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Cart abandonment: A major challenge for retail and commerce

Introduction

Cart abandonment is a common challenge that retailers face in the online retail industry. It refers to a situation where a customer adds items to their online shopping cart but fails to complete the checkout process. This phenomenon is common across different industries and retailers, and it is estimated that the average cart abandonment rate in the online retail industry is about 69%. This white paper will explore the impact of cart abandonment on sales, provide data on cart abandonment rates in the last few years, discuss technologies that can be deployed to reduce cart abandonment, examine the customer experience when cart abandonment rates are increased or decreased, and analyze the minimum cart rate abandonment and the dollar value that gets lost per day.

How sales are impacted

Cart abandonment has a significant impact on sales in the online retail industry. When customers abandon their carts, retailers lose the opportunity to convert a potential sale into an actual sale. This loss of revenue can be significant, and it is estimated that 70 % of digital shopping carts and baskets were abandoned without completing the purchase. To understand the impact of cart abandonment on sales, let's look at some data and examples.
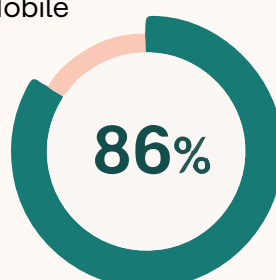
According to a recent study by Baymard Institute, the average cart abandonment rate across different industries is around 69%. This means that for every ten customers who add items to their online shopping cart, only three will complete the checkout process. This high cart abandonment rate has a significant impact on sales and retailers are constantly looking for ways to reduce it.
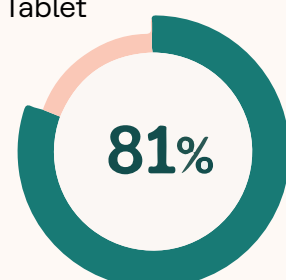
Average cart abandonment rate

Desktop	Mobile	Tablet
70%	86%	81%
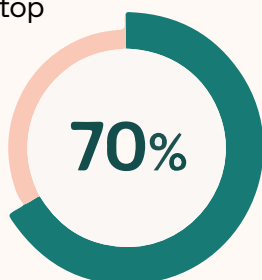
Source: Baymard Institute Research

Historical trends

Cart abandonment rates have been a concern for online retailers for many years, and data shows that the rates have remained high in recent years. According to the Baymard Institute, the average cart abandonment rate in 2018 was 75.6%, which was higher than the 69.23% rate in 2017. The following year, in 2019, the average cart abandonment rate decreased to 69.57%. However, this rate is still high, and retailers continue to look for ways to reduce it.

It is also interesting to note that cart abandonment rates vary across different industries. For example, the average cart abandonment rate in the fashion industry and the travel industry is different. This difference can be attributed to the different factors that influence cart abandonment in different industries, such as price, shipping options, and the complexity of the checkout process.

Technologies: How to bring down cart abandonment rate

There are several technologies that retailers can deploy to reduce cart abandonment rates. These technologies can be used in conjunction with the Order Management System (OMS) to provide a seamless checkout experience for customers. Some of the technologies that can be deployed include:

1) Exit-Intent popups:
Exit-intent popups are a type of popup that appears when a customer is about to leave the website. These popups can be used to offer a discount, free shipping, or other incentives to encourage the customer to complete the checkout process.

2) Retargeting ads:
Retargeting ads are ads that are targeted to customers who have abandoned their carts. These ads can be used to remind customers of the items in their cart and offer incentives to complete the purchase.

3) One-click checkout:
One-click checkout allows customers to complete the checkout process with just one click. This technology saves time and reduces the complexity of the checkout process, making it more likely that customers will complete their purchase.
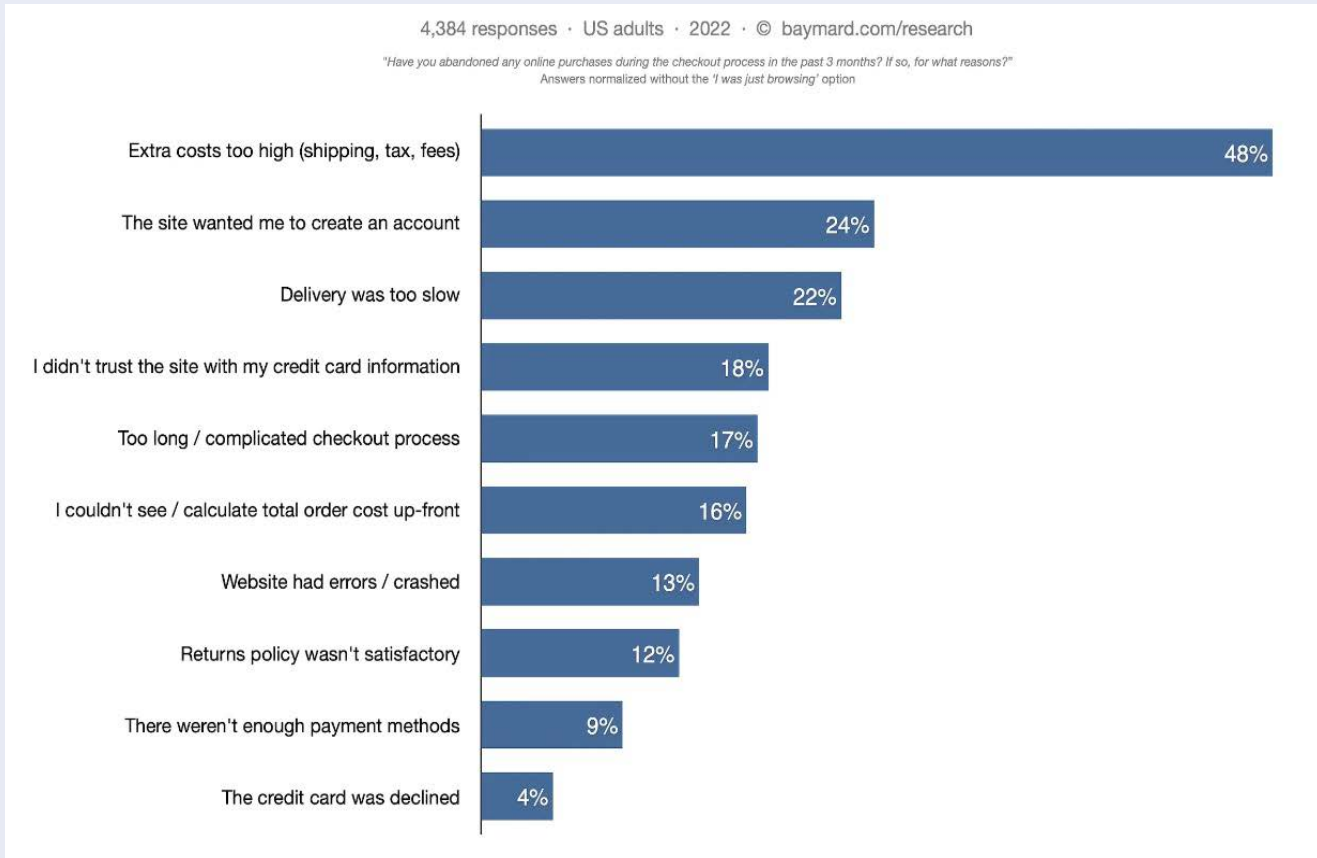
4) Guest checkout:
Guest checkout allows customers to make a purchase without creating an account. This technology reduces the barrier to entry and makes it easier for customers to complete their purchase.

5) Automated cart abandonment emails:
Automated cart abandonment emails can be sent to customers who have abandoned their carts. These emails can be used to remind customers of the items in their cart, offer incentives to complete the purchase, and provide a link to resume the checkout process.

When these technologies are deployed in conjunction with the Order Management System (OMS), retailers can provide a seamless checkout experience for customers, reducing cart abandonment rates and increasing sales.
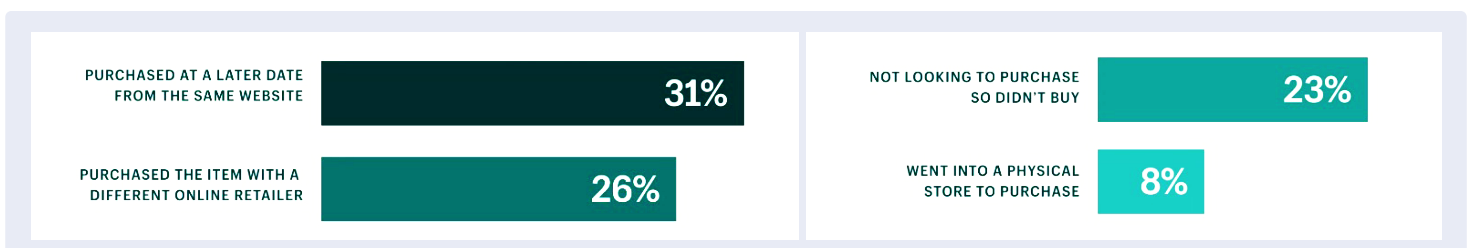
Reasons for abandonment during checkout

4,384 responses · US adults · 2022 · © baymard.com/research

"Have you abandoned any online purchases during the checkout process in the past 3 months? If so, for what reasons?"
Answers normalized without the 'I was just browsing' option

Reason	Percentage
Extra costs too high (shipping, tax, fees)	48%
The site wanted me to create an account	24%
Delivery was too slow	22%
I didn't trust the site with my credit card information	18%
Too long / complicated checkout process	17%
I couldn't see / calculate total order cost up-front	16%
Website had errors / crashed	13%
Returns policy wasn't satisfactory	12%
There weren't enough payment methods	9%
The credit card was declined	4%

Effect of cart abandonment on customer

The customer experience can be impacted if the cart abandonment rate is increased or decreased. If the cart abandonment rate is increased, it can lead to frustration among customers and may lead to a decrease in sales. Customers may become hesitant to add items to their cart if they believe that they are likely to abandon the cart without completing their purchase. This can lead to a decrease in sales and revenue for the retailer.

On the other hand, if the cart abandonment rate is decreased, it can lead to a better customer experience and an increase in sales. Customers are more likely to complete their purchase if the checkout process is seamless and easy to navigate. This can lead to an increase in customer satisfaction and loyalty, as well as an increase in sales and revenue for the retailer.

In a research from Statista, where respondents were asked what the shoppers did after cart abandonment, it was found that when UK shoppers abandon carts, less than a third return to buy it. A quarter of them buy the same product from a competitor.

PURCHASED AT A LATER DATE FROM THE SAME WEBSITE	31%	NOT LOOKING TO PURCHASE SO DIDN'T BUY	23%
PURCHASED THE ITEM WITH A DIFFERENT ONLINE RETAILER	26%	WENT INTO A PHYSICAL STORE TO PURCHASE	8%

Statista Research: What UK residents did after abandoning their cart

Minimum cart abandonment rate vs per day lost dollar value

The minimum cart abandonment rate and dollar value that gets lost per day can vary depending on the size and type of retailer. However, it is estimated that the average cart abandonment rate is about 69%, and if we assume that a retailer receives 1,000 orders per day, and the average order value is $100, with a cart abandonment rate of 69%, the retailer will lose about 690 potential orders per day, resulting in a loss of about $69,000 in potential revenue per day. This highlights the significant impact that cart abandonment can have on sales and revenue.

Conclusion

Cart abandonment is a common challenge that retailers face in the online retail industry. It has a significant impact on sales and revenue, and retailers are constantly looking for ways to reduce it. By deploying technologies such as exit-intent popups, retargeting ads, one-click checkout, guest checkout, and automated cart abandonment emails, retailers can reduce cart abandonment rates and increase sales. These technologies can be used in conjunction with the Order Management System (OMS) to provide a seamless checkout experience for customers.

It is also important to note that the customer experience can be impacted if the cart abandonment rate is increased or decreased. By providing a seamless checkout experience, retailers can increase customer satisfaction and loyalty, leading to an increase in sales and revenue.

Overall, retailers must understand the impact of cart abandonment on sales and revenue and implement strategies to reduce it. By doing so, they can increase customer satisfaction and loyalty, leading to long-term success in the online retail industry.

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