

Shopping Cart Abandonment: An Easy Escape

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ABSTRACT

The current research is based on online shopping and various reasons for shopping cart abandonment. It is an attempt to study various factors causing cart abandonment during online shopping. Various factors have been identified and study how and why these factors influence cart abandonment. Total seven potential factors are identified viz. information search, delivery, payment, product, personal information, technicality and freebies as probable reasons. The research summarized all these factors with factor load and explanation to justify the findings. The result of the research presents valuable inputs for online sellers to study and resolve these factors in order to increase online participation of buyers and reduce cart abandonment.

Key Words: Online shopping, Shopping Cart Abandonment, Challenges of Online Shopping

INTRODUCTION

E-commerce can be defined as transactions which are conducted over an electronic network, where the merchant and buyers are at a virtual location or virtual world, they are not on the same physical platform. For example, online banking services. According to a survey in India there are around 55 million internet users and the number is growing rapidly. Books, music CDs, Holiday packages, computer peripherals are sold through the internet in a very big way.

Online shopping is a platform provided by e-commerce where buyer directly checks the inventory of seller through the internet. The purchase and sale transaction is completely accomplished through the internet (E-commerce), and the biggest advantage of being online is there is no requirement of intermediary and this results reduction in cost.

In recent times online shopping has become very popular among the internet users. Still the target area of online marketing is middle class, higher middle class and upper class segment but the approach of online marketing is growing day by day. The basic reason behind this targeted area must be there should be a computer or a smart phone, a bank account and a debit or credit card, computer literacy etc.

The way of shopping is changed with the advancement of the technology. According to a study 'if any e-commerce company focuses on the demographic characteristics of the shopper, it is concluded that the higher the level of income, occupation and education of the head of the family then the perception towards online shopping is more favourable. If consumer is inclined towards technology, then his attitude towards online or non-store shopping is increased. Online shopping has widened the segmentation and target audience. Earlier the young educated men were the main users of online shopping but this perception is changing with time. For example, in United States of America the women user internet was very few but till 2001 the population of women were increased and it was around 52% of the online population.

Online Shopping is an opportunity for customers and companies. It has become increasingly popular among youth as well as computer literate people. Shopping cart abandonment is a common problem in online

retailing where the customer does not complete the purchase transaction and quits after selecting the product from the website. According to Cho (2004) only 1 out of 4 transactions completed the purchase process. More precisely it is said that there is 71% of abandonment per day in e-commerce industry and it is a serious issue facing by the online retailers and this study aims to find out the various possible reasons and factors which causes shopping cart abandonment, this study also aims to create a platform so that the online retailers understand the reasons behind shopping cart abandonment.

There is no specific definition of shopping cart abandonment but Ouellet, 2010 defined as the shopping cart abandonment occurs when a shopper begins the final checkout process in any e-commerce company but doesn't complete it. The shopper abandons when he puts items in his shopping cart but could not complete the purchase process (Moore and Mathews). There are basically 2 main consistencies in the above definitions 1) products are chosen and 2. The financial transaction is not completed. This paper will allow retailers to modify and alter their strategies on cart abandonment which will motivate consumers to complete purchase transaction and help retailers to increase sales.

REVIEW OF LITERATURE

An estimate made by business insider in the year 2014 claims that almost “\$4 trillion of merchandise will be abandoned in online shopping carts this year, and about 63% of that is potentially recoverable”. According to Forrester Research made in 2005 says that 88% of online shoppers have abandoned their electronic cart in the past. Digital Trends further confirms the issue, pointing out in an instructive infographic that in the year 2010 in comparison to 2009 online retailers report higher shopping cart abandonment rates.

Wolfenbarger and Gilly (2001) show that when compared to traditional shopping, online shopping brings increased senses of freedom and control from here we can draw many reasons like consumer might be seeking online shopping as entertainer or a mood elevator, manyatimes they might be using cart as a wish list. Many past research suggests that customer avail more recreational activityin comparison to browsers. In order to understand customer abandon behaviour we need to diagnose factors which trigger them to abort the process. Traditionally, these kind of situations include: social influences, lack of availability, high price, financial status, and time pressure (Howard and Sheth 1969).

Moore and Mathews (2006) found shopping cart abandonment as it is influenced by the construct of perceived risk, prominently performance risk. It was stated by the research that in a non-physical environment such as online retailing extrinsic cues are most important they affect the severity of perceived performance risk, where perceived risk positively affects shopping cart abandonment (Moore and Mathews, 2006).

Purchasing in the online channel presents a different set of customer behavior purchase indicators, previous studies assumed that behavior is not specific to various channels of distribution (Bechwati and Siegal, 2005; Kumar et al., 2008; Liljander et al., 2009; Shulman et al., 2011).

PROBLEM STATEMENT

There are millions of people in this world who are online and they all might be the potential customers for online shopping websites. Now a day's customer is having an opportunity for choosing products among different shopping websites, for a customer the options for purchasing any product online is comparatively more and this is the biggest challenge faced by the shopping websites because customer starts his search for a product in with a website and ends with the comparison between many, at the end he chooses the product go to the cart and abandon. Therefore here in this study we are trying to identify the various possible factors responsible for shopping cart abandonment and perceptual difference among male and female.

RESEARCH OBJECTIVE:

- The study based on identification and investigation of potential factors contributing for shopping cart abandonment.

METHODOLOGY

The current study is empirical in nature which will provide important reasons (factors) of why online shoppers go for 'Cart Abandonment'. The study adopted survey technique to obtain factors from online buyers using questionnaire.

SAMPLING TECHNIQUE

The data has been collected with the help of self designed questionnaire. The size of 120 respondents (online buyers) covered for the study. Factors were ranked (by respondents) at 5 point liker scale. Various demographic fields were also included in the questionnaire for further investigation on the topic based on gender, income, occupation and so on.

DATAANALYSIS

As the current research is based on determining reasons of shopping cart abandonment hence, factor analysis has been used to for identifying potential reasons.

Factor Description**Table 1**

| Factors | Variables | Factor Load |
|-----------------------------|----------------------------------------------|--------------------|
| Information Search | for later consideration | 3.590 |
| | Still want to explore further | |
| | I was just Browsing | |
| | Comparison shopping or browsing | |
| | Not ready to purchase | |
| Delivery | No Delivery at My location | 2.829 |
| | Slow Shipping | |
| | High Shipping Cost | |
| | Shipping cost not mentioned | |
| Payment | Not enough payment options | 2.262 |
| | No COD Available | |
| | Excessive Payment security checks | |
| Product | Not confident about originality | 2.192 |
| | No Guest checkout Option | |
| | Gift packing is not available | |
| | Product out of stock at the time of checkout | |
| Technicality | Website Crashed | 2.083 |
| | Website navigation is too complicated | |
| | Process is too long | |
| Personal information | Needs too much personal information | 1.395 |
| Freebies | No gift/cash back offered | 0.687 |

INTERPRETATION AND FINDINGS

Factor 1: Information Search (Load: 3.590)

First potential factor is identified as 'information search'. Factor comprising five variables stating significant reasons for cart abandonment. As per the result the first factor suggested that consumer of online market is browsing the internet only for getting the information about different product or just exploring the various options available in market and this causes cart abandonment, here customer wants to compare the product in different online shopping sites or he wants to save the product for later consideration. Some respondents stated that at the time of payment they still want to explore the product further or they are not ready to purchase at that time.

Factor 2: Delivery (Load: 2.829)

The second major factor for cart abandonment is Delivery, even though the market of online shopping is increasing day by day but still customer failed in generating trust on these sites because of delivery issues, some shopping website charges extra for shipping while some are offering free shipping, and many locations are still not in the delivery list of these sites.

Factor 3: Payment (Load: 2.262)

The third factor for shopping cart abandonment is Payment, online buyers are not that much confident about online payment or feel unsecured or they want product at their hand first and so on. They want to purchase product online but they don't want to pay in advance therefore companies are throwing offers and extra benefits on cash in advance. Still majority of respondents go for Cash on Delivery are not willing to pay the price of the product online and considered it as an unsafe mode.

Factor 4: Product (Load: 2.192)

Fourth factor for shopping cart abandonment is Product, online market is a place where customer cannot feel the product therefore he is not confident about the originality of the product, sometimes he thought the product might be available at a lesser price in physical market place. Variety in product say color, size, pattern etc not available.

Factor 5: Technicality (Load: 2.08)

The fifth factor for shopping cart abandonment is Technicality, even though majority of the customer is using smart phones then too they are not very literate in terms of technical knowledge, beside this India is not very sound as far as technical infrastructure is concerned. Website crashing, call drop still is one of the biggest problems faced by the customers. Sometimes website navigation is too complicated and process is too long which leads customers towards abandonment.

Factor 6: Personal Information (Load: 1.395)

Sixth factor for shopping cart abandonment is customer not want to disclose his/her personal information like PAN Card Number, Voter ID Number, Debit/Credit Card Number, Alternate contact information and sign up process, no doubt these information are required by the shopping sites for the better customer service but customers are avoiding to fill these information and they are worried and conscious whether they share their personal information with these sites or not.

Factor 7: Freebies (0.687)

The last but not the least factor in shopping cart abandonment in our study is freebies. Some customers abandons from cart only because the website is not offering any free gift or cash back to them. These type of customers are more attracted and concerned about those things which is free.

SUGGESTIONS & CONCLUSION

The result of factor analysis suggested that there are some hidden variables which directly or indirectly affect the online buying process of any product or service. The overall result concludes that the customers have perceived online shopping in a positive manner. The frequency of online buying is comparatively less in the market and according to a study almost 73% of the customers abandon the card during purchase. The above study stated that most of the people who are participating in the buying process are only looking for the information about the product or they are just browsing the internet. Online shopping companies may apply relevant variables and factors which are identified by the research like delivery, personal information, guest check out, gift wrapping etc. The online shopping companies have to prioritize the preferences of its customer and try to eliminate those things which forces customer towards abandonment such as complex website navigation, easy payment modes etc. They have to plan their strategies and tactics on the basis of customer wants.

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