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Online shopping cart abandonment: The biggest thorn for the ecommerce industry?

By Saheli Sen Gupta | Jul 18th 2016



Last year, Octane conducted a study and concluded that, while 70 percent of Indian online shoppers abandon their carts, only 34 percent of ecommerce firms invest in an online shopping cart abandonment program. Are they ignoring the problem?

How many times have you been to sites like Flipkart, Amazon or BigBasket, loaded your carts, but decided not to buy anything?

Most of us—possibly almost everyone—have never paid much attention to this phenomenon known to the industry as “online shopping cart abandonment” – a problem costing the industry a whopping \$10 billion, according to Octane, a marketing technology company.

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A study conducted in 2015 revealed that almost 70 percent of Indian online shoppers tend to abandon their carts. With the ecommerce industry forecast to be valued at \$20 billion by 2015, the numbers certainly don't add up. But apparently, the percentage doesn't lie.

Mahinder Narang, VP-Product, Technology and Marketplace Operations of FashionAndYou says, “This is a problem across the industry, both before the customer hits the payment button and after.” The company faces most of its online shopping cart abandonments due to the COD charges and delivery charges. According to Narang, these two reasons are pretty much the norm across the entire ecommerce sector.

According to K Vaitheeswaran, entrepreneur and the co-founder of India's first ecommerce company Fabmart.com (later renamed Indiaplaza), online shopping cart abandonment is a global issue. “The act of going to an online store and adding items to a cart is fairly simple as compared to offline. This simplification has resulted in a very low conversion rate and conversion rates as low as 2 percent are considered very high in the business,” he adds.

The problem of cart abandonment is one with too many gaps to fill. Vaitheeswaran elaborates that, while companies do know that carts are being abandoned, the abandonment has no particular pattern. “If 100 carts are abandoned, only 20 adhere to any norm. Potentially, if the checkout process and website design is more instinctive, intuitive and customer friendly, abandonment rates might reduce,” he says.

Several factors like payment issues, delivery charges and taxes cannot really be changed by the firms themselves, which therefore makes the whole scenario of abandonment a very hard one to tackle.

Ecommerce companies focusing more on mobile apps is also a major factor. “Completing an order on a mobile app is more complicated than on a website,” says Vaitheeswaran. Mobile apps have certainly taken the ecommerce sector by storm. Online store Mynta decided to go app-only a year ago, only to revert due to several reasons.

According to Narang, “With the advent of mobile apps, the shopping experience has become slightly distorted. Apps are not customized for every device, which will obviously lead to an increase in abandonment.” However, that doesn't stop ecommerce companies from having app-biased sales and offers.

Narang stressed heavily on the need for an online cart abandonment program. “It is at the lower end of the funnel, with an immediate visible impact. Many ecommerce companies might not be upfront about it, but every business manager will have it on his radar,” he says.

He adds that an abandonment program is one of the most logical steps to take—even a drop of two to three percent in abandonment counts in the bigger picture.

Do all ecommerce companies go through the same ordeal? Apparently not. Tanu Gupta, product manager at BigBasket says, “As an online grocery marketplace which is purely need-based, our rate of cart abandonment is slightly lower and ranges from 60 to 62 percent.” She added that, while the company has no dedicated service to counter cart abandonment, the team tries to improve a customer's experience by improving the interface from time to time.

Surprisingly, only 34 percent companies actually deploy a cart abandonment program. According to Prakash Malayalam, director of the ecommerce solutions company Contus, there is massive opportunity for more sales and revenue if there is a proper cart abandonment program. “If the ecommerce firms don't focus on this, they are allowing potential customers to slip away,” he adds.

Malayalam listed a few pointers for firms to curb abandonment, which include simple navigation, faster website, diversity in payment options and the ability to purchase without registering on the site.

Along the same lines, Ambi Moorthy, product manager at Zoho SalesIQ says, “The rate of adoption of technology in this space is pretty slow due to the complex nature of an ecommerce website, along with the myth that shopping cart abandonment solutions are labor-intensive.”

But with no clear pathway to prevent abandonment and no clear solution to woo customers, how far will ecommerce firms go when only 30 percent of customers are buying their products? Is there a way out?

Note: Amazon, Flipkart, Snapdeal, Paytm, Zivame, PepperFry, Jabong, Mynta, Vajyo, Homeshop18, Zovi, Voonik, StalkBuyLove, Shopclues, UrbanLadder, Koovs, eBayin, Limeroad, Infibeam, Lenskart, Purple and Naaptal were contacted for inputs, but either declined or ignored our request. Octane was also contacted for follow-up questions, but the request was ignored.

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