Click into Place

Unpacking Cart Abandonment

Contents

Introduction

This whitepaper on cart abandonment is designed to provide you with the insights to help you grow your online offering and tackle challenges in the ever-changing world of e-commerce. With a particular focus on online spend from Asia, we have compiled some of the latest research and data, along with expert analysis, to highlight the leading causes and solutions with one aim – to help you boost e-commerce sales and stand out from the crowd.

In 2023, the global e-commerce market is predicted to be worth $6.3 trillion,[i] presenting significant growth opportunities for businesses worldwide. The Asia Pacific (APAC) region, in particular, has seen remarkable growth, with e-commerce expected to account for $1.89 trillion by year-end, representing 30% of the world's total e-commerce spending.[ii] Southeast Asia alone accounts for five of the world's ten fastest-growing e-commerce markets,[iii] indicating a willingness among the region's population to purchase online from businesses worldwide.

At JCB, we have witnessed this first-hand, international e-commerce spending from Asian JCB Cardmembers (excl. Japan) recorded 52% growth from 2021 to 2022. The increment saw growth of up to 50% from China, Taiwan and Thailand, whereas around 80% growth occurred in Hong Kong, and the Philippines. In Indonesia and Vietnam, e-commerce sales have more than doubled, and upward momentum from India was especially strong, reaching a staggering five-fold growth in the same period.[iv]

However, there is potential for even more expansion in Asia, by addressing a common challenge in the e-commerce space: **cart abandonment.** It is estimated that up to 70.19% of customers globally[v] abandon their online shopping carts before completing their purchases, and that figure is even higher in the Asia Pacific region.[vi]

Numerous factors contribute to cart abandonment, from practical and cultural, to economic. To capitalize on the growth of e-commerce and tap into new markets, it is essential for merchants to acknowledge, understand, and address some of these friction points.

This whitepaper will explore the leading causes of cart abandonment, provide actionable strategies to boost e-commerce sales and differentiate from competition. Further, provide insights to meet the needs of the Asia Pacific region customer bases, of approximately 4.3 billion people.[vii]

Whether you're a novice or experienced in e-commerce, this whitepaper will equip you with the tools and knowledge to start overcoming cart abandonment and optimize your digital offering. By doing so, you can unlock the full potential of the online retail space and benefit from the growing demand of the Asia Pacific region.

R. Shinzawa

Ray Shinzawa, Managing Director,
JCB International (Europe) Ltd.

Cart Abandonment: An Overview

> Definition: The act of a shopper adding an item to an online shopping cart but leaving the website without completing the purchase.[viii]

For every ten people who add items to their cart online, seven choose not to complete the purchase.[v] Customers who leave their online shopping baskets dormant – and exit the website entirely – often do so in frustration. This represents a significant amount of lost revenue for merchants in the online space.

Cart abandonment is common across different retail industries and specialisms – from home, furniture and luxury goods to fashion, beauty and other consumer goods.[ix] It also differs by device. Mobile and tablet devices have higher exit rates on the checkout pages without completing payments compared to desktop sites.[x]

A range of intertwined factors are contributing to this phenomenon. Some are related to the customer journey, such as complex checkout processes and poor design. Others reflect human nature, with an untrustworthy website appearance likely to put some people off. There are also external factors, like economic downturn, that can cause customers to reconsider, or use a range of sites for price comparison purposes.

Understanding and addressing the cart abandonment issue presents a range of benefits for merchants, including increasing sales revenue, higher conversion rates, improved customer experience, and customer loyalty. By finding a solution to the challenge in front of them, businesses can gain an advantage over e-commerce competition.

The Asian Consumer

The Asia Pacific region, with 55% of the global consumer class (2.2 billion people), has significant spending power.[xi] However, despite a predicted online retail market of over $2.8 trillion by 2025[xii], this region has the highest cart abandonment rate in the world at over 84% as of March 2023.[xiii]

Understanding the Asian consumer can help merchants reduce cart abandonment, capitalize on revenue potential, and establish themselves a cross-border purchasing option. JCB, as the only global payments brand originating from Japan, has unique insights into the region's e-commerce market and spending habits, especially as digitization and internet access proliferate.

We have seen some Asian consumers who prefer to purchase from overseas merchants, with a preference for legacy, global, and highly reputable brands.

However, it is essential to recognize that Asia is a vast and diverse region with different e-commerce expectations and motivations. While the entire region sees e-commerce spikes around Black Friday, Cyber Monday and, increasingly, Singles Day on November 11, each market tends to have its own sales events (e.g., the Great Singapore Sale).[xiv] Meanwhile, the December holiday period is also a big e-commerce moment for some e-tailers.

Apart from the seasonal factor, Asian consumers are more likely to complete a purchase on their mobile than their desktop or laptop computer.[xv] This gives merchants an opportunity to optimize the mobile purchase experience and build a frictionless journey to tap into the hearts of these consumers.

Offering local languages, upfront shipping quotes, payment methods, and multiple transaction currency choices helps facilitate a smooth checkout experience. As does factoring in things like internet quality in different markets. Reducing the number of clicks to purchase can help eliminate dropping out the journey due to poor connection.

Understanding these nuances and challenges can ensure European merchants don't miss out on revenue and can position themselves as a go-to option when it comes to cross-border, online purchasing.

"We've seen high-volume spend by Asian consumers with European merchant partners across the retail and travel sector. This is across online travel agents and hospitality providers, high-end retailers, and auction houses selling luxury items. The average ticket price can be as high as £4,000."[xvi]

Yvonne Szeto, VP Commercial, APAC, Worldpay from FIS

Tackling Cart Abandonment

We've explored cross-border e-commerce opportunities, begun to contextualize the cart abandonment problem globally, and gained insights into the Asian consumer. Now it's time to delve into the three main causes of cart abandonment and provide three solutions for each.

The first cause is the payment journey, which is one of the biggest sources of friction for customers. We'll provide practical solutions to help simplify the payment process and reduce cart abandonment rates.

The second cause is unmet customer expectations around how they can pay, and how easy it is to do so. If these are not met, or customers greeted with an unexpected scenario, they may abandon their cart. We'll discuss how merchants can exceed customer expectations and provide an exceptional and tailored shopping experience.

The third and final cause is the failure to react to external factors, such as market trends and changes in consumer behaviour. We'll offer strategies for merchants to stay ahead of the curve and remain adaptable in a rapidly evolving e-commerce and economic landscape.

Factor 1: The Payment Journey

In the world of e-commerce, convenience is king.

Complicated or unexpected payment processes are cited as a reason for abandoning carts, with extra cost and difficult checkout processes further cited as top culprits in the US,[xvii] Europe,[xviii] and the Asia Pacific region, where 55% of online shoppers are frustrated by long login and sign-up forms.[xix]

Streamlining the checkout process with an effective, well-designed website will not only enhance the customer experience and instil trust, but will also deliver incremental sales. Balancing security and a smooth user experience may be challenging and costly to set up. But, by incorporating the latest technology and web-design best practices, merchants can create an environment where the customer journey is frictionless, all without compromising on quality, or security.

This can involve everything from eliminating nasty surprises relating to extra costs or shipping fees, at the vital payment stage, to pre-filling information to save customers' time.

Not only does this improve sales and conversion rates in the short term, but it can improve brand loyalty and perception in the medium to long term. When a customer has a positive e-commerce experience with a brand, they are more likely to return, when considering future purchases.

Here are three areas/actions you can do to help improve the payment journey...

Offer multiple payment methods	Proliferation of alternative payment methods is extremely high in Asia.[xx] Make sure local wallets and payment options specific to regions are available at checkout. Ensure international payment schemes are offered across all regional channels.
Incorporate technology to increase consumer trust	Use technology like 3DS authentication - which adds an additional layer of security at checkout to protect customers and retailers, by authenticating the buyer. Most of the time, without friction. Within Asia, tolerance of 3DS varies so it is important to consider your target customer base.
Get as close as possible to "one-click"	Simply put, reducing the number of steps from item selection to checkout increases the chance of a successfully completed purchase. Pre-fill information based on purchase history and use a tokenization solution to speed up the process. Give the customer fewer things to do.

SAMPLE CHECK OUT PROCESS

Clearly displayed security measures

VENDOR
LOGO

CHECKOUT

SECURED BY SECU-PAY

Bold, large text clearly signposting the customer along the payment journey

DELIVERY COUNTRY

🔴 Japan

PROMO CODE ⌄

EMAIL ADDRESS

name@email.com | **SUBMIT**

Pre-filled information to save customers time and effort

DELIVERY ADDRESS

DELIVERY OPTIONS

PAYMENT

Limit the number of fields in the payment process

PLACE ORDER

1 ITEM — Edit

¥2500
Item description
QTY: 1

Item	¥2500
Shipping	¥500
Subtotal	¥3000
TOTAL TO PAY	**¥3000**

We Accept JCB Logo Logo Logo

Shipping fees (or free shipping) and any additional costs shown clearly next to checkout fee

Payment option logos prominently displayed before the final steps

By placing your order you agree to our Terms & Conditions, privacy and returns policies.

Factor 2: The Voice of the Customer

Understanding the voice of the customer is key when it comes to reducing cart abandonment rates. By this, we mean the psychology behind e-commerce and the decisions customers make when considering an online purchase.

What is driving them to pay for or leave their shopping cart? Are there certain qualities to consider when trying to unlock the Asian e-commerce market? When are the key calendar moments?

Not all consumers spend the same way. While the European mindset tends to embrace a card-first society, the Asian consumers are more predominantly focused on digital wallet payments, when it comes to e-commerce transactions.[xxi]

Correspondingly, considering the locality factor, accommodating for the wide array of languages spoken across the globe and taking a native approach where possible can help build trust and familiarity. Offering multiple payment currency options will provide the similar effect if your acquiring bank provides this functionality.

Personalizing the customer journey encompasses how people see and interact with your page. With purchases made on mobile devices accounting for over 43% of total e-commerce retail sales in 2023, it is crucial that merchants ensure the payment process works as effectively on mobile as desktop.[xxii] This is particularly important in the APAC region, where m-commerce (shopping on mobile devices) made up 75.8% of sales in 2022.[xxiii]

Here are three areas/actions you can do to enhance the customer experience...

Important sales dates

Here are some of the leading e-commerce sales events in Asia…

9.9 sales
September 9
Major sales moment across Southeast Asia.

10.10
October 10
Originating in India, this flash sale event occurs in-between 9.9 sales and Singles Day.

Singles Day
November 11
Originating as a key Chinese shopping day, this is now one of the biggest e-commerce sales moments globally.

Black Friday & Cyber Monday
Varies between November 23-29
Huge online sales globally.

Other regional dates to plan for include:

- Diwali
- Ramadan
- Eid
- Chuseok (South Korea)
- Lunar New Year
- Golden Week (Japan)

Clearly defined options and logos	Ensure the payment scheme options and logos are clearly displayed. Display International card scheme decals on all domains as consumers may access digital channel from anywhere globally.
Device-specific payment journeys	It could be argued mobile e-commerce is driving the market globally. A checkout page that is poorly designed for mobile will lead to frustration for those making purchases on the smaller device. It's also important to account for iOS and Android users when it comes to digital payment options.
Local and personal	They say familiarity breeds contempt. For e-commerce it is the opposite. A payments journey that makes the customer feel at home – from local language to currency and pricing options – makes it a simpler process from first click to completed purchase.

Factor 3: External Influences

E-commerce increased dramatically during the Covid-19 pandemic and accompanying restrictions.[xxiv] Asia was no different, as people went online to purchase items it coincided with more people gaining access to the internet and mobile devices.[xxv]

Yet external factors can also limit e-commerce if left unchecked. The recent downturn in the global economy has impacted regions worldwide, and impacted the way customers interact with e-commerce.

There have always been consumers who use online shopping carts as the modern version of window shopping. Adding items to their bags as a reminder for future purchases or gifts further down the line, or while conducting price comparison, is common. However, this is likely to increase as people consider their finances and we see a reduction in impulse purchases.

This approach can lead to carts being abandoned, or at least put on hold. But merchants are able to reignite interest with careful promotion and an effective customer journey. As we have previously discussed, the fewer steps you ask a customer to take to purchase, the more likely they are to checkout. That's especially pertinent when people are being more considered with their money.

Considering the competitive e-commerce landscape, it is important merchants make the process as simple and appealing as possible in order to keep customers on their page. This goes beyond appropriate pricing and should include things like remarketing and non-intrusive exit-intent pop-ups, as well as increasing customer confidence through reviews and security guarantees.

Here are three areas/actions you can do to appeal to customers…

Reach out to "dropped carts"	Leverage email or text messages to follow up with those who have left behind products and prompt them to re-engage.
Consider extended payment options	Go beyond traditional payment methods to consider what will give customers the confidence to spread purchase costs over time.
Make it easy to compare	As part of your payments journey, make it clear what the final price of the item will be including shipping and delivery. This will help the customer compare vs. competitors and see the value on offer.

Conclusion

Cart abandonment is a universal challenge that online merchants face in today's e-commerce landscape. It requires a proactive approach to minimize it. While there is no one-size-fits-all solution to address this issue, there are several effective strategies that can be employed to reduce the number of abandoned carts and improve the overall customer experience.

By addressing the pain points that contribute to cart abandonment, including lack of transaction options, complicated checkout processes, and overlooking the shifting payment behaviors - and offering customers a seamless and convenient shopping experience - merchants can increase the chances of converting visitors into paying customers.

The benefits of reducing cart abandonment should not be underestimated. It not only increases sales and revenue, but also, by investing in customer-centric strategies and continuously evaluating and optimizing the customer journey, merchants can stay ahead of the competition and win the loyalty of their customers.

As it relates to tapping into Asian consumers, the region presents a significant opportunity for e-commerce growth. There is a rapidly growing middle class in many countries and regions, who have increased disposable income and embraced digital adoption as a way of life. To unlock this full potential, businesses need to adapt to the unique cultural and payment preferences of the region to reduce a cart abandonment rate that is higher than the global average. Steps like offering local payment methods, clearly displaying payment brands they know and use, and providing personalized customer service that speaks to their expectations are an important part of the journey to boosting cross-region sales.

By prioritizing the customer experience and embracing the unique opportunities across Asia, businesses can not only reduce cart abandonment but also drive e-commerce growth and increase their bottom line.

About JCB

JCB is a major global payments brand and a leading credit card issuer and acquirer in Japan. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. Its acceptance network includes about 43 million merchants around the world. JCB issues cards across various countries and regions internationally with more than 154 million cardmembers. As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its merchant coverage and cardmember base. As a comprehensive payment solution provider, JCB commits to providing responsive and high-quality service and products to all customers worldwide. For more information, please visit: www.global.jcb/en/

Get in Touch

As a global payments provider with a large presence and number of cardmembers in Asia, JCB is well-placed to support you in your efforts to reduce cart abandonment. To speak to us about this, or any other aspects of working with JCB, please reach out to: marketing@jcbeurope.eu

We would like to express our gratitude to the following individuals for their valuable contributions to this whitepaper:

Yvonne Szeto
VP Commercial, APAC, Worldpay from FIS

Nick Fisher
General Manager, Sales and Marketing, UK Branch, JCB International (Europe) Limited

Endnotes

i.   38 E-Commerce Statistics of 2023 | Forbes (Forbes.com) – as of July 2023

ii.   The Growth of E-commerce in Asia and What to Expect in 2023 | Retail Touchpoints (retailtouchpoints.com) – as of July 2023

iii.   Southeast Asia sees the fastest digital sales growth in the world | Insider Intelligence (insideintelligence.com) – as of July 2023

iv.   JCB Proprietary Data – as of June 2023

v.   49 Cart Abandonment Rate Statistics 2023 | Baymard Institute (baymard.com) – as of July 2023

vi.   Explore e-commerce statistics and KPI benchmarks | Dynamic Yield (marketing.dynamicyield.com) – as of July 2023

vii.   Asia and the Pacific Region Population Trends |UNFPA (asiapacific.unfpa.org) – as of July 2023

viii.   Shopping Cart Abandonment | Dynamic Yield (dynamicyield.com) – as of July 2023

ix.   Cart Abandonment Rate by Industry | Oberlo (oberlo.com) – as of July 2023

x.   23 cart abandonment stats you need to know to improve sales in 2023 | Hotjar (hotjar.com) – as of July 2023

xi.   Asia's consumer class is growing. This chart shows how | World Economic Forum (weforum.org) – as of July 2023

xii.   Online Retail in Asia Pacific Will Add US$1 Trillion By 2025 | Forrester (forrester.com) – as of July 2023

xiii.   e-commerce Benchmarks | Dynamic Yield (marketing.dynamicyield.com) – as of July 2023

xiv.   The biggest e-commerce sales events in Asia: From 9/9 to 12/12 | Econsultancy (econsultancy.com) – as of July 2023

xv.   The state of Asia Pacific checkouts in 2022 |Stripe (stripe.com) – as of July 2023

xvi.   JCB Gateway to Growth Podcast – as of July 2023

xvii.   Top 10 Reasons (and solutions) for Shopping Cart Abandonment | Barilliance (barilliance.com) – as of July 2023

xviii.   Top reasons (and solutions) for shopping cart abandonment | Mollie (mollie.com) – as of July 2023

xix.   'I am not a robot': 84% of APAC consumers abandon carts due to complex login process | Retail Asia (retailasia.com) – as of July 2023

xx.   The Asia Pacific online payment market | PPRO (ppro.com) – as of July 2023

xxi.   Mobile wallets: Southeast Asia's new digital life hack | McKinsey & Company (mckinsey.com) – as of July 2023

xxii.   Rise of Mcommerce: Mobile E-commerce Shopping Stats & Trends in 2023 | Insider Intelligence (insiderintelligence.com) – as of July 2023

xxiii.   Online Retail in Asia Pacific Will Add US$1 Trillion By 2025 | Forrester (forrester.com) – as of July 2023

xxiv.   E-Commerce Jumped 55% During Covid To Hit $1.7 Trillion | Forbes (forbes.com) – as of July 2023

xxv.   Asia's Productivity Needs a Boost That Digitalization Can Provide| International Monetary Fund (imf.org) – as of July 2023

THANKS FOR READING

MERCI D'AVOIR LU

お読みいただき ありがとうございます

GRAZIE PER AVER LETTO

GRACIAS POR LEER

DANKE FÜRS LESEN

If you want to discuss the findings in this study or JCB services, please contact marketing@jcbeurope.eu