

RETAIL FOCUS: UK RETAILERS ARE LOSING OVER £8BN A YEAR ONLINE DUE TO INEFFICIENT WEBSITES

August 2011

CONTENTS

- 3 Executive Summary
- 4 Findings
- 6 Top 10 Reasons Visitors Don't Convert
- 28 Our Approach
- 29 Conclusion
- 30 About QuBit & Authors

EXECUTIVE SUMMARY

UK RETAILERS ARE LOSING OVER £8BN A YEAR ONLINE DUE TO INEFFICIENT WEBSITES

The online retail industry is booming. Globally, in 2010 customers spent €591bn online. By 2013 this figure is set to exceed €1.4trn¹. A large proportion of this growth can be attributed to the rapidly maturing online markets of the US and the UK, coupled with the emerging BRIC markets. The UK represents over 32% of total European online spend and UK customers spend on average 50% more than their US, German, and French counterparts. In contrast, the UK's offline retail industry is struggling: the number of physical retail store closures in the UK averaged 20 per day in 2011 – a 9% increase from 2010².

Promising statistics for online growth reveal the extreme competitiveness of the industry and many retailers will struggle to survive. The number of online retail sites is increasing and competition is pushing acquisition costs steadily higher in the face of relatively static conversion rates. The result of this is diminishing returns on investment for marketers and growing threats to online profitability. As margins are eroded, it will be ever more critical for retailers to convert each customer and they will need to invest in appropriate and winning strategies to do so successfully.

In this dynamic and changing environment, the first QuBit White Paper on the Retail Industry presents some key data which will be valuable to both pure-play and trans-channel retailers, or to anyone concerned with decision making in the online environment. Based on a ground-breaking study of over 18,000 pieces of exit feedback from leading UK retail websites, we highlight the top ten reasons customers are not converting on retail websites.

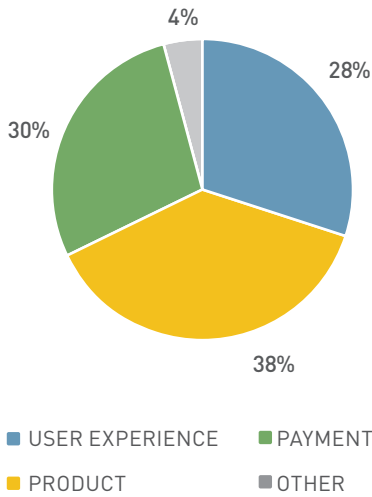
Using QuBit's unique customer Exit Feedback tool, visitors were asked to comment on their experience at the point of leaving the websites, enabling their immediate reactions to be captured and analysed in detail. Product, payment and user experience emerged as the three predominant areas attracting comment. Within these, the top issues identified were: price, product description, stock availability, site functionality, delivery information, product images, discount/sale, navigation, video, and site speed. In this white paper we look at how retailers can best fix the most common conversion issues identified by customers.

¹ IMRG Capgemini e-Retail Sales Index

² PWC Insolvency Report, April 2011

FINDINGS

HIGH LEVEL VIEW



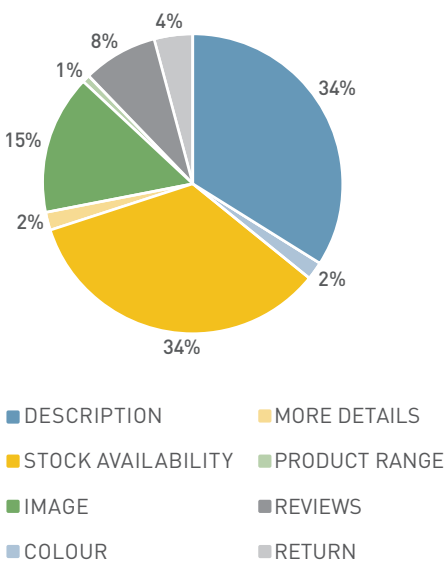
OVERVIEW

Customers’ prime concerns relate to product information, the payment process and general user experience on retail websites. In this section we review the high-level findings from our exit feedback research. Exit feedback was split relatively evenly across three key areas:

- Product-related concerns accounted for 38% of feedback,
- payment and the payment process for 30%, and
- user experience for a further 28%.

Within each of these areas, our analysis reveals the specific aspects of the retail web experience which are of concern. In the following section we examine the top issues in detail and highlight actions retailers can take to fix them.

PRODUCT ISSUES



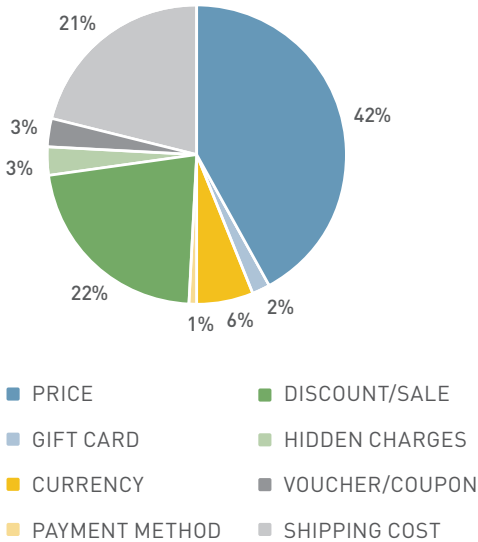
PRODUCT

Product, although the largest of the three primary areas, had the least diverse split of issues, with 80% of all feedback focusing on inadequate or deficient product information. Specifically, customers criticise inadequate:

- Product descriptions,
- stock availability information, and
- product images.

These three issues highlight the product information a customer considers most important in making the decision to purchase. This is supported by a study of online shoppers by WebCollage which highlighted in-depth product information was “important” or “very important” for retailers to offer.

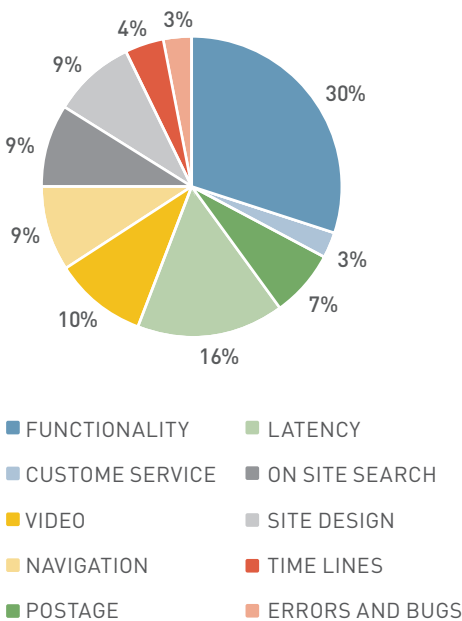
PAYMENT ISSUES



PAYMENT

Payment accounted for over 30% of total feedback. As expected, price was the dominant issue for customers with nearly half of payment related feedback criticising prices. Checkout inefficiencies, often leading to checkout abandonment - even once customers have committed to a purchase - were the second most frequently mentioned issues. Discount/sale issues were an unsurprising finding, with a significant number of customers expecting and wanting to receive discounts, tailored to their circumstances. Finally, shipping costs were cited as the third greatest reason causing users to exit the site. This supports previous research by WebSite magazine which demonstrated 61% of customers with an intent to purchase research prices online before they purchase offline.

USER EXPERIENCE ISSUES



USER EXPERIENCE

User experience frustrations accounted for 28% of the total feedback and contained the most diverse range of issues. Most frequently mentioned by customers were site functionality and navigational issues. Other fundamentals such as design, on-site search function and latency all featured as well. The most prevalent features mentioned under site functionality focused on users expecting a tailored experience. Wish lists and personalised recommendations were two elements frequently highlighted as functionality customers expected to see on retail websites.

TOP 10 REASONS RETAIL WEBSITES DON'T CONVERT VISITORS

QuBit's analysis of exit feedback illustrates the three top areas of concern which cause frustration and create a negative user experience on retail websites. Detailed analysis of this feedback suggests there are common issues affecting all retail sectors which result in a failure to convert visitors. The following section presents a summary of each issue, example exit feedback, and recommended actions retailers can take.

1- Price	7
2- Product Description	9
3- Stock Availability	11
4- Site Functionality	14
5- Shipping Details	16
6- Product Images	18
7- Discounts / Sales	20
8- Navigation	22
9- Product Video	24
10- Speed	26

REASON 1: PRICING MUST REFLECT THE CONTEXT IN WHICH CONSUMERS MAKE PURCHASING DECISIONS

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



I really like your stuff, however it is a bit more expensive than other sites

Price is inevitably a key factor in the path to purchase and it is no surprise that a significant number of customer objections were focused on prices being too expensive. While pricing strategy is fundamentally a business decision, the online channel has a considerable influence over price satisfaction. Price satisfaction refers to the customer perception of a product being good value, competitive, and meeting their expectations. Retailers need to focus on these three elements throughout their websites.

EXAMPLE

The screenshot shows the Buy.com homepage with several key sections:

- Top Navigation:** Includes links for 'Hello, Sign In!', 'Get Super Points', 'Track Your Order', 'My Account', 'Wish list', and 'Help'. A search bar is also present.
- Deal of the Week:** Promotes a Samsung SF310-S01 13.3" Notebook, Intel... with a list price of \$799.00 and a deal price of \$599.99.
- Samsung Printer Specials:** Features Samsung printers with a 'SHOP NOW' button.
- Buy.com BACK TO SCHOOL SMART SAVINGS:** A green banner encouraging users to 'SHOP NOW!'.
- Buy.com Recommendations:** A carousel of products including Diamond Earrings (1/2 Carat), Haier Commercial Cool Portable Air Conditioner, Proden PlaqueOff for Dogs and Cats, and Xbox 360 Live 12 Month Gold Messenger Starter Pack.
- What's Shakin':** A section titled 'Products with the highest change in sales rank over the past 24 hours' featuring diamond pendants and red wines.
- Mobile Promotion:** A banner at the bottom encourages users to 'Go Mobile with Buy.com'.

BUY.COM

Buy feature a number of elements which focus on price satisfaction:

- Deal of the week
- Previous prices crossed-out
- Sales rank over the past 24 hours

ACTION

Price is the most effective profit lever in a business; retailers who use online data to inform their pricing strategy have a distinct advantage over competitors who don't. There are a number of actions retailers can take to try to resolve pricing frustrations on their websites. However, given the sensitivity of price on conversion, it is important to test initiatives on a small sample to prove the results before implementing it across a whole site.

Please include a sliding scale for all your prices

1. Use session level tracking and behavioural clustering to understand the purchasing propensity of specific customer segments

The wealth of data available online can provide retailers with vital insight into customer behaviour, allowing them to target the most profitable customers directly. Previous QuBit research highlights that customers have different purchasing propensities³. Retailers should be calculating this propensity through session level tracking of key metrics such as demographic, purchasing path, and on-site behaviour. Clustering this data and using it to drive pricing strategies allows retailers to tailor prices to specific customer segments and maximise the profitability from each customer.

Behavioural clustering can be applied to answer the following questions:

- Who are my most valuable customers?
- What common behaviours do they exhibit?
- How do I move customers into a more profitable segment?
- What marketing strategies can I employ to drive an increase in the profitable segment?

Lower prices on the Internet for University students

2. Test pricing message to reduce the path to purchase

In addition to behavioural clustering, messaging around pricing can be just as important. Recent research by Google proved that one in three conversions happens after 30 days⁴. If retailers notice the path to purchase is extending then it would be wise to test price messaging on their site to try and force a decision from the customer. One radical messaging change would be to include the pricing of closest competitors on your site with the aim of proving you are competitive. Even if your prices are not the lowest this strategy may still work. If customers see that other sites are only marginally cheaper, but they like your service and approach, they would still be more likely to purchase. A recent study by eTailor found over 53% of people would be less compelled to shop elsewhere if they could access competitors' pricing from a retailer's website.

3. Include all major currencies in the checkout process

A further important action point for any retailer looking to do sell to an international market is ensuring all major currencies are accommodated in the checkout process - failure to do so will more often than not result in checkout abandonment by international customers.

³ Google Barometer Blog, August 2011

⁴ QuBit Blog

REASON 2: PRODUCT DESCRIPTIONS MUST BE COMPLETE AND CLEAR

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



Please give me an idea of what measurements small, medium and large are for different products!

Product descriptions are a critical factor in converting customers. Over 12% of feedback collected related to the product description. Displaying relevant, concise, and informative descriptions should be the primary purpose of a product a page. Websites failing to do this risk losing customers.

Descriptions have to adequately replace the knowledge and support of the shop assistant in order to satisfy the online customer. Our research showed that retailers with consistently detailed product information perform better than counterparts in converting customers from the product page. This is also evidenced by a WebCollage study which showed 82% of customers were more likely to return to retail web sites that provided them with thorough product information.

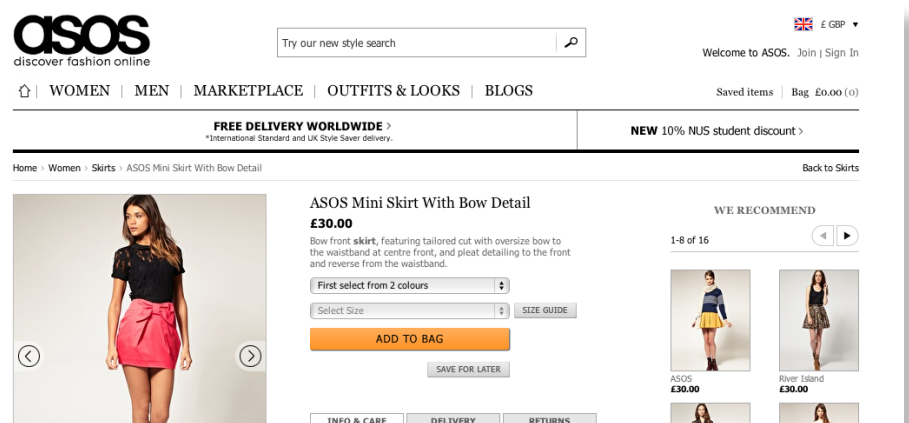
To highlight the importance of product descriptions, the vast proportion of feedback found on fashion retail sites blames lack of sizing information as a primary reason for exiting the site. Retailers need to think about the offline experience when they are designing the online experience. For example, when shopping for clothes, size information is less relevant as items can be tried on and swapped for a different size if required. This translates across every retail industry, from drill diameters to vase volumes. If detailed product information is not readily available abandonment is likely to follow.

ASOS:

ASOS feature a number of elements which focus on giving the customer as much information as possible.

- *Details of the model's size*
- *Details of how to care for the item*

EXAMPLE



ACTION

Product descriptions are unique to the industry in which a retailer is operating, but there are common best practices which can be applied across the board to alleviate customer frustrations.

The product pages should inform me of the materials you are using and the origin of the material

1. Write product descriptions which connect technically and emotionally with the customer

Customers will browse multiple websites when researching a purchase. This was proven in a study by RichRelevance which found 82% of UK shoppers visit more than one website before purchasing a product. Standing out requires product descriptions to be unique and informative. Our research showed customers were frustrated by a lack of detail online. To combat this a retailer must be able to provide answers to the typical questions a customer has when they arrive on a product page, such as:

- What are the product features?
- Is this product right for me?
- Why should I buy this item here?
- How is this product better than other alternative options?
- What are the personalisation options?
- What are the dimensions of the product?

This information must be displayed in an easy to read and digestible form.

Your descriptions and pictures in your checkout need to remind me of my purchase as sometimes it is not clear

2. Provide live online chat for technically complex products or large value items

If you sell complex products or large value items, it may be wise to pilot web chat. Web chat can provide a completely personalised online experience and hand-hold the customer through the purchase process, answering any bespoke questions the customer may have along the way.

REASON 3: STOCK SHOULD NEVER BE AN ISSUE - EVEN IF THE PRODUCT IS NOT AVAILABLE

SAMPLE EXIT FEEDBACK
CONVERSION IMPACT

Take things off the site after they have gone out of stock

Communicating stock availability is critical for retailers online. Most shoppers know what it feels like getting to the store only to find the product you were searching for to be out of stock. Our research indicated customers were most frustrated with retail websites that failed to communicate stock availability to their customers early in the purchasing process. Frequently, customers criticised retail websites for:

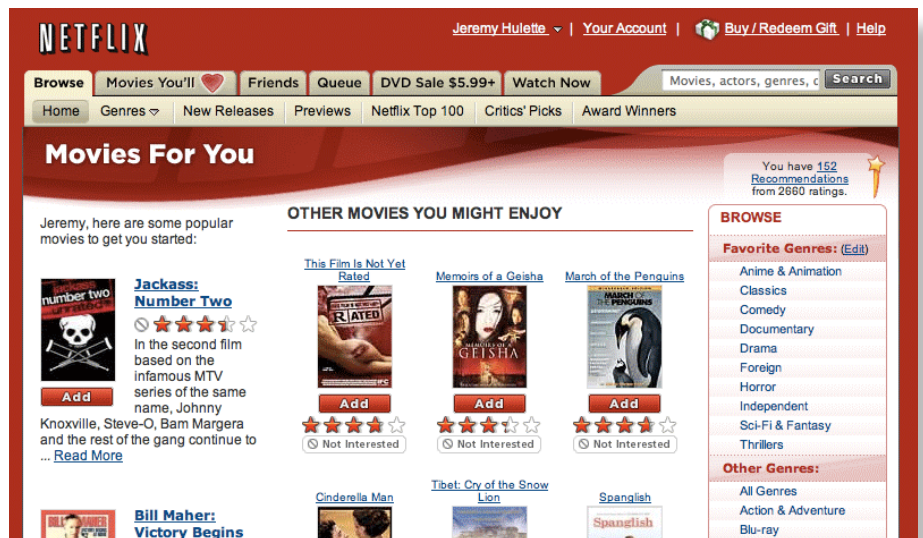
- Being allowed to get to the checkout without communicating the product is not in stock;
- the lack of information telling them when the product will be back in stock; and
- not stocking the products the customer wants to purchase.

Communication around stock availability is one of the greatest issues for retailers causing many customers to abandon their purchases and exit the site. Online retailers have a distinct advantage over their bricks and mortar competition as they have rapid access to granular stock data, which if used effectively, can dynamically drive the layout and organisation of the products customers see and can search for.

EXAMPLE

NETFLIX:

Netflix uses personal recommendations to suggest items which are in stock and suited to a customers interests based on past purchases.



ACTION

The display of stock availability information should be a priority for retailers wanting to cut down on the number of customers who have a clear intent to purchase leaving the site. There are a number of key actions retailers can take:

1. Communicate stock availability as early as possible in the user experience

Ensure the availability of products is clearly visible at the first point of contact. Customers can arrive at different areas on your site through different traffic sources. Regardless of the way the customer has found the product, the messaging should be clear and aim to build trust. For retailers it is important to:

Please add a 'save for later' button so I can save products for a short period of time while I browse for other products

- Label products if they are out of stock or discontinued
- Organise products in your catalogue dependent on stock availability
- Ensure out of stock items are not featured in site search results unless clearly labeled
- Set customer expectations for when products will return to stock
- Proactively measure stock as it is added to the basket

If the e-commerce platform supports it, retailers should be ensuring stock availability is updated in real time as the customer browses the site.

2. Give customers the option to be notified when the product is back in stock

Our research showed customers wanted functionality which would notify them when a product they were after was back in stock. If a customer has arrived at the page of an out of stock product, retailers need to offer a notification option either when they next return to the site or via e-mail.

3. Provide alternative products for the customer when the product is not in stock

When products are not available, retailers must ensure they offer alternative products which are in stock. This methodology is most famously employed by Amazon who use a widget indicating what % of customers bought an alternative item.

Ensure to make personalised recommendations based on products the customer has purchased and viewed in the past.

4. Research the best strategy for assessing how to charge shipping in your business

There are multiple methods for assessing the shipping charges for retailers such as:

- Order size
- Order weight
- Order amount
- A combination of the above

Retailers need to balance shipping costs and assessment methods with care. The method should be financially viable while ensuring customer satisfaction.

*Please get more stock
as there are many items
which sell out quickly!*

REASON 4: EVEN ONLINE, FORM SHOULD STILL FOLLOW FUNCTION

Site functionality was the fourth greatest area of frustration for customers. Feedback centred around functionality customers expect to see on retail websites.

The most requested of these were:

- Wish lists
- Collect in store
- Personalised recommendations
- Guest checkout
- Product filters

Customer expectations are being pushed by an increase in the sophistication of users, the connectivity speed, and advances in web technology.

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



You could add a Facebook like for each product which suggests other products, or suggestions your friends have made

EXAMPLE

John Lewis Insurance | What's new | Our shops | Gift List | C

Search

Home & Garden | Electricals | Women | Men | Beauty | Baby & Child | Toys | Sport & Leisure | Gifts | Special Offers

Homepage > Your basket

FREE UK DELIVERY ON ALL ORDERS OVER £30

Basket (1 item) Continue securely

Item	Quantity	Item price	Subtotal	Delivery to UK	Click & Collect
<p>Samsung UE40D8000 LCD/LED HD 1080p 3D TV, 40 Inch, freesat HD and Freeview HD with Built-in Wi-Fi</p> <p>Product Code: 82452213</p> <p>In stock</p> <p>Add to wish list</p>	1	£1,399.00	£1,399.00	Available for UK delivery	Sorry, Click & Collect is not available
			Subtotal	£1399.00	

International delivery is not available for this online order.
Specialist export service only - [find out more.](#)

Continue securely

[Continue Shopping](#)

JOHN LEWIS:

John Lewis allows customers to 'Click and Collect' for certain items, and features the ability for customers to create an event based gift list to share with people.

ACTION

Adding new site functionality can lead to long development cycles so it is important for retailers to prioritise the elements customers believe are most important. Standard e-commerce functionality is fairly generic across online retailers. Except for specific functionality relating to trans-channel retailers such as booking a service appointment or collecting in-store.

I would really enjoy it if you allowed me to make my own wish list so I could save products and don't have to find everything a million times!

1. Include more personalised functionality for the customer

The web is becoming increasingly personalised. Retailers need to implement functionality tailored to the customers' experience. Good examples of tailored functionality include:

- On-site search recommendations based on previous purchase history or browsing history
- Navigation layout customised to most frequently browsed pages
- Personalised wish lists
- Price-drop notifications
- Tailored landing pages based on customer behaviour

2. Trans-channel retailers must ensure they cater for the "research online purchase offline" customer

Trans-channel retailers need to cater for the increasing amount of customers who research online and purchase offline. Customer drivers behind this include wanting to view the product up close, wanting the product faster, and wanting to avoid shipping costs. Trans-channel retailers therefore need to offer certain services as standard, including:

- Allowing customers to order online and collect offline
- Allow customer to purchase online discounts which can be used offline

*I would love to be able to checkout without entering my details
Allow me to filter search results using product details*

REASON 5: SHIPPING DETAILS SHOULD NEVER MAKE A CUSTOMER EXIT THE CHECKOUT

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



I really like your stuff, however it is a bit more expensive than other sites

Shipping information was the fifth biggest inefficiency impacting conversions on retail websites, with customers highlighting readily available access to shipping information and a detailed shipping cost breakdown as critical elements to the conversion process. Lack of this information is likely to cause checkout drop-offs or complete abandonment of the site. A recent study by Econsultancy showed that hidden shipping costs account for 63% of checkout dropouts. This becomes even more prominent in a marketplace where multiple delivery costs and dates are possible. International customer feedback pointed to specific issues such as the ability to ship to certain countries and shipping costs being displayed in the destination currency.

EXAMPLE

The screenshot shows the Amazon.co.uk homepage with a search for 'amazon prime'. The search results are highlighted with a red box. The results include:

- Amazon Prime**: FREE One-Day Delivery with no minimum purchase. Get started today: [Learn more](#) [Manage yo](#)
- 1. Jawbone Aliph Prime (Earcandy Edition) BL**: Buy new: ~~£99.99~~ **£33.33**. 9 new from £33.31 1 used from £34.50. In stock. ★★★★★ (29). Electronics & Photo: See all 791 items
- 2. 10m Crossover Ethernet / Patch Cable** by CD: Buy new: **£4.00**. Only 8 left in stock - order soon. ★★★★★ (1). Computers & Accessories: See all 286 items
- 3. The Complete Yes Minister & Yes Prime Mir**: Buy new: **£14.99**. 11 new from £14.99 2 used from £24.50. Usually dispatched within 1 to 3 months

On the left side of the page, there is a 'Listmania!' section with book recommendations:

- Yes Minister: A list by Örn Leifsson** (with book cover image)
- The Best of British TV: A list by C. Mann Ma Mann** (with book cover image)

AMAZON:

Amazon provide a selection of shipping and delivery options for customers which are made clear throughout the checkout process.

ACTION

Retailers must analyse their checkout and customer support journeys if they want to understand reasons for abandonment.

1. Use Web Analytics to understand where your customers are dropping out of the checkout funnel

You promised free delivery for orders over 75 pounds and I purchased 77 pounds worth of products and it still said I had to pay 10 pounds!

When used correctly Web Analytics can provide an understanding of where customers are dropping out of a checkout funnel and the different journeys they are making on a site. Using this to understand both the exit rate and drop-off rate for each individual checkout stage can direct you to the areas in the checkout where customers are lacking the necessary information required to complete a transaction. This should be used to answer the following questions:

- Which of my shipping pages are receiving the most traffic?
- What pages are driving customers to visit shipping pages?
- What shipping information are customers having to search for?
- Which countries are customers trying to ship orders to?

2. The messaging of shipping charges during the checkout can have a big impact on conversion

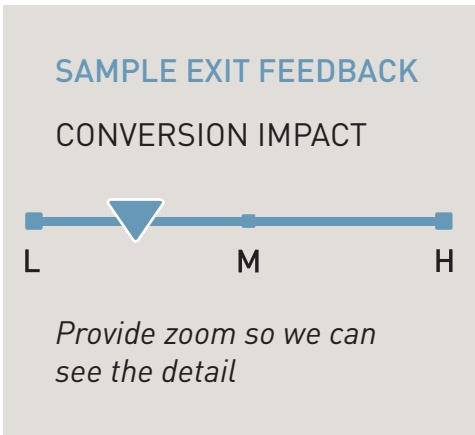
It is not clear which countries I can ship my order to!

By making a small recommended change in messaging on one of our clients' sites we achieved a 4% uplift in conversion. This involved rephrasing and changing the prominence of the shipping copy in the checkout. Retailers must ensure customers have access to the following shipping information during the checkout:

- Shipping cost dependent on the contents added to the basket
- Returns policy
- International shipping policy
- Tracking numbers and access to a tracking site

Frequently, customers research shipping information after adding products to their basket. Ensure customers stay within the checkout to avoid exit by opening the information in a lightbox.

REASON 6: IMAGES ARE THE ONLINE SHOP WINDOW



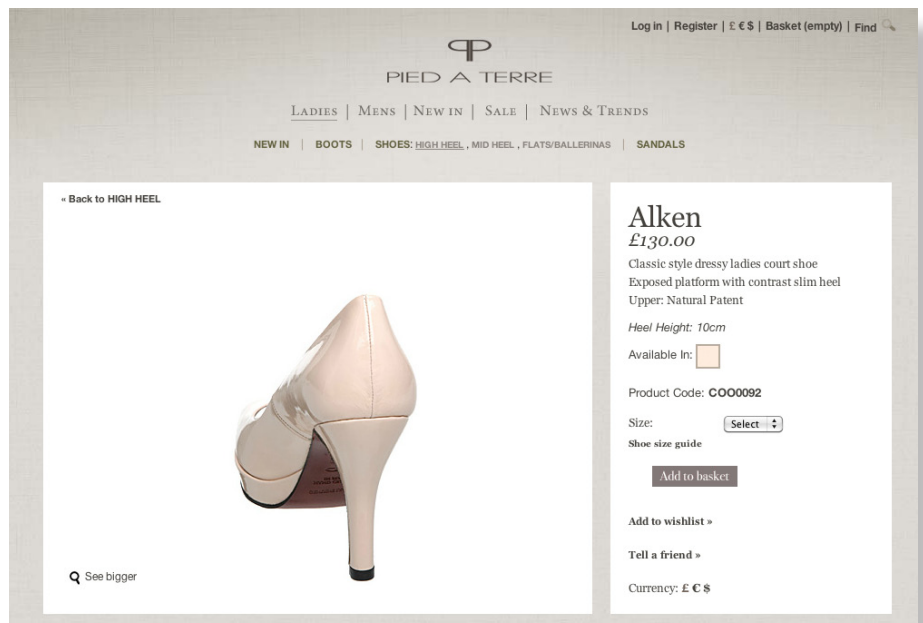
Images are critical to a retail website. They have the potential to impact conversion significantly at the same time as reducing return rates. Product images have evolved from the early product catalogues where images were of poor quality and low resolution. Today’s high quality, enlargeable, interactive images are streets ahead. It is difficult to find a retailer operating today who doesn’t have product images. However, customer expectations have changed. There is a huge difference between good and bad product images. A single icon and a simple text description may suffice for a USB stick but in a competitive market it is often the prettiest picture that wins a sale. Customers specifically called out the following frustrations with retailers which featured images that lacked:

- Enlargeable images ;
- Zoom into details;
- 3D ‘360’ views;
- Images modelled in the environment in which they will be used; and, or
- Labelled product images

EXAMPLE

PIED A TERRE:

Pied a Terre offer large 360 degree zoomable product images of their shoes allowing the customer to see all the intricate details of the shoe from every angle.



ACTION

Images should be used to enable customers to ascertain additional information about your products. Retailers should be looking to replicate the in-store experience where the customer can touch, feel and test the product as far as possible.

1. Ensure the correct usage of product image types across your site

There are three primary images a retailer needs to focus on getting right when trying to emulate the in-store experience online.

- Product Thumbnail

This image must be large enough to allow product comparisons to be made with similar products. Although different rules apply across industries, generally speaking the more detailed the product, the larger the thumbnail needs to be.

- Product Page Image

Customers expect multiple product visuals from different angles, with zoom functionality, and where relevant, 3D manipulation.

- Checkout/Basket Images

A large high quality image will reiterate the product offering and will remind the consumer of product features that may be lost in a brief basket product description.

2. Provide customers with product images they can interact with

Customers want to be able to interact with product images. Retailers need to ensure the following is possible on their sites:

- Customisations should be reflected in the product page images and the checkout image e.g. changing the colour of an item should update the photo;
- Images should be enlargeable to allow the customer to inspect key details; and
- Images should be labeled in detail to reflect the product description

Take pictures from all different sides of your shoes so I can see all the detail

Please show the pictures of products after adding them to the basket

REASON 7: TAILOR DISCOUNTS TO A SPECIFIC CUSTOMER DEMOGRAPHIC

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



I can't find where I need to enter the discount code!

You should have a day where you have a sale which is only available online

A significant number of customers articulated a desire for demographic-specific discounts. A variant of this idea is the 'group buying' theme, made popular by sites such as Groupon, whereby a business is promised lead generation by an intermediary in exchange for significant discounts. The principal attraction to this model from the seller's perspective is the growth of a loyal customer base.

Discount vouchers, an incentive popular with online customers, are a widely-used marketing tool to generate short term sales increases. Giving customers the ability to redeem vouchers online encourages purchases and carries with it the added advantage of being able to showcase further offers. In addition, using similar behavioural clustering techniques described above, retailers can form an understanding of which customer demographics to target with particular vouchers. We found customers were looking to answer the following questions:

- Are there any discounts relevant to me?
- How do I understand what discounts are applicable?
- Can I use my offline discount online?

EXAMPLE

NEW LOOK:

New Look offer the functionality for students to enter their NUS card number to claim a student discount on specific purchases and promotional periods.

ACTION

Retailers should be looking to use targeted discounts and incentives to encourage customers to purchase.

1. Free shipping is a powerful sales driver when used effectively

Free shipping is a proven sales driver and a report by comScore found that 41% of all online retail transactions involved free shipping. Offering free shipping for a period of time on orders over a certain value can be a powerful marketing message. Retailers running campaigns need to ensure the customer comes into contact with the discount message before the checkout.

There is no option for student discount it says enter code but it did not except my NUS code?

REASON 8: DON'T LOSE CUSTOMERS THROUGH POOR NAVIGATION

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



When you look at a product in your basket and click continue shopping, it should take you back to the exact product I was browsing beforehand

Quality traffic is a premium commodity and retailers with bad navigation risk losing customers. Navigation on retail websites should be so simple it is instinctive. Our research showed that navigation issues were the eighth largest criticism, with the greatest source of negative feedback being caused by ambiguous navigation. Specifically, a large number of customers highlighted the following issues when leaving feedback:

- Links within the basket do not return to the last place the customer was shopping on your website
- Category pages are not accessible from the primary navigation page
- Browser functionality (primarily the back button) is broken on the site

Large retailers such as Amazon and Ebay have had a considerable impact on customers' navigation expectations. The information architecture and syntax used by these larger sites has greatly influenced best practice, and customers now expect clear and concise navigation to allow them to get to products quickly.

WALMART:

WalMart provide a standard left hand navigation category menu, but extend this with a number of clever features such as:

- Product based filters dependent on category
- Related category
- List/Grid view personalisation

EXAMPLE

The screenshot shows the Walmart website interface. On the left, there is a vertical navigation menu titled "See All Departments" with categories: Electronics & Office, Movies, Music & Books, Home, Furniture & Outdoor, Apparel, Shoes & Jewelry, Baby & Kids, Toys & Video Games, Sports & Fitness, Auto & Home Improvement, and Photo. The top right features a search bar and navigation links for "Shop for College 2011", "Value of the Day", "Local Ad", "Store Finder", and "Register". Below the search bar is a promotional banner for "Must-Have College Essentials at C" featuring an HP laptop for \$278 and a Samsung TV for \$149. A banner below that says "iPad2 now in stock."

ACTION

Driving quality traffic is pointless if your site navigation doesn't allow customers to find products efficiently. Good navigation on a retail website requires an information architecture which is intuitive, and a clear menu system which is bespoke to your products and site design.

The menu appears on the left once the page loads but the products appear underneath it not next to it, so I have to scroll down the page to view the products

1. Navigation should be simple and comprehensive

Navigation on retail websites should be simple and comprehensive but at the same time bespoke. There are a number of basics that retailers can check to ensure they are performing satisfactorily:

- The website has a consistent primary and secondary navigational element that is accessible from every page
- All buttons scroll the customer to the most intuitive place on the page

Examples of navigation functionality retailers should feature include:

- Multi-faceted navigation
- Customer product tagging
- Suggestive/predictive on-site search

The page refreshes to the top of the last page not exactly where you left off (which could be the middle or bottom of the page)

2. Make customers aware of where they are in your website when they land on your site

Customers can land anywhere on your site and need to be able to navigate to products quickly. Retailers should make customers aware of where they are all the time on the site, by providing navigational elements that make it easy to locate where they are in the hierarchy of the site. Elements which make this easier include:

- Breadcrumb navigation
- Rollover navigation menus
- Product filtering in category pages

REASON 9: VIDEO IS THE NEW PRODUCT IMAGE

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



You should include videos this would really make the whole visual experience much better!

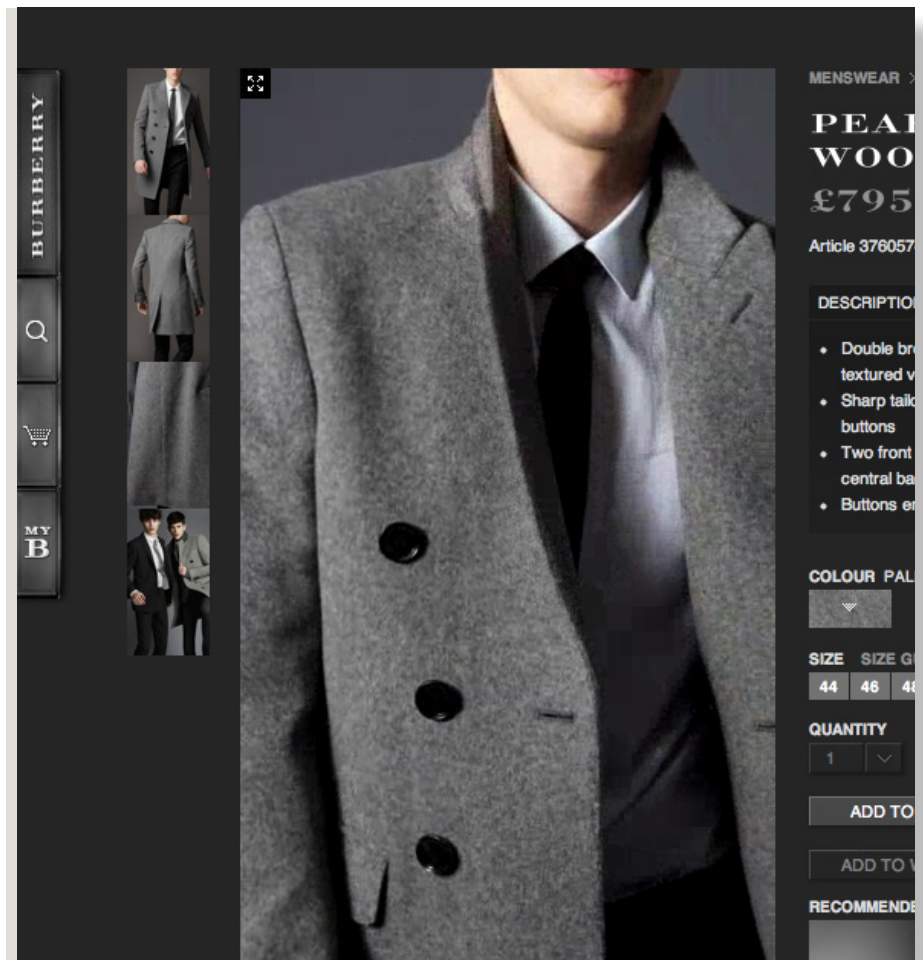
There has been a wealth of research into understanding the impact video has on conversion. An Internet Retailer study from last year found retail customers who watch product videos are 85% more likely to purchase than customers who didn't. This, and other research, has encouraged retailers to use video as a primary conversion lever, and in 2010 it was the feature that most retailers planned to add to their site. Our research found the lack of video was the ninth most important frustration customers had with retail websites. This suggests customer expectations are being set by leading retail websites who include video, and customers are now expecting to see this feature replicated at other online retailers.

EXAMPLE

Where are your videos?

BURBERRY:

Burberry's integrated approach to product videos and images provides an immediately immersing user experience with images becoming video as a user explores a page.



ACTION

Investment in video is not cheap and retailers need to run a pilot before putting together a business case for implementing it site-wide.

1. Pilot video on high value products before rolling it out across the website

Video can now be as easily inserted as any image. Retailers need to use this and invest in attractive product videos. Content is bespoke to the product being displayed. Videos of the product being used or in the environment it might be placed help customers make a connection. There are a number of different methods retailers can implement video on their product page:

- 'Watch Video' icon which opens in a lightbox
- Embedded in the product page
- Included in the image sections formatted in the same size

I am using YouTube to look at product reviews, why can't you include these videos on your website?

REASON 10: RETAILERS CAN'T AFFORD FOR THEIR WEBSITES TO BE SLOW

Site speed is important for retailers from both a customer experience and organic search perspective. Google use site speed as a signal in their organic search ranking and customers expect a fast website. Our research showed speed was the tenth biggest frustration customers had with retail websites. It is important to note that customer connection speed plays an important role in the experience of a web site, and is an element which retailers have no control over.

SAMPLE EXIT FEEDBACK

CONVERSION IMPACT



Your website loads slowly compared to your competitors

I have experienced multiple timeouts during the checkout

AMAZON:

Amazon achieve a near perfect score on one external benchmark tool, however, another suggests there is clear room for improvement.

EXAMPLE

Latest Performance Report for: <http://www.amazon.co.uk/>

Report generated: Fri, Aug 26, 2011, 6:05 AM -0700
 Test Server Region: Vancouver, Canada
 Using: Firefox 3.6.16, Page Speed 1.10.2, YSlow 2.1.0

Summary

Page Speed Grade: (92%) ↑	A	YSlow Grade: (65%) ↓	D	Page load time: 3.07s
				Total page size: 225KB
				Total number of requests: 12

Breakdown

RECOMMENDATION	GRADE	TYPE
Combine images using CSS sprites	E (58) ↓	Images
Use efficient CSS selectors	F (0) ↓	CSS
Remove unused CSS	E (55.4) ↓	CSS
Put CSS in the document head	B (80) ↓	CSS
Specify image dimensions	B (80) ↑	Images
Minify CSS	B (84) ↑	CSS
Minify HTML	B (87) ↓	Content
Combine external CSS	B (89) ↓	CSS
Combine external JavaScript	B (89) ↑	JS
Serve resources from a consistent URL	B (89) ↓	Content
Optimize images	A (92) ↑	Images
Minify JavaScript	A (93) ↑	JS

ACTION

Retailers need to work on reducing the speed their sites take to load. Benchmarking against competitors and against leading retailers is important.

1. Benchmark your website against competitors using free online tools

There are a number of benchmarking tools that exist on the web which allow you to analyse in detail the loading times of your website. Retailers should use these tools to compare their performance against those of their competitors. There are a number of actions retailers should think about taking if their site is loading slowly. Examples of these are:

- Reduce the number of tags running on the site
- Make sure all tags are loading asynchronously
- Optimise images for speed
- Minify all JavaScript
- Minify CSS

*Your images load
in a window which doesn't
allow me to close it
without closing the
whole browser!*

OUR APPROACH

QuBit undertook the largest exit feedback survey of leading UK retail websites ever conducted in order to understand the key reasons why customers are not converting. Using our unique Exit Feedback technology we are able to capture customer feedback at the point where customers are leaving sites. Feedback is categorised using machine learning algorithms, giving each individual piece of feedback a sentiment score and one or more category labels. The feedback labels are then clustered into three overarching categories.

Topic categorisation relies on a series of rules based on syntactic construction and pattern matching from a knowledge-base of known terms. The category labels are devised by a team of analysts in advance and have been developed specifically to ensure relevance for the retail industry.

CATEGORY LABELS

Product Description	Security
Stock Availability	Other Site Functionality
Product Image	Customer Service
Product Additional Details	Product Video
Product Range	Price
Product Reviews	Discount or Sale
Product Returns	Currency
Site Navigation	Hidden Charges
Postage	Gift Cards
Site Latency	Payment Method
On-Site Search	Voucher/Coupon
Design	Shipping Costs
Timeline	Geographic Location
Errors and Bugs	

Feedback that does not contain an identifiable topic is then passed to a system which analyses the statistical significance of all words used. From this analysis the concepts that are most commonly mentioned are dynamically constructed into additional categories.

CONCLUSION

The online retail industry is experiencing huge growth which looks set to continue as more of the worlds' population logs on to the Internet. Technical evolution coupled with the ease in which retailers can go to market are intensifying competition. Customers are spending an increased amount of time and money online. At the same time their expectations are increasing in terms of user experience and functionality.

Our research shows online retailers need to listen to their customers to understand the key frustrations they have with their websites. Retailers need to stay ahead of competition by embracing technical innovation and making sure they grab every opportunity. Retailers must not lose sight of the fact websites will continue to drive the majority of retail sales in the short-term.

In this white paper we have set out the top 10 reasons customers don't convert on retail websites and have provided examples of actions retailers should take to alleviate key customer frustrations and increase conversions.

ABOUT QUBIT & AUTHORS

Founded in January 2010 by four ex-Googlers, QuBit works to improve the efficiency of businesses by driving online profitability through the development and implementation of data models designed to understand and harness web user behaviour.

QuBit aims to help businesses own and understand their data making it your most powerful asset. Our technology solutions combine best practice and analytical techniques, with an in-depth knowledge of digital practices that drive key business levers.

QuBit builds and licenses market-leading technology to collect and process web data. By approaching big data problems with machine learning, distributed computing systems and algorithms QuBit finds patterns in data that can turn website inefficiencies into profitable solutions.

Ian McCaig

Co-founder and Strategy and Marketing Director: Ian worked at Google for 5 years prior to founding QuBit and, in that time, gained experience in marketing, product and sales, as well as a vast knowledge of the digital industry.

Joseph Lines

Joseph is an experienced strategy consultant. Joseph worked at Accenture prior to joining QuBit in 2011, working across a number of industries on a wide-range of projects, and is now applying his knowledge to the Online industry.

Will Browne

Will joined QuBit in 2011 as a graduate analyst and has since been working alongside QuBit's data architecture team to construct innovative metrics to analyse online business performance. Will graduated from the University of Oxford having read physiology where he focused on data analysis and experimental design.