shopping by Q1 2013.<sup>6</sup> And in 2013, 1 of every 10 retail e-commerce dollars was spent via mobile device.<sup>7</sup> Meanwhile, all of the factors that drive cart abandonment online are intensified for mobile purchases: 75% of smartphone users abandon sites that aren't mobile optimized.<sup>8</sup>

The takeaway: Online sellers must optimize their sites for mobile sales, or lose out. To make your site mobile-friendly:

- **Design for small screens.** Mobile-optimized is good; mobile-responsive – when a site flows and scales to suit the browser or device screen – is better. Ideally, your site should adapt on the fly, working as well on a small screen as a large one.
- **Use larger fonts and buttons.** Place action buttons (like Buy Now) at the top and bottom of each page.
- **Minimize data entry.** All the suggestions for streamlining above go double for mobile.
- **Test, test, test.** Your site should look good and work smoothly on a wide range of devices and operating systems.

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Online sellers must optimize their sites for mobile sales – or lose out.

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- **Offer a streamlined checkout experience.** The smaller the screen, the more crucial this is. A [Check Out with PayPal](#) or [Buy Now](#) button can make checkout quick and easy – and has been shown to increase mobile conversion by up to 34%.<sup>9</sup> And for mobile purchases, PayPal account holders can check out using only a mobile phone number and 4-digit PIN. The entire experience is optimized for mobile devices – with fewer pages, fewer clicks, and less typing for buyers on the go.

6 Nielsen.com, [Who Is the Mobile Shopper?](#), July 2013.

7 comScore, [Digital Wallet Road Map](#), February 2013.

8 Harris Interactive survey, 2011.

9 International PayPal A/B test conducted April-May 2011.

## 5. Keep customers informed.

Knowledge is power. Giving your customers the right information at the right time in the checkout flow can minimize confusion, set expectations, and eliminate unpleasant surprises – all of which can help reduce abandonment.

- **Eliminate surprises.** As soon as the customer adds a product to the shopping cart, display the product description, item price, shipping cost, and tax information. Such signposting also gives consumers visual feedback that the transaction is working properly and moving forward. Similarly, alerting customers to available payment options before they reach the shopping cart helps set expectations about the checkout experience.
- **Give them a map.** Giving buyers a sense of where they are in the checkout process is another way to keep things moving toward checkout. A flow diagram or numbered steps (e.g., “3 of 4”) can help situate customers, reducing anxiety and frustration.
- **Brand the checkout experience.** Adding your logo to the PayPal checkout page can boost customers’ confidence they’re on the right checkout path. That confidence, in turn, can translate to a conversion boost of 0.87%.<sup>10</sup>

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<sup>10</sup> PayPal Germany, Best Practice Integration Study, 2012, *op. cit.*



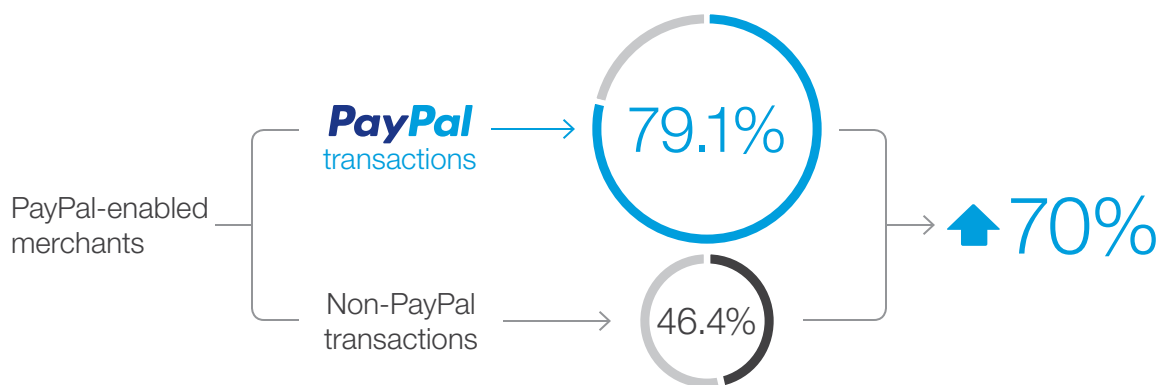
## 6. Put PayPal to work for your business.

Seeing that a website accepts PayPal payments can draw customers who value trust, security, and convenience. But often, it's less than clear up front whether or not customers can pay with PayPal on a website. In fact, a recent PayPal study found that 60% of the time consumers didn't know whether or not PayPal was a payment option for that site.<sup>11</sup>

Showing shoppers you offer their favorite ways to pay can improve conversion – and sales. In fact, just knowing that they can pay with PayPal has a powerful effect on customers, and customers who use PayPal tend to follow through. A 2013 Nielsen study of U.S. businesses found that PayPal transactions have 70% higher checkout conversion than do non-PayPal transactions.<sup>12</sup>



Online checkout conversion rate:



<sup>11</sup> 2011 U.S. Consumer Engagement Research of active PayPal customers.

<sup>12</sup> PayPal study conducted by Nielsen Buyer Insights in Q3 2013. The study examined online conversion rates for PayPal transactions versus non-PayPal transactions across 11 categories for 34 merchants.

## Leverage the power of the PayPal brand

One of the easiest and most effective things you can do to inspire consumer confidence, and help boost your conversion rate, is to take advantage of such strongly positive associations. First, make it obvious that you accept PayPal, by making the PayPal [acceptance mark](#) clearly visible on your home page. Ideally, the mark should appear “above the fold” – that is, so the viewer doesn’t have to scroll down the page to see it. If that doesn’t work for your site, list PayPal alongside other accepted payment types elsewhere on the home page – many sites put this information in the footer instead of, or as well as, at the top of the home page.

Another way to help boost conversions is to offer customers access to special financing through PayPal Credit.<sup>13</sup> [PayPal Credit](#) is a simple, flexible credit line built in to a customer’s PayPal account; letting customers know it’s available by placing [banner ads](#)

on pages where customers make a purchase decision can help drive an 18% increase in online sales.<sup>14</sup>

## Allow for multiple entry points

Many customers come to product or category pages via search engines, bypassing your home page entirely. Adding a PayPal [acceptance mark](#) to each product page lets all customers know that you accept PayPal.

The effects of these changes can really add up. The study of European businesses found that simply displaying the PayPal [acceptance mark](#) on a site’s home page, product pages, and checkout page yielded a total potential conversion boost of 1.81%.<sup>15</sup>

## Take the express route

Using the [Check Out with PayPal](#) button – via PayPal Express Checkout – gives customers a shortcut through the checkout process, making cart

abandonment less likely. On your cart/initial checkout page, consider placing a Check Out with PayPal button next to your standard checkout button. The European study found that offering PayPal as a payment option on the shopping cart page helped increase conversions by 3.75%.<sup>16</sup>

In a similar vein, the PayPal [Buy Now](#) button can help elevate specific types of sales. In areas such as computers and electronics, where customers are often looking for very specific products and are less likely to add multiple items to their cart, placing a Buy Now button near the “Add to Cart” button on the product page can boost conversions. Note, however, that in other markets where browsing can significantly increase cart values, such as clothing and housewares, it may not have such positive effects.

13 PayPal Credit is subject to consumer credit approval, as determined by the lender, Comenity Capital Bank.

14 August 2013 commissioned study conducted by Forrester Consulting on behalf of PayPal titled “The Total Economic Impact of PayPal’s Bill Me Later Financing Banners.” Bill Me Later is the former name of PayPal Credit. Data reflects a composite organization’s online incremental sales and a 3-year, risk-adjusted return on investment, based on the organizations interviewed for the study.

15, 16 PayPal Germany, Best Practice Integration Study, 2012, *op. cit.*

## Conclusion

Boosting conversion rates is a concern for businesses big and small. Luckily, it's a concern you can address. And as your partner, [PayPal](#) can help you create a customer experience designed to maximize conversion.

When you integrate PayPal checkout functions, put your development money and time in the right place and you can see marked results. Of course, the most powerful change comes when you combine multiple small improvements; for example, the sidebar at right lists five improvements that, together, have the potential to produce up to a 9.75% lift in conversion.<sup>17</sup>

PayPal can work with you to take a deeper look at your PayPal checkout setup and then pinpoint changes that can help you lift conversion, reduce cart abandonment, and create a better shopping experience for your customers. To learn more about how we can help you get the most from your PayPal checkout, log in to your PayPal account and click Contact Us.

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### Potential conversion lift, by the numbers

Displaying the PayPal <a href="#">acceptance mark</a> on the home page, product pages, and checkout page	+1.81%
Adding the <a href="#">Check Out with PayPal</a> button to the cart page	+3.75%
Making PayPal your default payment method	+0.80%
Offering a guest checkout option	+2.52%
Adding your logo to the PayPal checkout page	+0.87%
<b>TOTAL</b>	<b>+9.75%</b>

Source: PayPal Germany, Best Practice Integration Study, 2012. Average figure based on measurements of conversion rate increases in standard e-commerce transactions, carried out as part of a PayPal analysis of 6 global online businesses with a total of 269,442 visitors in early 2012. Although the businesses were carefully selected, these figures cannot be considered definitive or representative. Your conversion figures may be different.

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