

# Reimagine Checkout:

Elevate the  
Experience







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## Reimagine Checkout: Elevate the Experience

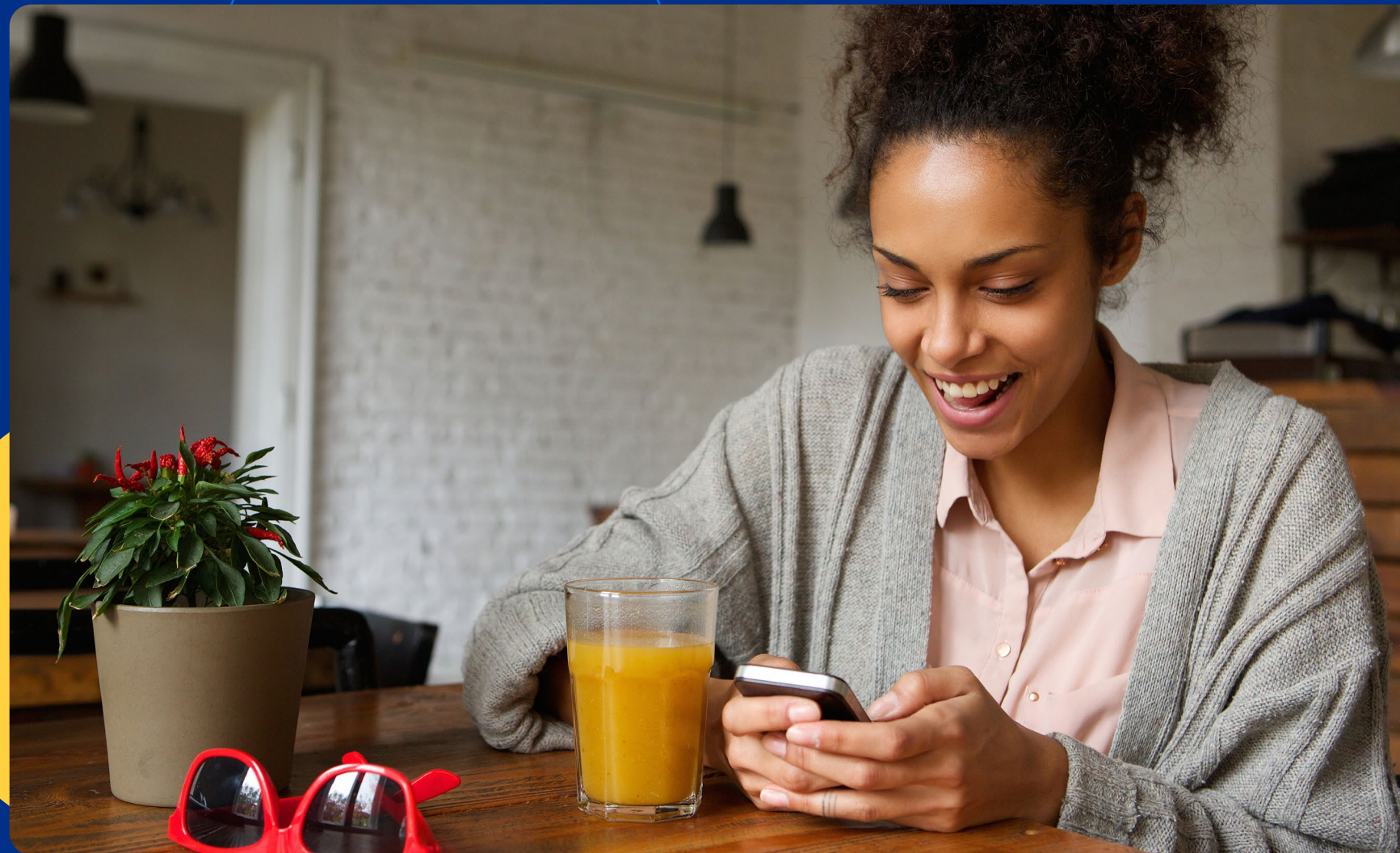
### **It's an inspiring time to reimagine the future.**

New technologies – like virtual reality and artificial intelligence – are redefining the shopping experience. Businesses are beginning to hone their competitive edge through their bold exploration of these tools. Brands are also finding new, creative ways to deepen their connections with their customers via strategic use of personalization, social platforms, and sustainable brand initiatives.

These developments run parallel with increased consumer expectations around choice, convenience, and frictionless checkout experiences. Consumer expectations hold – even as inflation, supply chain disruptions, and other macroeconomic factors pose considerable challenges. But resilient, successful businesses continue to navigate the rough waters by keeping the customer experience at the forefront.

**“Consumers shop with their wallets, but they also shop with their hearts. When purse strings are tightening everywhere, it’s important to focus on making your brand memorable – and build unique connections that help encourage conversion and drive loyalty.”**

Dr. Tiffany Raymond, Head of Global Customer Advocacy, PayPal





**To help your business keep your customers on the road to purchase, we've identified the prime reasons customers abandon their purchases and recommended ways to address these issues.**



Our **top 10 practical tips** can help you build trust across checkout and general operations.

Each tip is designed to help you:



**Decrease cart abandonment and drive conversion and sales**



**Deepen customer connections and enhance customer loyalty**



**Drive a positive brand experience and checkout journey**



# Decrease cart abandonment.

Create a frictionless checkout experience that helps drive customers across the finish line to complete their purchases.



# 1

## Deliver on shipping. No hidden costs and no surprises.

One of shoppers' biggest barriers to completing a purchase can be not knowing the final cost prior to checkout. Roughly one third of global consumers say "Not knowing what the final cost will be before getting to the checkout page" is what frustrates them the most about their ecommerce shopping experience.<sup>2</sup>



Shoppers consistently highlight delivery costs as a reason for cart abandonment, with 66% saying they would be more likely to make a purchase if offered free shipping.<sup>3</sup>

Customer-centric programs and transparent communication can help shoppers overcome the uncertainty around shipping costs and drive conversion.



### Provide free shipping.

Clearly message free shipping thresholds on product and cart pages. Offer relevant upsells/cross-sells at cart to help customers surpass free shipping thresholds.



### Default to the lowest shipping cost.

Use the customer's IP address to estimate any associated taxes or costs as early as the cart page.



### Enable speed and cost comparison.

If applicable, provide in-store-pickup options as an alternative way customers can save on costs.



### Display either exact delivery dates or a date range rather than a delivery time frame.

For example, use "Jan 20-25" rather than "5-10 business days."



### Offer delivery tracking.

Provide appropriate updates on delivery status changes, allow customers to track their orders, and offer explanations when deliveries are delayed.





# 2 Rethink returns, so they return.

**Be flexible and make returns easy.**



Returns are a natural part of the retail experience – both online and off. Online shoppers buy multiples of items with the intent of returning what doesn't fit or is no longer wanted. As online sales have exploded, so have returns.

In 2019, online returns as a percentage of online sales were 9.6%, and in 2021, this number more than doubled to 20.8%.<sup>4</sup> To top it off, consumers expect to be able to return their items for free. In fact, 78% of shoppers agree that free shipping on returns is essential or nice to have.<sup>5</sup> Customers want options when shopping, and also when returning, so it's critical to get it right.



## **Implement a free returns program and be generous about deadlines.**

Clearly state your return policy on product, cart, and checkout pages. Offering customers 4-6 weeks to decide about their purchases communicates goodwill. This also gives customers time to plan and execute a return.



## **Clearly communicate return expectations.**

At the time of purchase, be specific about the required condition of any returned items. Give your customers clear instructions about tagging, packaging, or labeling to help ensure problem-free receipt.



## **Offer a variety of return methods.**

Let customers compare returns via mail versus a retail store so they can pick the most cost-effective, convenient option. Ensure your in-store POS systems accept returns for online purchases and vice versa. Work with reverse-logistics partners to offer multiple drop-off locations, or "return bars," that aggregate and ship returns together for significant savings on shipping.

# 3 Get paid now, while they pay later.

## Empower your customers with more flexibility.

Buy now, pay later (BNPL) continues to be popular with consumers. Offering this option lets customers split the cost of a purchase into several installment payments over time. It's a great way to help purchases become more affordable and for consumers to stay in control of their budget. You get paid upfront, while they pay later.



Actively promoting BNPL choices can also help increase conversions, as consumers paying with buy now, pay later are up to 3x more likely to complete a purchase after browsing.<sup>6</sup>

Global BNPL transactions are predicted to increase by more than \$450 billion between 2021 and 2026.<sup>7</sup>



### Enable BNPL for your business.

It's an attractive way to help customers manage day-to-day spending, especially for more-costly purchases.



### Message BNPL options on your product and cart pages.

Reminding shoppers that BNPL is available at your store can help you increase the likelihood of conversion and give you an edge over your competitors. You want customers to know these options are available early in their shopping journey. Strategic placement of messaging below a price point and above a primary call-to-action button (e.g., Add to Cart, Checkout) can help increase AOV as well.



### Showcase payment installment options.

This helps shoppers understand the full duration of their payment period and exactly what they'll owe for each period.



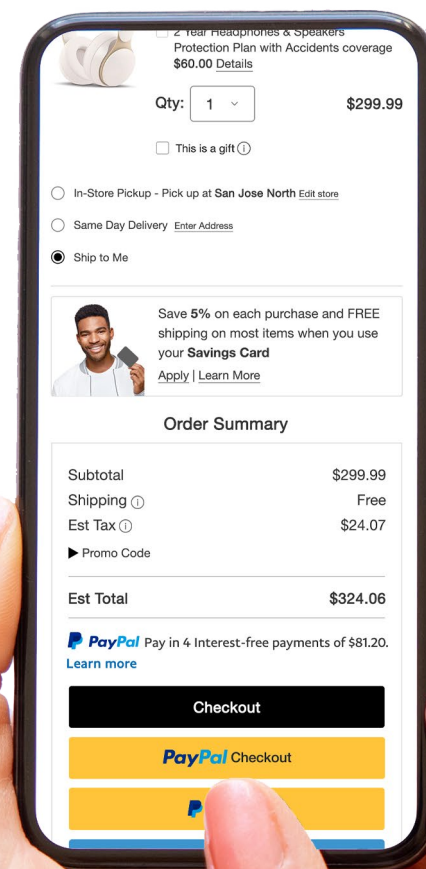
# 4 A smart approach to smartphones.

## Master the art of friction-free flows.



Mobile matters, but understanding how to optimize for mobile is not always clear. One thing to keep in mind may be the importance of balancing data collection and customer convenience – especially on a smaller screen. Typing is more difficult on mobile, and Baymard research reveals most sites need only eight form fields for a standard checkout flow.<sup>8</sup>

Smartphones generate 71% of traffic visits and 61% of orders for online retail websites worldwide.<sup>9</sup>



While it's helpful to reduce the number of form fields on all devices, it's most essential on mobile.



### Provide a single "Full Name" field.

When there are separate "First Name" and "Last Name" fields, customers often type their full name in the "First Name" field then have to go back and correct the entry. Eliminate this friction with a single name field.



### Minimize the "Address line," "Company," and "Coupon Code" fields.

Let customers add or open these optional fields as necessary. An open "Coupon Code" field can cause customers to stop the checkout process and go in search of coupon codes.



### Use zip/postal code autodetection.

Put the zip code field first, and rely on it to supply the customer's city and state – but let customers override the selection in case of incorrect autodetection.



### Hide billing address.

Shipping address and billing address are usually the same, so make this the default. If customers need to enter a different billing address, let them uncheck the "Billing address same as shipping address" box.





# 5

## Welcome guests, securely.

Find the right balance of comfort and disclosure.

Capturing customer data is a benefit of the logged-in experience, and it helps to know who and where your customers are. But some customers don't always feel comfortable providing personal information to yet another business. Or sometimes they just want to buy and run.



**27% of consumers say they are less likely to make an online purchase if they must create a new user account first.<sup>3</sup>**

It's important to provide guest checkout, but it's also essential that your business collect enough customer data to minimize fraud. Creating the right balance often requires deciding what is truly necessary to ask the customer while ensuring the process remains as frictionless as possible.



### **Default to a guest checkout flow.**

Allowing one-and-done customers to check out as guests helps maintain conversion speed while only providing necessary information.



### **Encourage account creation.**

Give customers a reason to take the extra log-in or account-creation step. To better track an order, for example, users can add a password on the order success page to complete their account.



### **Offer proven digital payment options upstream.**

Do most of your users prefer using digital payment options? Add buttons on cart and product pages to let them skip billing and shipping checkout steps. This increases conversion and smooths and speeds checkout.



# Deepen customer connections.

Consumers want to connect, feel understood, and have an impact. Some see their purchasing power as a tool for change, and increasingly want the brands they support to align with their belief systems. Relationships that customers build with brands strengthen lifetime value and keep them coming back. Humanizing your brand, building brand equity, and giving them reasons to return are all ways to secure the vitality of your business.

A person is sitting on a wooden bench, holding a tablet. The tablet screen shows a blue background with white and yellow text. The text reads: "63% of global respondents buy from or advocate for brands based on their beliefs and values.<sup>10</sup>". The PayPal logo is visible in the bottom right corner of the screen. The person is wearing blue jeans and a brown sweater. The background shows a wooden bench and a wall with a pattern of light and shadow.

**63%** of global respondents buy from or advocate for brands based on their beliefs and values.<sup>10</sup>







# 1

## Right time, right feed.

Targeted content can  
inspire purchases.

Using targeted social media ads to provide consumers with contextually relevant shopping inspiration can be a powerful force in building brand visibility, equity, and conversion.



28% of online shoppers point to social media as their main source of online shopping inspiration.<sup>9</sup>

Encountering the right ads at key moments can motivate and clear the path for customers to make impulse purchases. Social commerce revenue worldwide is expected to grow from \$724 billion in 2022 to \$6,200 billion in 2030.<sup>11</sup>



### Find the right platform.

Review internal channel data to identify the platforms and interfaces that have the most traffic. Choose a proven ad-serve platform that can help you target the right audience and showcase content in the right place, at the right time.



### Hone your messaging.

Utilize valuable learnings from extensive A/B testing to understand how customers react to ad content (e.g., sustainability-related messaging vs. generic messaging).



### Offer deals and discounts via social.

This is the top leading factor driving online shoppers worldwide to increase their social commerce use.<sup>12</sup>



### Turn browsers into buyers.

Link social shoppers directly to your product pages to enable a smooth customer journey and quick and easy checkout. Help shoppers convert directly from product pages by highlighting Buy Now buttons from the payment methods your shoppers prefer.



# 2 Engage authentically on social platforms.

## Show customers the real people behind the brand.

Every day is an opportunity to actively build relationships with your customers. With every email, post, and site impression, your customers get to know a little more about your brand, which can move them toward or away from purchases. Consistently sharing authentic content via channels that are popular with your customers increases your chances of reaching and connecting with them. Using action to back your brand stance and communicating impact to customers can help you build trust and earn their loyalty.



40% of global respondents say that social factors often/always affect their purchasing decisions.<sup>13</sup>



### Socialize in the same spaces.

Find out which social platforms your target customers like to use and ensure you have an established presence. Aim specifically for the spaces where more than 80% of your target customers spend time.



### Create a brand stance and stick with it.

Explore the types of relationships you value and use that as a starting point. Customers are turned off by wavering brand voice and presence, so consistently showing up and representing the values you hold important is paramount.



### Walk the walk.

Spotlight how your business supports key initiatives – like sustainability or social justice – to differentiate your company. Mindful, well-researched action can help you attract a loyal customer base that will choose your brand over competitors.



### Offer customer service via social platforms.

Be where your customers are no matter the interaction. Usually customers don't want to wait for email responses or spend time on hold. Let them use text or chat apps and social platforms to send queries, look up status, and resolve issues.





# 3 Roll out the red carpet for loyalty.

Reward repeat buyers with points and perks.



With rising customer acquisition costs and new competitors emerging daily, how do you tighten that relationship once customers find you? Consumers are humans who may make decisions based on emotion. They're drawn to brands that can forge personal connections with them.

Data analytics and algorithms are the technical foundations of personalization – but it's how you use the information that can make a positive impression for your brand. Leverage your data to hear and remember what your customers say, and then use that information to present personalized journeys, offers, and online and in-store experiences.



## Let customers save their details.

Remember clothing and shoe sizes, color and style favorites, and payment preferences, and recommend categories and/or products based on previous search history.



## Streamline checkout with tokenization.

Tokenization protects vulnerable payments data by replacing it with a temporary series of numbers called a "token," which it safely associates with the customer. This can help to eliminate required steps for return customers – like entering payment and shipping data – which smooths and speeds checkout.



## Present relevant offers and coupons.

Based on previous purchases, invite customers back with discounts to ensure your brand stays top of mind.



## Consider creating a point system.

A point system creates a brand-specific currency. Customers can redeem this currency (based on the accumulation of points) for purchases they may have otherwise skipped. They can also use points to access free shipping or other known webpage converters.



## Enable notifications when a desired item is back in stock.

Notifications help customers get what they want, and give you valuable customer contact info – and useful insights about their preferences such as size, color, and category.



# 4

## Flex your climate cred.

### Build a connection through real, tangible change.

People connect to purposeful brands with values that reflect their own. Now more than ever, consumers are seeking out businesses that are making strides to combat climate change, and there's nothing more inclusive than taking care of the earth, the biggest thing you share with your customers.



**82% of global respondents say they expect CEOs to take a public stand on climate change.<sup>10</sup>**

Upscaling and highlighting your sustainability efforts can help enhance customer loyalty, and in some cases could be the reason a customer chooses you over another brand. But be careful when approaching sustainability as solely a branding issue. Consumers, investors, and employees are savvy. They want to see tangible efforts – efforts that many consumers reward by paying a premium. For example, 73% of consumers worldwide are willing to pay more for eco-friendly packaging.<sup>14</sup>



#### **Review your returns process.**

Evaluate how you handle reverse logistics and returns, as there is a high ecological cost to returns, with many ending up in landfills.



#### **Take steps to prevent returns.**

Read customer reviews to improve product descriptions, sizing, and suggestions. Use AI and machine learning to understand why items are getting returned, and address these issues.



#### **Make and package smarter.**

Figure out which of your products and packaging are made from recycled materials, and label the products accordingly. Increase the overall product volume that uses recycled and sustainable materials.







# 5 Take a walk on the virtual side.

## Show them that world through your eyes.

Shoppers are becoming increasingly interested in the metaverse and virtual spaces as places to explore goods and services.



**50% of consumers 18-75 years old are either current metaverse participants or are considering testing it out.<sup>3</sup>**

Virtual spaces can provide an immersive, engaging environment for a customer to truly experience a brand. This is your opportunity to design a world where you can best tell your brand story, and how you go about it is limitless. Use virtual spaces to learn more about your customers and understand how to tailor engaging experiences for them.

Don't let competitors get the virtual edge. Retailers have found that users are spending an average of 14 minutes interacting with virtual showrooms, compared to two minutes in 2D stores.<sup>15</sup> And 26% of respondents to a global consumer insights survey said they have participated in metaverse-related activities in the last six months for entertainment, virtual experiences, or product purchases.<sup>16</sup>



### **Think big, start small.**

Consider virtual spaces as an extension of your physical store and online presence – and think creatively about how to play in this space. This is a real opportunity to jump-start your virtual presence and set yourself apart from other brands.



### **Give shoppers a place to explore – and buy.**

Provide an opportunity to “try and test” products through VR, as 32% of customers who use VR have purchased products as a result of using the technology to test those products or browse through stores.<sup>13</sup>

# Reimagining the checkout journey starts long before consumers visit a shop or website.

Creating a connection to your brand – whether that’s via social, deals and offers, or virtual spaces – can encourage consumers to think of you instead of your competitors when they want to shop. Ensuring the process is as frictionless as possible can help increase conversion and instill trust – further cementing their bond with your brand.

The retail cart abandonment rate in 2022 was 71%, but recommendations can help reclaim that abandonment and grow your customer base.<sup>1</sup>

With more than 435 million active global accounts in 200+ markets, PayPal understands consumer preferences, shopping behaviors, and checkout optimization – and can help tailor your online experiences to get customers to complete purchases and keep them coming back.



**Find out more about how PayPal can help you reimagine your checkout experience as a key growth strategy.**

Our sales and support experts are here to help.

**Connect with us**







**Dr. Tiffany Raymond, PhD**

PayPal Head of Global Customer Advocacy Dr. Tiffany Raymond consults with merchants around the world to help improve their digital customer experiences, particularly at checkout. Dr. Raymond joined PayPal in 2014 and leads the Customer Advocacy team as part of the Global Revenue Enablement organization. Dr. Raymond earned her PhD and MA from the University of Southern California, as well as her MA from the University of Tennessee and her BA from the University of Arkansas where she was the university valedictorian and graduated magna cum laude.

<sup>1</sup> Statista, Online shopping cart abandonment rate in select industries in 2022, Nov 25, 2022.  
<sup>2</sup> IDC Custom Research sponsored by PayPal, “From Global to Local: Understanding Shopper Expectations” for the United States, United Kingdom, Australia, Germany, and France, May and June 2022.  
<sup>3</sup> PayPal E-Commerce Index 2022 Europe, Nov 2022.  
<sup>4</sup> Wall Street Journal video, Returns Are the Retail Industry’s Quietly Mounting Logistics Problem, Nov 28, 2022.  
<sup>5</sup> IDC InfoBrief sponsored by PayPal, “Do Retailers Really Know What Digital Shoppers Want?,” May 2022. The survey conducted by IDC among 505 large enterprises and 10,054 consumers in five markets: the United States, United Kingdom, Australia, Germany, and France.  
<sup>6</sup> TRC study, commissioned by PayPal, Apr 2021. TRC surveyed 1,000 consumers 18+ in each of five countries: United States, United Kingdom, Germany, France, and Australia.  
<sup>7</sup> Statista, Global transaction value of buy now, pay later (BNPL) in e-commerce from 2019 to 2021, with forecasts from 2022 to 2026, Jun 20, 2022.  
<sup>8</sup> Baymard Institute, Checkout Optimization: 5 Ways to Minimize Form Fields in Checkout, Oct 19, 2021.  
<sup>9</sup> Statista, Statista Dossier on e-commerce worldwide, 2022.  
<sup>10</sup> Edelman, Edelman Trust Barometer Global Report, Jan 19, 2023. Edelman surveyed 32,000 respondents from 28 countries.  
<sup>11</sup> Statista, Social commerce revenue worldwide from 2022 to 2030, Apr 2022.  
<sup>12</sup> Statista, Main drivers for increased social media purchases worldwide, Oct 25, 2022.  
<sup>13</sup> PwC, Global Consumer Insights Pulse Survey, Jun 2022.  
<sup>14</sup> Trivium Packaging, Global Buying Green Report, 2021.  
<sup>15</sup> Forbes, Why Retailers Are Racing To Have A Metaverse Presence, Oct 2022.  
<sup>16</sup> PwC, Global Consumer Insights Pulse Survey, Feb 2023.

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