PayPal

CHECKOUT BEST PRACTICES

10 ways
to reimagine the customer experience and help drive conversions online

Optimizing the customer experience – why it's important now

As digital transformation accelerates worldwide, consumers are flocking to the internet for everything from groceries to luxury gym equipment, with **40% shopping online more and in stores less.**[1] This significant move to digital has had a profound effect on industry growth. In the United States, **10 years of projected ecommerce growth happened in only 90 days at the start of the COVID-19 pandemic.**[2]

These online shopping behaviors seem poised to endure. According to a recent study, 75% of consumers intend to continue their newly adapted digital shopping habits after the COVID-19 pandemic subsides.[3] The growth in online shopping has created opportunities not only to reimagine brand relevance, but also to rethink the end-to-end customer experience.

"Online merchants often consider their competitors to be the merchants that sell similar items," says Dr. Tiffany Raymond, head of global customer advocacy at PayPal. "The truth is that consumers actually see your competitors to be every eccommerce website they've ever visited. They'll hold you up against the best shopping experience they've ever had."

Shoppers want seamless experiences, no matter where they engage. Enterprises are listening. In fact, 90% of enterprises highlight improved customer experience as a key growth strategy.[4] Removing points of friction in the customer experience can help keep shoppers engaged and ultimately help increase conversion.

Optimizing your product, cart, and checkout pages is critical to help:

- Reduce cart abandonment
- Improve conversion rates
- Increase spend/average order value (AOV)
- Boost customer loyalty

Ultimately, these changes help to grow your business. The time to invest in optimizing the customer experience at checkout is now.

US e-commerce penetration, %

10 years' growth in 3 months
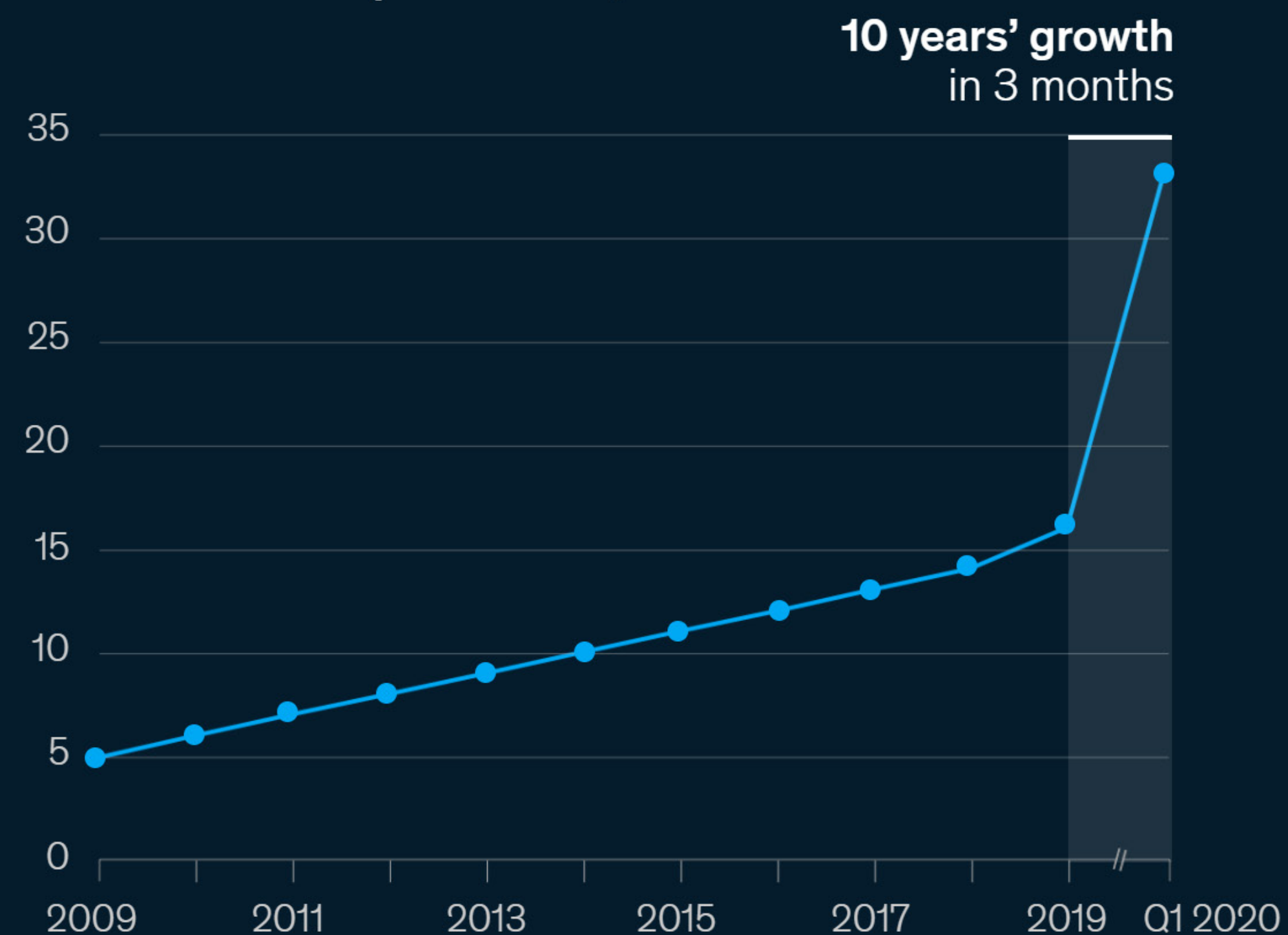
Source: Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis

PRODUCT PAGE

BEST PRACTICE #1

Message financing options early and often

Buy now, pay later (BNPL) payment options grew rapidly during the pandemic as consumers looked to avoid taking on new credit card debt.[5]

> **By 2024, U.S. BNPL lending is estimated to surpass $100 billion, a 3,200% increase since 2019.[6]**

The BNPL benefit for consumers is clear, but so is the benefit to merchants, who are paid in full upfront. Of BNPL users surveyed, 80% agreed that seeing a BNPL message while shopping online gave them the ability to spend more.[7] This payment option can help attract new customers, increase cart sizes, and boost brand loyalty.

Informing customers upstream about the availability of these popular payment options – even as early as the homepage – may help open new opportunities for customer acquisition and retention. It may also help counter objections to price by reminding consumers they can leverage financing.

PRODUCT PAGE

BEST PRACTICE #2

Make primary CTA buttons prominent

Consumers expect their shopping experiences to be quick, easy, and intuitive, so it's important to streamline the purchase process. Optimal call-to-action (CTA) button placement can help.

Placing each page's primary CTA button front and center can help shoppers quickly head to checkout after breezing through product selection. Using easy-to-find CTA buttons can be particularly important for customers shopping on small mobile screens where space is limited.

Further, minor tweaks to your webpage design may have a noticeable impact on conversion.

Just increasing the size and contrast of your CTAs can boost conversion rates by as much as 3%.[8]

PRODUCT PAGE

BEST PRACTICE #3

Highlight free shipping upfront

Consumers want and expect free shipping. According to a National Retail Federation survey, 75% of online shoppers surveyed expect free shipping on their orders, even when spending less than $50.[9]

Showing free shipping messaging upstream in the shopping journey can help entice consumers early on. Using minimum free shipping thresholds can help increase AOV through extra purchases. Reminders at cart and checkout of how much more a customer needs to spend to reach the free shipping threshold can also help encourage more shopping.

75% of online shoppers surveyed expect free shipping on their orders
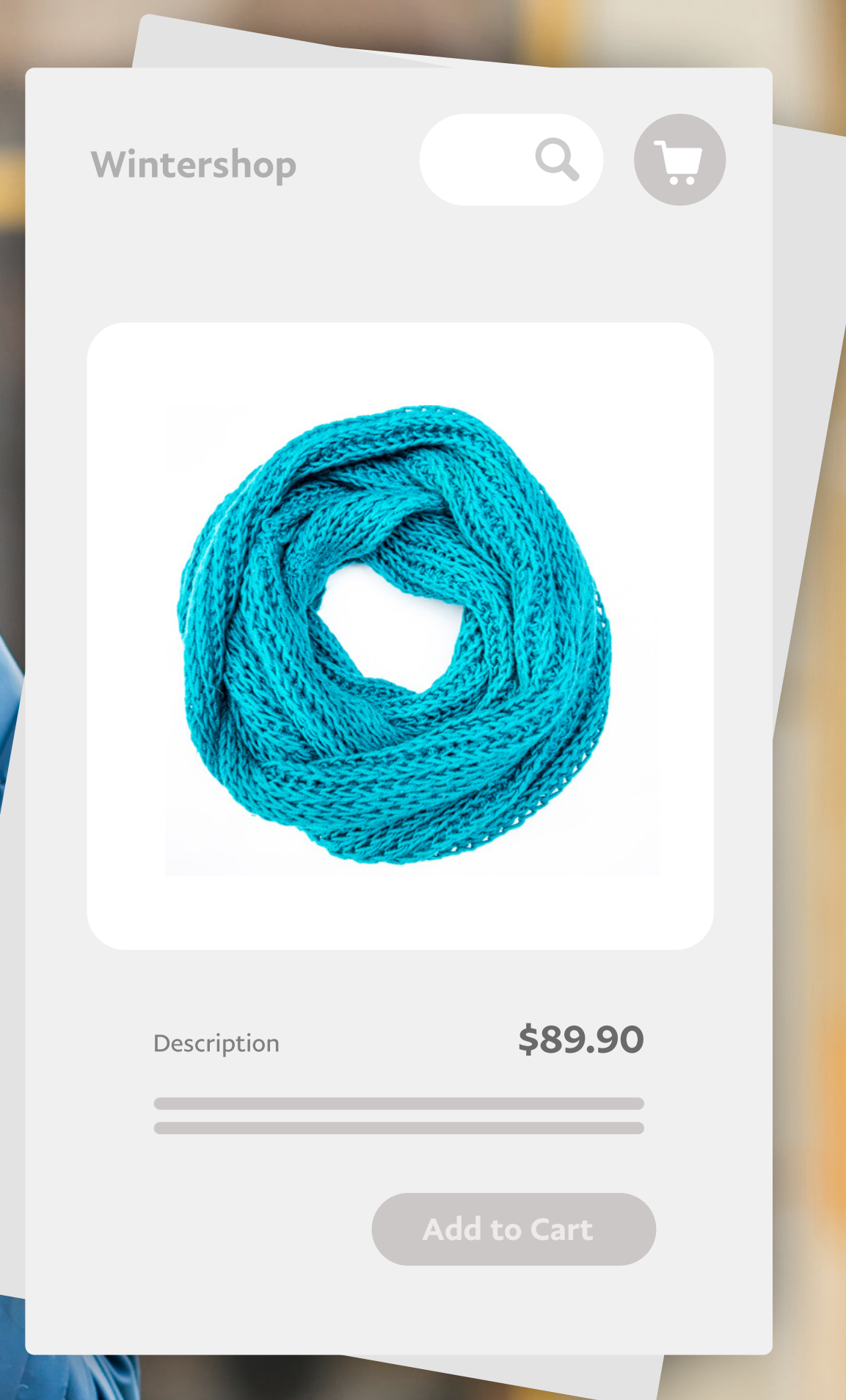
CART PAGE

BEST PRACTICE #4

Feature large product images

The right mix of product and lifestyle images can drive positive shopping experiences and help customers envision their experiences with an item.

This is particularly relevant to shoppers browsing on the smaller screens of mobile devices, which is where 65% of all U.S. online purchases are made.[10]

Just as it's important to have large, clear, vivid images on the product pages, featuring images on the cart page can reaffirm the customer's decision to buy. It's also an opportunity to help shoppers compare and decide on similar items in their cart.
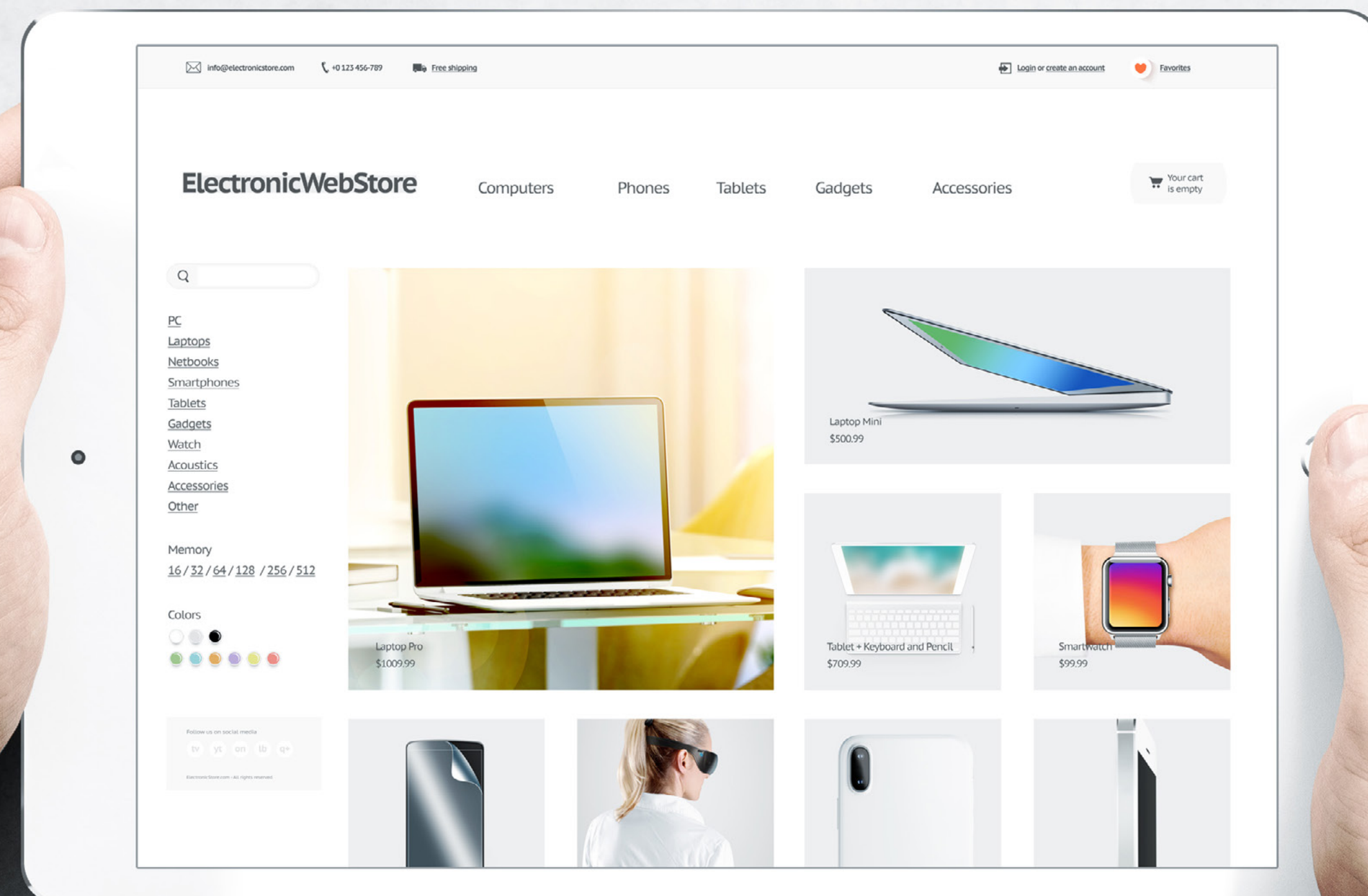
CART PAGE

BEST PRACTICE #5

Curate the right cross-sells to help increase AOV

Attracting new customers may be a merchant's first approach to grow revenue, but don't miss the opportunity to increase AOV from customers who are shopping.

Placing an appropriately curated selection of related products on the cart page can be an effective way to help increase AOV.

The right selection of cross-sells anticipates what the customer may need, like a camping pillow for a customer shopping for a sleeping bag. Successful cross-sells typically require minimal decision making, complement the items being purchased, and are relatively lower cost.

CART PAGE

BEST PRACTICE #6

Clearly communicate cost calculations

A quick way to erode trust in the shopping journey is to surprise customers with their cart totals. Create placeholders—avoiding zeros—in the price breakdown for shipping costs and taxes until you have proper shipping information further in the checkout process. Using zeros as placeholders may create a jarring experience for consumers once the true costs are revealed. Alternately, using a customer's IP address to pinpoint their location can help in approximating tax costs.

With proper placement and communication prior to checkout, you can set proper expectations and minimize the impact of "surprise" fees.

Ready to checkout?

Subtotal	**$79.90**
Shipping	**$6.00**
Tax	**$4.00**

| Total	$89.90

Checkout

CHECKOUT PAGE

BEST PRACTICE #7

Eliminate gated checkouts that require account creation

24% of shoppers surveyed stated they'll abandon their carts when forced to create an account at the start of the checkout process.[11] It follows that this could be particularly relevant for hurried mobile customers or those looking to make a one-time purchase.

It's often better to capture the shopper's email address further downstream where shoppers already expect to enter that information, such as the shipping address page. Additionally, the checkout confirmation page can be a good place to ask for an account password. At this point, consumers have a higher investment in your brand and could be more open to sharing information, particularly within the context of it helping them track their order.

24%

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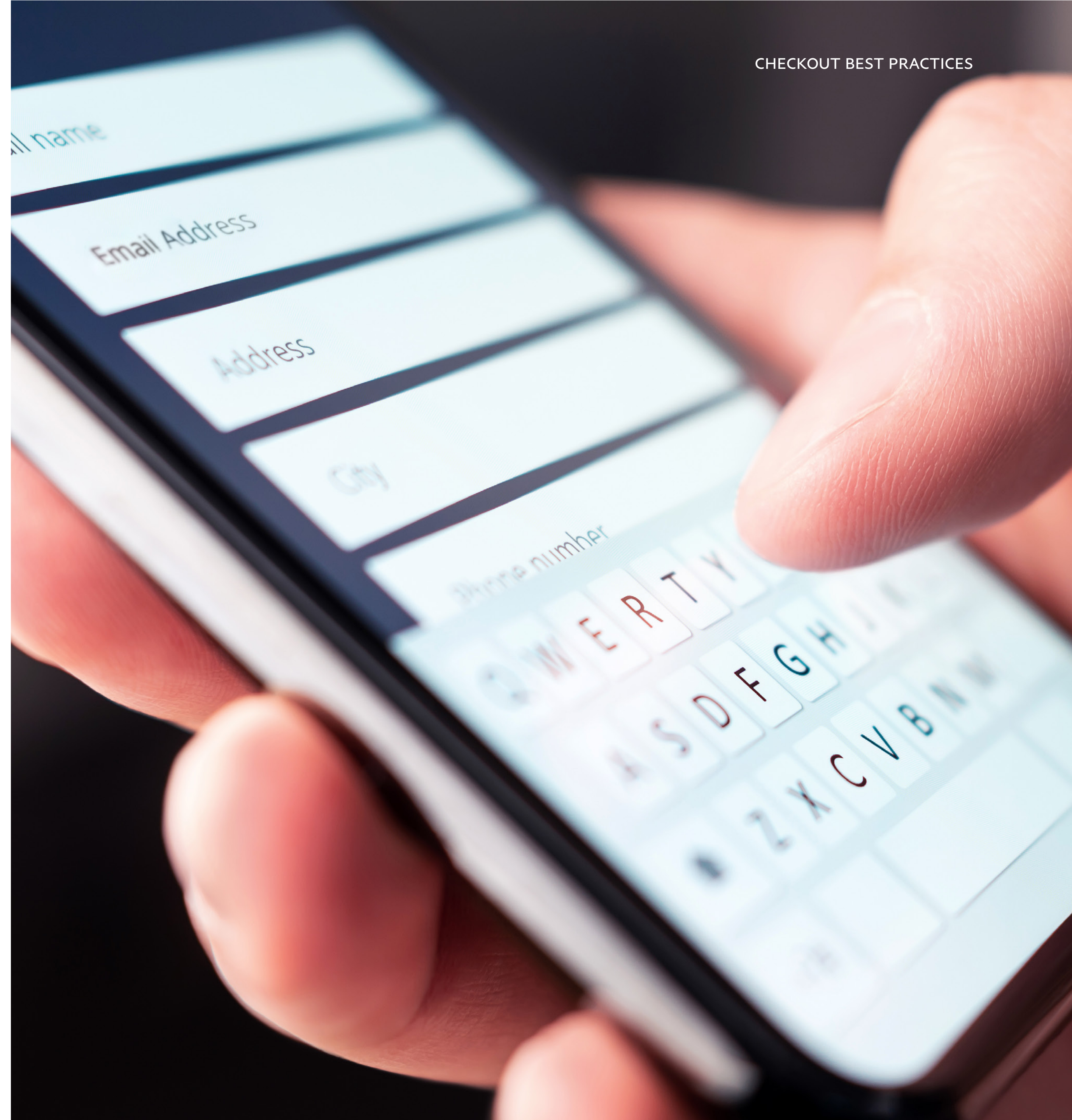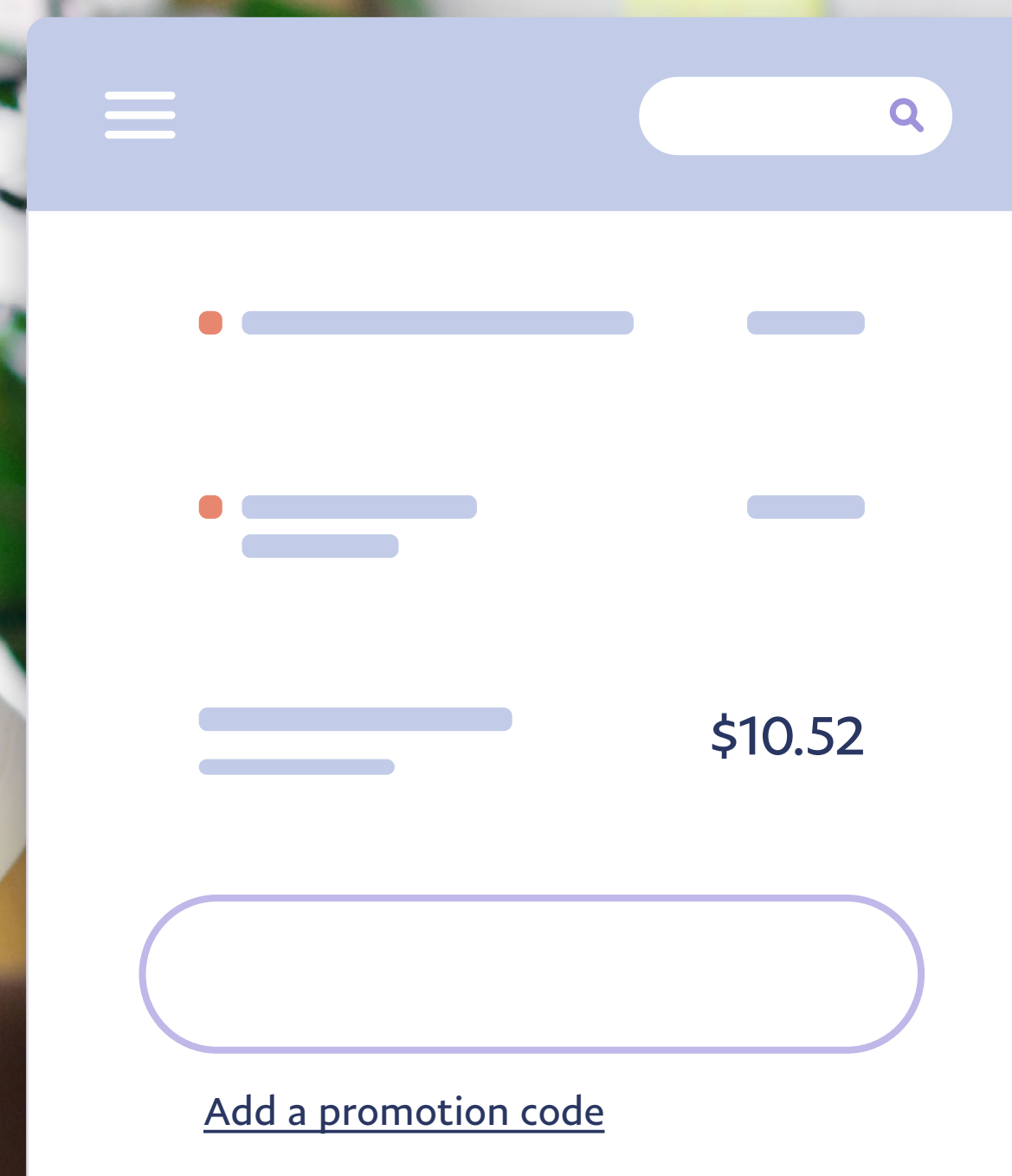
CHECKOUT PAGE

Collapse the promo code section to help increase revenue

Discounts can help attract new customers, drive conversion rates, and retain customers. However, a prominent promotion code box can interrupt the checkout process as shoppers stop to leave your website in search of a promo code. This risks losing the customer to distractions and can decrease profits.

> **Consider placing a smaller "add a promotion code" *link* instead. A collapsed promotion code section can help increase mobile and desktop revenue per visitor.**

When there's a link instead of a box, a customer speeding through the checkout flow will likely complete their purchase without stopping to look for a code to fill the box. At the same time, a customer with a promotion code will have the option to add that code easily.

$10.52

Add a promotion code

CHECKOUT PAGE

BEST PRACTICE #9

Limit each checkout step to one main action

Keeping the checkout flow simple can help speed the checkout process, especially on a small mobile screen. Anything that's perceived to slow down checkout could increase cart abandonment, so the fewer steps the better.

By keeping customers focused on one action at a time, you reduce the risk of overwhelming them.

Consider asking only for the essentials – like payment, billing, and shipping information – and place each ask on a separate page or in a different section. Providing a progress indicator can also help keep customers informed and focused on the end result, without the worry of spending too much time.

CHECKOUT PAGE

BEST PRACTICE #10

Communicate shipping timelines clearly

To help your customers quickly understand when they can expect their products, consider providing shipping calculations and estimated order arrival dates. Clarity is key when it comes to communicating shipping timelines. Until the order arrives at a shopper's door, communications around order status and delivery delays are not only appreciated but expected.

Clear and upfront communication around shipping is another way to help provide the ultimate customer service experience to your valued customers.

It also encourages repeat business by reassuring them they can rely on your company.

Next steps

Great ecommerce experiences are a differentiator in today's increasingly digital shopping environment.

"You can have a huge ripple effect on your business if you make positive changes to your overall ecommerce experience," concludes Dr. Raymond. "Consumers just want great experiences, no matter what they're buying. Make it a smooth journey for them."

An optimized experience can help benefit shoppers who want to complete checkout quickly and merchants aiming to close sales consistently and efficiently. Adopting these best practices can help curb cart abandonment, improve conversion rates, increase cart sizes, and boost customer loyalty. It's a win-win for consumers and merchants.

Now is the time to optimize the customer experience and accelerate your growth.

As PayPal's head of global customer advocacy, Dr. Tiffany Raymond consults with merchants around the world to help improve their customer and user experiences around ecommerce, specifically at checkout. She also leads the customer advocacy team as part of the global revenue operations and enablement organization at PayPal, which she joined in 2014. Dr. Raymond received doctorate and master's degrees from the University of Southern California. She also completed a master's degree at the University of Tennessee at Knoxville, and a bachelor's degree from the University of Arkansas, where she was selected to be the university valedictorian and graduated magna cum laude.

Footnotes

[1] PYMNTS.com, Commissioned by PayPal. It examines survey data collected from 2,163 U.S. consumers between June 22 and June 24, 2020.

[2] McKinsey Quarterly: Five Fifty, Q2 2020: The Quickening, data provided by Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis.

[3] PYMNTS.com, Commissioned by PayPal. The Holiday Retrospective Report: Merchant Insights For 2021 And Beyond, is based on a census-balanced survey of 2,070 U.S. consumers conducted on Jan. 7, 2021.

[4] Enterprise Needs Navigator IDC Study, March 2021.

[5] The Wall Street Journal, Covid-19 Economy Boosts "Buy Now, Pay Later" Installment Services, December 2020.

[6] Mercator Advisory Group, Buy Now, Pay Later: Gaining Scale and Disrupting the Status Quo in Lending, May 2021.

[7] An online study commissioned by PayPal and conducted by Netfluential in November 2020, involving 1,000 US online shoppers ages 18-39. (Among BNPL Users, n= 357)

[8] HiConversion Mobile Optimization ongoing study (2019). These results reflect the average findings of all participating merchants and are not guaranteed for all users.

[9] National Retail Foundation, NRF study says more online shoppers want free shipping, January 2019.

[10] Ipsos MORI, commissioned by PayPal. PayPal Insights 2019. n=22,000 consumers and 4,600 businesses, 11 markets. Interview of adults (aged 18-74) between 23rd July – 25th August 2019.

[11] Baymard.com, 2021 data, Research conducted by Baymard.com across 4,329 responses by US adults to know the reasons for abandonments during checkout process.