

Future of the digital checkout: Today's trends shaping tomorrow's Tech

Research from over 4,500 global consumers
and 150 eCommerce decision makers to
bring you our latest insight on the checkout.



Introduction

The past 18 months have presented a challenge for eCommerce retailers as they scrambled the jets to deal with an influx of online shoppers. Global eCommerce sales increased by **28% from 2019 to 2020**. For this reason, it will be a big challenge to determine how to optimize the checkout and onboarding processes to capitalize on this growth.

Optimizing the checkout process will continue to present one of the ultimate challenges to eCommerce retailers as consumers demand and expect more from the experience. But by analyzing some of the trends set out in this report, we can start to learn what works and what doesn't. After all, if recent times have taught us anything, it is to prepare for everything and expect anything.



Matthew Furneaux

Global Commercial Director, Loqate

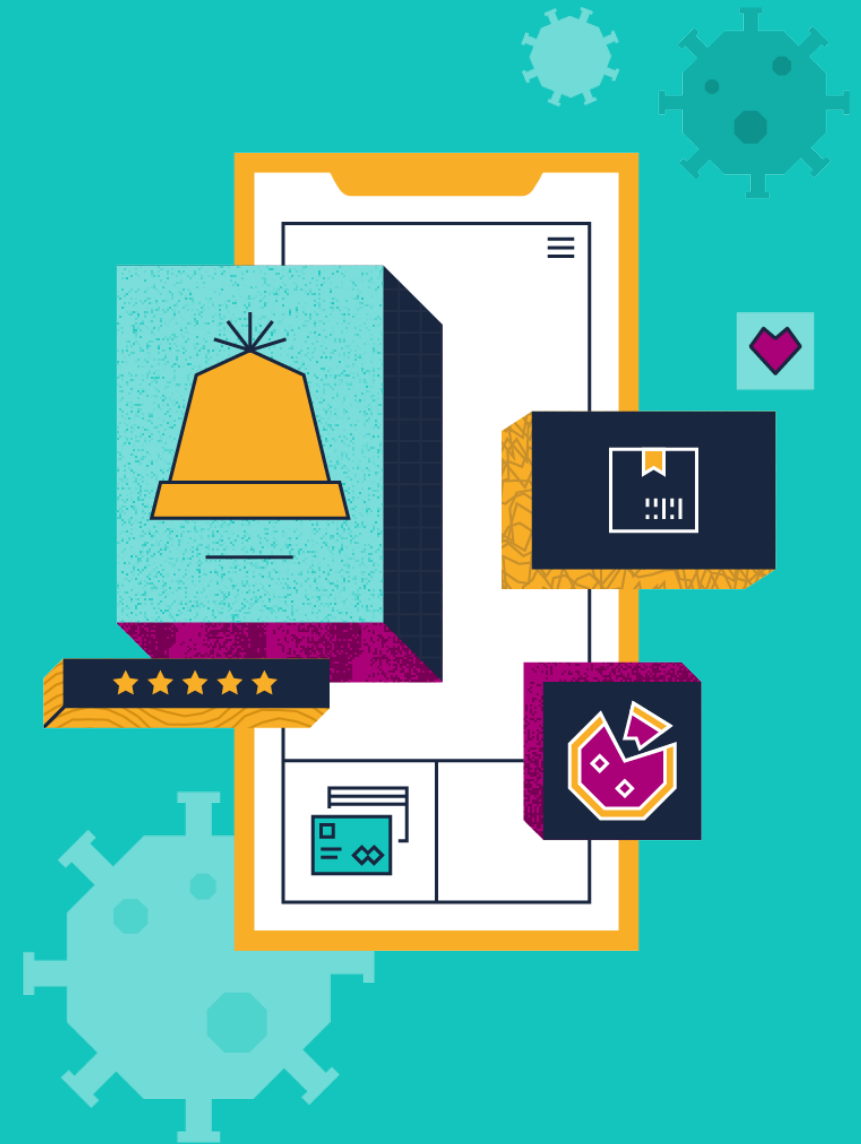
How has the pandemic changed shopping habits?

The pandemic is forcing businesses to reassess the world of online shopping as it encouraged more first-time shoppers to head online.

There is no doubt that great opportunity lies in wait for these retailers. 72% of consumers have a greater reliance on online shopping now than before the pandemic, and eCommerce sales saw the equivalent of **five years of growth** last year. However, this growth has come with a shift in consumer expectations. eCommerce retailers will have to adapt to meet the growing demand.

So what does the future hold for online shopping? How will the changing need of consumers be met? What disruption is to come? And most importantly, what will consumers be expecting?

To find out the answers to these questions, our report has delved into the opinions and behaviors of global consumers. We surveyed 4,500 consumers in the US, the UK, and the EU. And, to add more depth, we also asked the thoughts of 150 eCommerce decision-makers from all over the world.



Cart abandonment

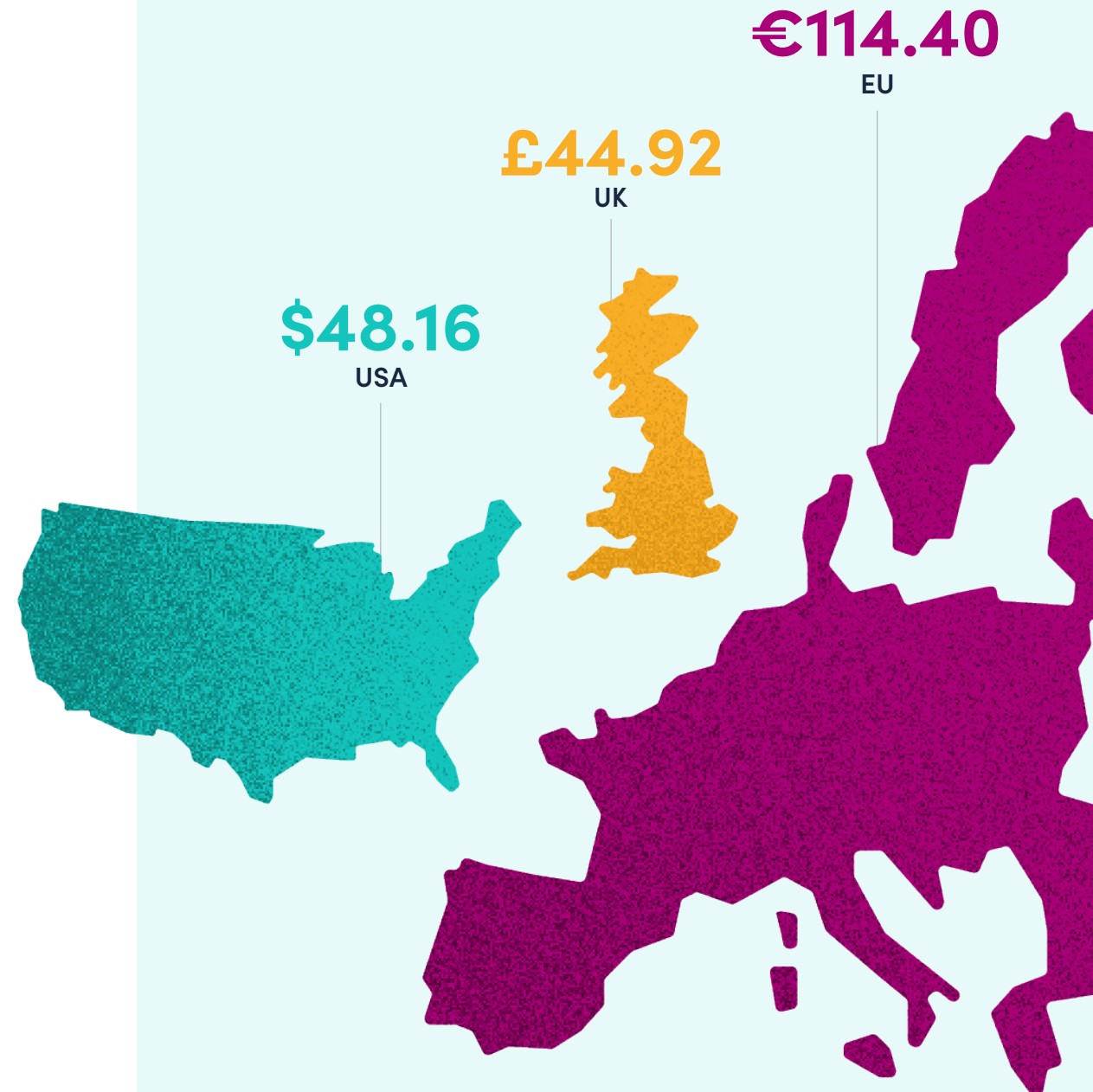
Global cart abandonment rates remain alarmingly high with billions of pounds are lost every week due to consumers abandoning their online purchases.

| The average consumer will abandon a shopping cart at least six times a week because of a poor checkout.

The potential lost income is not a pretty sight for eCommerce retailers. The results are staggering when you consider how many times a customer abandons a purchase because of a poor checkout experience against how much those customers could be spending.

Although the ongoing shift to eCommerce means that more low-intent shoppers are visiting sites, the importance of eCommerce sales makes it crucial for brands to bring abandonment rates down and convert more customers, even those who may have arrived initially only to virtually window shop.

Avg. value of shopping abandoned per week, per person due to a poor checkout experience



What are the top reasons for cart abandonment?

Poor user experience remains one of the biggest sticking points for consumers with 29% of all respondents saying that their main reason for abandoning a purchase was that it took too long to enter their details. Over a third of respondents (37%) say that creating an account was their top reason for cart abandonment. Something as simple as offering guest checkout could easily remedy this issue.

Security and trust are also important factors, with respondents ranking them as the most important elements when shopping online.

Confidence in their purchase was listed as second and overall speed was ranked as the third most important point. Seeing other items similar to the one being purchased was rated as the least important by our respondents.

What are the main reasons you give up on an online check out?

Extra costs from shipping

59%

Required to open an account

37%

Being asked to save my card

31%

Takes too long to input all my details

29%

Problems with global shipping

19%

Couldn't work out how to fill in the form properly

18%

Website gets my location wrong

11%

What are the concerns from within the industry?

Consumer expectations are rising for digital channels in terms of site speed, stability, and delivery times.

When asked what most improved an online checkout experience, consumers gave email validation (44%), customer reviews (38%), and easy address lookup (36%) as their top considerations.

Email validation is an easy way to make people feel confident in the site and seems like a way to ensure that marketing is more likely to be read. If customers have signed up for marketing emails, this data shows that they trust those emails - and may even look forward to receiving them.

What are your biggest eCommerce barriers to success?

Delivery errors

28%

Not generating initial visitors

28%

Poor data quality

26%

Slow checkout procedures

25%

Not driving enough return visitors to your website

23%

Cart abandonment

23%

Address input issues

22%

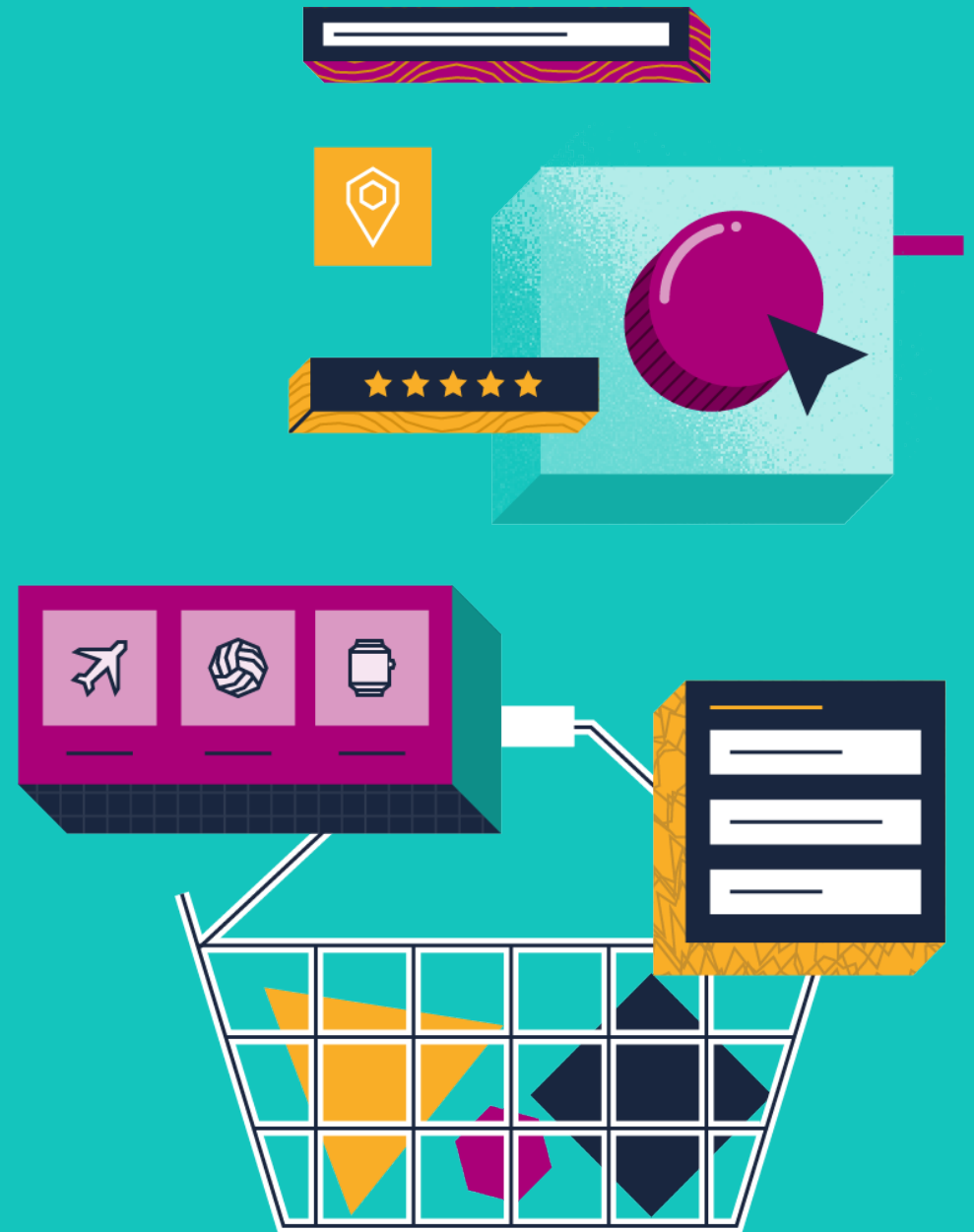
Retaining customers on the website

21%

Trust issues with the website

21%

What do consumers want?



Which industries have the best checkouts?

Supermarkets have one of the foremost checkout experiences, with 45% of all respondents picking them out as the best. Clothing stores follow close behind, with 42% highly rating their checkout experiences.



4th	Gifts	20%
5th	Travel sites	20%
6th	Hospitality	18%
7th	Ticketing	19%
8th	DIY stores	17%
9th	Sports goods	17%
10th	Culture	17%
11th	Luxury goods	15%
12th	Charity donations	15%
13th	Tourist attractions	10%
14th	Gyms and sporting events	9%

What do consumers want?

Clear pricing is the most important feature for consumers, with 55% of all respondents citing it as a feature that makes online checkouts better.

One easily added feature for improving the checkout experience is address capture technology. 30% of respondents want address lookup that works with ease, and over a quarter of respondents say that address verification and postcode capture is necessary for them.

25% of respondents say that they want a site that takes them on a journey that makes things simple and clear.

Which of the following features most improve online checkouts?

Clear pricing from the start

55%

Not having to enter my details twice

47%

Address lookup that works easily

30%

Remembering me from a similar checkout and having details ready

28%

Not having to click through more than one page

27%

Type ahead address/postcode capture

27%

A site that takes me on a journey that makes things simple and clear

25%

Reminders of items I have bought in the past

24%

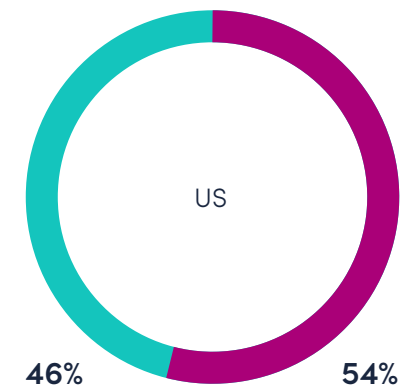
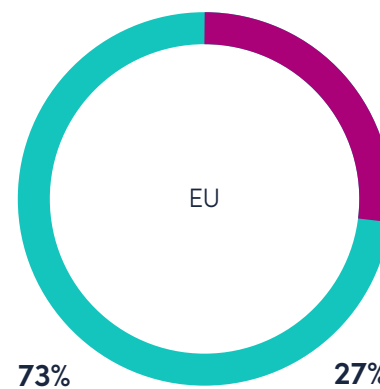
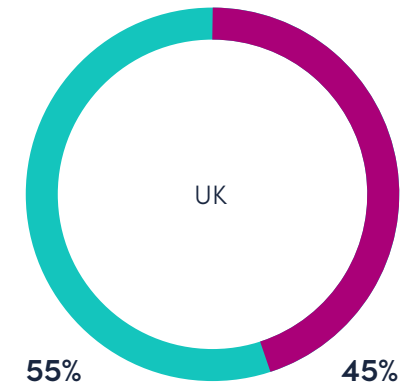
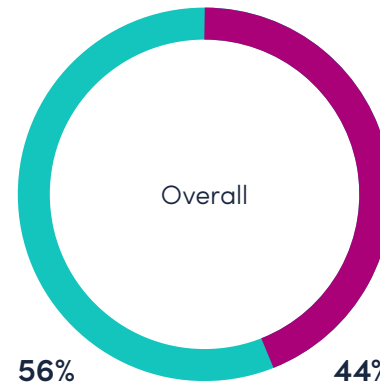
Appropriate friction

Talk of friction in online checkouts usually refers to how it needs to be removed. But friction is not all bad, and in some cases, it is even welcomed by the consumer. This concept of 'appropriate friction' to further explain how a product works or how it stacks up against others is supported by our research, as

56% of all respondents say that they want a slower online purchasing time rather than skipping to the purchase.

Intriguingly, although UK and EU respondents like the idea of appropriate friction on the whole, US respondents do not, with 54% saying they prefer a fast purchase journey.

Do you sometimes prefer slower online purchase journeys?



■ Yes ■ No

What is particularly fascinating about appropriate friction is that over three-quarters of respondents (78%) say they want longer in the checkout to mirror how they would shop when visiting a physical store.

Why would you prefer a slower purchase journey?

54%

Allows more time to reflect on how much I'm spending

34%

I like to be confident that I have bought the right thing

78%

Mirrors shopping in real life and gives me the chance to evaluate

60%

Don't trust the website if I'm rushed to the payment

Fickle shoppers or loyal customers?

Consumers are fickle by nature, and this can affect how we view the performance of the checkout. 44% of all respondents say that they will not return to a site if it has a poor checkout experience, with 44% also stating that they are loyal to brands that make it easier to buy their products.

However, it is not as simple as having a fantastic checkout - this does not guarantee you will attract loads of brand loyalists. A quarter of respondents say that they will go through a poor checkout experience to buy a product they like.

Concerning online checkouts, which of these statements do you agree with?

I would not return to a retailer with a bad checkout experience

44%

I am loyal to brands that make it easy for me to buy their products

44%

I am surprised how bad some online checkout experiences are

31%

I really appreciate being able to buy something with just one click

28%

If I really like a product I will go through a lot of online pages

25%

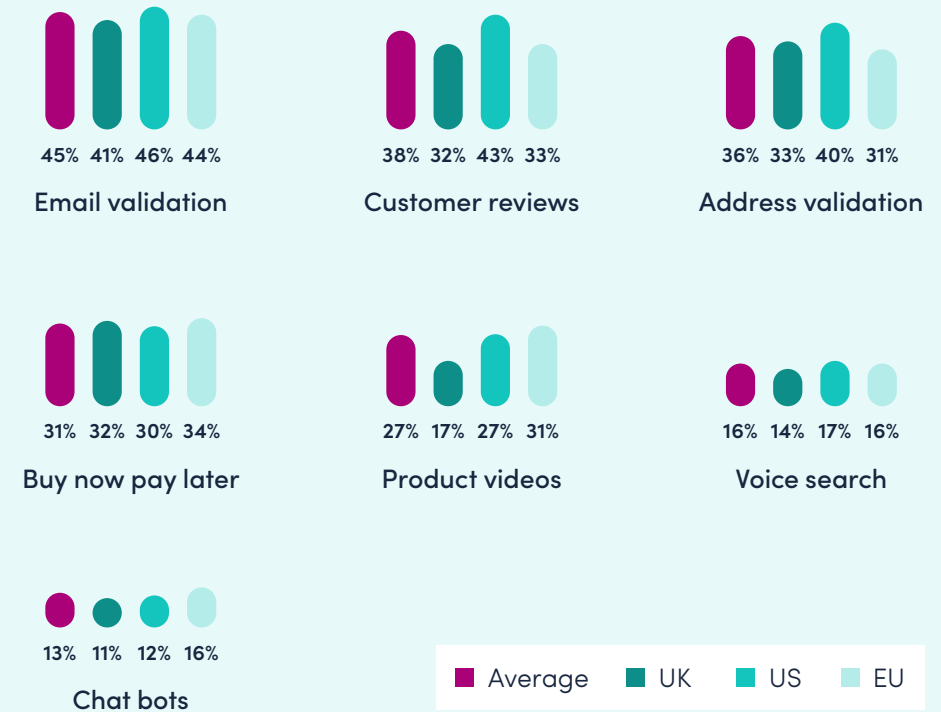
It should be easier to shop online

24%

What do consumers expect moving forward?

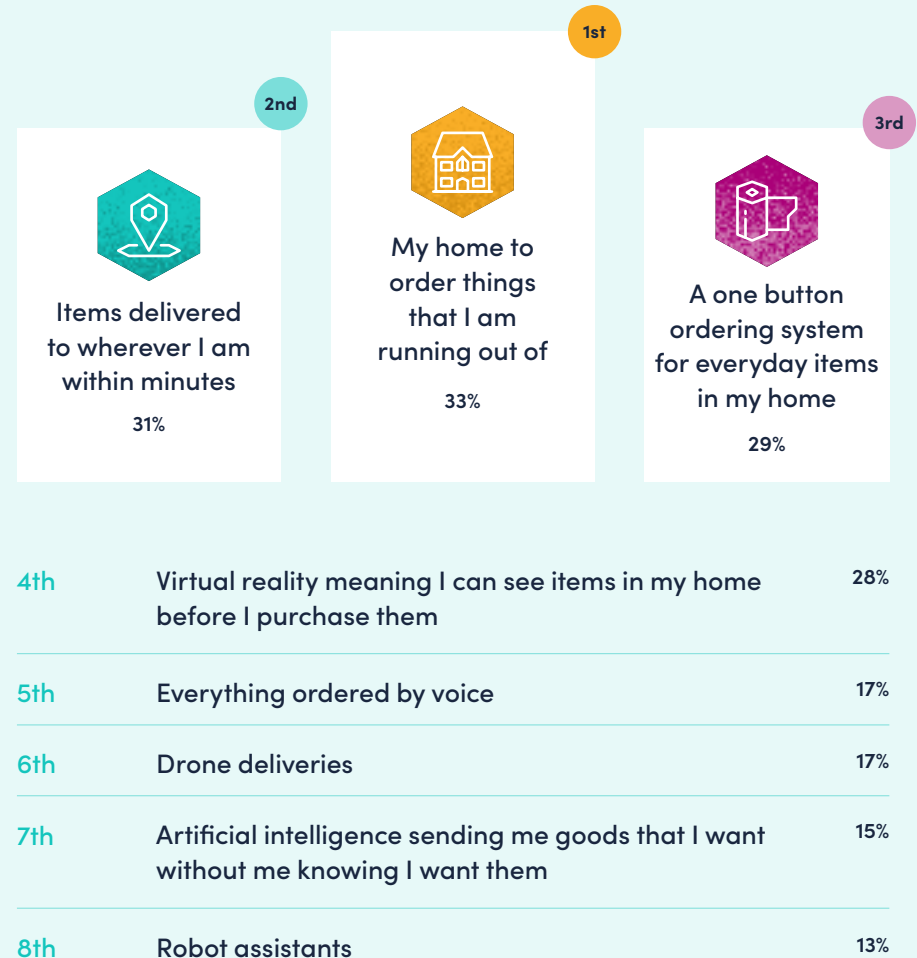
Email and address validation are the best way to improve an online checkout. 45% and 36% of respondents name them as two of the top technologies. Customer reviews are another great feature, with 38% of respondents saying that they improve online experiences.

Which technologies do you think most improve the online experience?



Casting an eye even further into the future, consumers are most keen on automated deliveries, dynamic deliveries and one-tap ordering. 33% of respondents would like their home to order things when they run out, 31% want items delivered quickly to wherever they are, and 29% would like a one-button ordering system for items at home.

What do you want to see in the online shopping experience of the future?

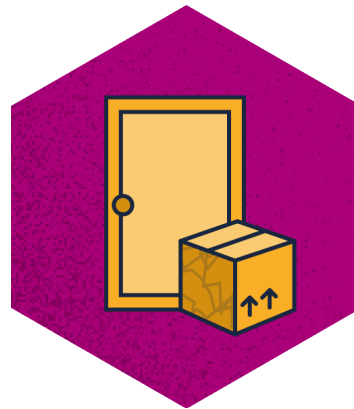


Top five features of future checkouts



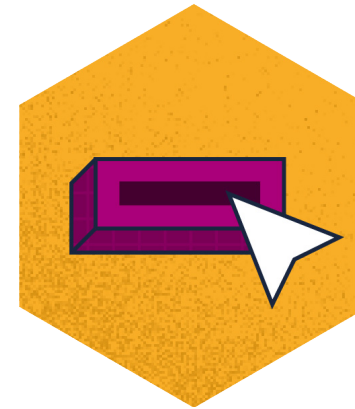
1. Smart home ordering

Our research found the most desired innovation was smart home ordering, otherwise known as automated replenishment - where purchases are automatically refilled before you run out - as chosen by 33% of respondents. It's easy to see the appeal, as it offers an effortless way of ensuring that families are never short of essential items.



2. On demand delivery

Only slightly behind smart home orders was dynamic address delivery. 31% of consumers love the idea of having items delivered to where they are at that moment in time, as soon as possible. As people return to offices, visit other people's homes and shared spaces, they will want their items delivered to them wherever they are.



3. One button ordering

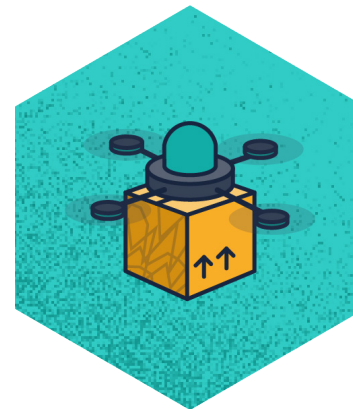
While appropriate friction is useful in some cases, the convenience of simply pressing a button on an item to order was appealing to 29% of consumers. Again, there is an element of convenience similar to the smart home ordering, but there is an extra layer of customer confidence in the physical pressing of the button opposed to the automation of smart home ordering.



4. Virtual reality

People were extremely keen on the idea of visualizing purchases in their home before they bought them, so it's no surprise that 28% of respondents chose a VR option for their most-desired technology. As the technology becomes more accessible, it is easy to see how it could seamlessly fit into purchasing luxury goods, clothing and items such as furniture.

Over three-quarters of decision-makers in eCommerce (80%) were planning to invest in their online checkouts over the next 12 months at an average spend of around \$36,000.



5. Drone deliveries

Over 17% of consumers believe that drone deliveries will be helpful, highlighting that delivery remains a core component in online retailer's efforts to differentiate their brands in an increasingly crowded market.

This research has shown the challenges and opportunities that await them. Brands that allow consumers to shop where they want, when they want, and how they want, will succeed in an increasingly crowded digital marketplace.

Summary

Despite the overwhelming desire to reduce friction in the purchase journey, it is worth building in appropriate friction at targeted points in the purchase journey. Having such points will enable consumers to truly appreciate the value of the purchase. Although there is an overarching need to improve online checkout, retailers should not do so at the cost of removing crucial information.

One of the added challenges for eCommerce retailers will also be whether to stick or twist based on changes in their consumers' purchasing patterns over the past 12 months or so. Making the most of repressed demand was viewed as a major challenge by almost a third of decision-makers, but to look further ahead, how that challenge can be met will require each retailer to look at the needs of their customers rather than apply wholesale changes.

Delivery error was named as the biggest concern for decision-makers. This came as email validation, address validation and customer reviews were identified as the best features of a good checkout experience. Adding these features to a checkout process is therefore a quick and simple means of improving the experience for your consumers. Further to this, validation functions were also shown to be a good way to improve trust in terms of the security of the process, meaning that these additions could have benefits beyond simply improving the checkout process.

Methodology

Research commissioned by Loqate and conducted in May/June 2021 by Perspectus Global, comprising of:

1,000 UK respondents, 2,000 US respondents, and 250 respondents from Netherlands, Spain, Germany, France, and 250 Italy respectively. 150 eCommerce decision makers of global businesses.

How Loqate can help build the checkout of the future

An easy way to optimize your checkout experience and grow your revenue

A huge part of the checkout process moving forward will be gaining the trust of consumers, and Loqate will help you procure this trust through our innovative validation technology. Our location intelligence data helps over 20,000 businesses of all sizes ensure that their customers have the best possible experience.



Improve checkout speeds

Businesses using Loqate report a 78% reduction in the time taken to enter addresses. Most addresses are also found in as few as three keystrokes.



Trusted around the world

Our technology is used 70 million times every day in over 3,000 languages in 130 different address formats across 250 countries and territories.



Sourced from rich data

Our address data comes from leading suppliers, including Royal Mail, USPS, Canada Post, and many other world-class data providers.

Find out how address verification could improve your results by getting in touch with us today. [Request a demo or get in touch with one of our advisors.](#)

