



Digital Window Shopping: The Long Journey to “Buy”

How security influences purchase delay

Table of Contents

Introduction	3
Impact of Security on Sales	4
Key Findings	4
Data Summary	5
Average purchase delay	6
Distribution of purchase delay	6
Security Trustmark Improves Sales Conversion	6
Cautious shoppers are most responsive to trustmarks	7
Reasons for Delay	7
Methodology	8
Recommendations	9
McAfee Recommendations	9
Conclusion	9
About McAfee, Inc.	10

Introduction

In the Eighth Annual Merchant Survey (April 2009) sponsored by PayPal and comScore, the leading cause of shopping cart abandonment was high shipping charges, cited by 46 percent of respondents. No surprise there. Interestingly, security concerns were cited by 21 percent of respondents. Yes, that’s right—security concerns.

Merchants spend enormous sums of money and a huge amount of time acquiring customers. In an era of easy comparison shopping, intense keyword competition, and economic crisis, every customer you get to the shopping cart is precious.

Yet one out of five abandonments is due, in part, to shoppers seized by security worries at the precise moment when you want them calmly clicking “buy.” Why? Fears about identity theft. Spam. Hackers. In fact, many probably don’t know why they’re afraid, just that they are. The result is a lost sale.

That same PayPal survey showed shopping cart abandonment at 45 percent—in the middle of estimates, which range from 20 percent to 60 percent. Given the high cost of customer acquisition, these cart abandoners represent a dramatic impact on overall return on investment (ROI).

In their June 30, 2009 article, “The Sad Tale of Abandoned Shopping Carts,” *eMarketer* summarized the survey’s key findings and Bryan Eisenberg from FutureNow offered some wry commentary:

Why are shoppers abandoning their carts?

- High shipping charges—46% (Have you tested personalized shipping offers based on location?)
- Wanted to comparison shop—37% (Are you saving shoppers’ carts for at least 30 days, so they can return to them?)
- Lack of money—36% (Can you make them an offer they can’t refuse?)
- Wanted to look for a coupon—27% (Are you prompting them to look for coupons?)
- Wanted to shop offline—26% (Are you offering them options to pick up items in store?)
- Couldn’t find preferred pay option—24% (Find a way to get the cash)
- Item unavailable at checkout—23% (This has to be dealt with on the product page or it will erode your brand trust)
- Couldn’t find customer support—22% (This could be dealt with by using point-of-action assurances [POA])
- Security concerns—21% (This is also handled with point-of-action assurances and establishing more trust in your website)

Digital window shopping is the name we give to the phenomenon similar to, but different from, shopping cart abandonment. Unlike abandoners, window shoppers are consumers who begin the shopping process only to leave it for some period of time and return to complete the sale. We believe that understanding this delay is a critical piece of information for merchant analytics.

McAfee has a unique window into this phenomenon through McAfee SECURE™ service—a system that merchants use to secure their sites and promote that security to their customers. This white paper examines customer data from McAfee SECURE service to provide some cutting-edge research to help you better understand the role security plays for your customers. We explore this new aspect of consumer behavior and offer you a variety of practical suggestions on how you can actually use security concerns to your advantage.

The Impact of Security on Sales

Merchants have long been aware that security concerns impact sales in a variety of ways but haven't always acted on this information. Way back in 2006, MarketingSherpa, the well-known marketing research company, published survey results showing shopping cart abandonment rates were nearly 60 percent—double what was then conventional wisdom of 20 percent to 30 percent.

Anne Holland, the founder of MarketingSherpa, suggested four ways to improve those “absolutely pitiful” rates, as she called them. Two of the four were security related. Holland wrote:

#2. *Post reassuring security icon(s)*

#3. *Include privacy and trust language next to fields asking for personal data*

“We’ve been hammering on this for years, and it drives me nuts to see how many merchants still completely ignore it. Yes, there’s data showing it works. Yes, it’s stunningly easy to do ... probably about 10 seconds of programming. I have no idea why this is overlooked—perhaps it’s too easy?”

Fast forward two years to 2009. Javelin Strategy & Research published a study this year quantifying the overall impact. Identity theft and other online fears caused retailers to miss out on \$21 billion in online sales in 2008.

What's the takeaway? In the quest to reduce shopping cart abandonment, merchants are right to look at shipping, pricing, and other traditional indicators. But e-tailers make a mistake by ignoring security issues. In fact, some research shows that for many consumers, security trumps everything—even price.

In June of 2009, Jeff Goodell, Director of Technology Research at Harris Interactive, conducted a survey of 516 adults on behalf of McAfee and found some surprising results.

- 45% have terminated an order or abandoned their shopping cart due to security fears
- 63% won't purchase from a site that doesn't show a trustmark even in an attempt to get a good deal
- 1 out of 3 think most websites are risky
- 95% have security concerns when shopping on sites they've never heard of before

Key Findings

McAfee recently analyzed the shopping behavior of more than 163 million visitors and the almost 2.6 million purchases they made over a two year period to better understand the window shopping phenomenon—what it is, what causes it, and what e-tailers can do to reduce it.

In our findings, the average delay between first visit to a site and final purchase was 33 hours and 54 minutes.

Our findings were based on results from 800 A/B tests conducted by McAfee customers of our McAfee SECURE trustmark, the icon used on websites to let visitors know the site has passed a daily test of hacker vulnerabilities. In test after test, prospective customers of the McAfee SECURE service found that their shoppers converted to buyers at higher levels when shown the trustmark.

Significantly, the longer a consumer waited to click “buy,” the more responsive they became to security cues. On average, consumers who were shown the trustmark converted to buyers at a rate 10.85 percent higher than those who did not see the mark. But “cautious consumers”—those who waited one day or longer before buying, converted at a rate of 11.33 percent, a 4.4 percent increase over the average improvement. The effect grew more pronounced for consumers who waited longer to buy.

Data summary

Survey Size

Total A/B Tests	800
Total Visitors	163,387,560
Total Sales	2,523,663

Average Delay

Average Delay: Days	1.41
Average Delay: Hours	33.90 (33 hours, 54 minutes)

Example: Among a group of 100 buyers, some purchase immediately, some purchase within a few hours, and others purchase after waiting more than 1 day. Averaged together, buyers wait 33 hours and 54 minutes before completing their sales.

Distribution of Delay

< 3 hours	2.8%
3–12 hours	9.6%
12–24 hours	22.9%
1–2 days	31.8%
2–3 days	18.7%
3–4 days	6.5%
4 days or more	7.6%
Cautious (1 day or more)	64.6%

Example: Among a group of 100 buyers, about 3 purchase quickly, less than 3 hours after their first site visit. About 10 complete their purchase within 12 hours. Another 23 take up to 1 day. And the remaining 64 take more than 1 day to complete their sale.

Increase in Sales Conversion due to Trustmark

		% Over/Under Overall Average
Average % Increase (all)	10.85%	
Average % Increase >5 days	12.77%	17.68%
Average % Increase >4 days	12.28%	13.20%
Average % Increase 3 to 4 days	11.41%	5.11%
Average % Increase 2 to 3 days	11.37%	4.79%
Average % Increase 1 to 2 days	11.31%	4.18%
Average % Increase <1 day	10.21%	-5.87%
Average % Increase <.5 day	9.21%	-15.11%

Example: On average, shoppers who are shown the trustmark convert to buyers 10.85% higher than those who aren't shown the mark. Shoppers who delay the longest convert the highest based on the trustmark, significantly higher than the average increase.

Average purchase delay

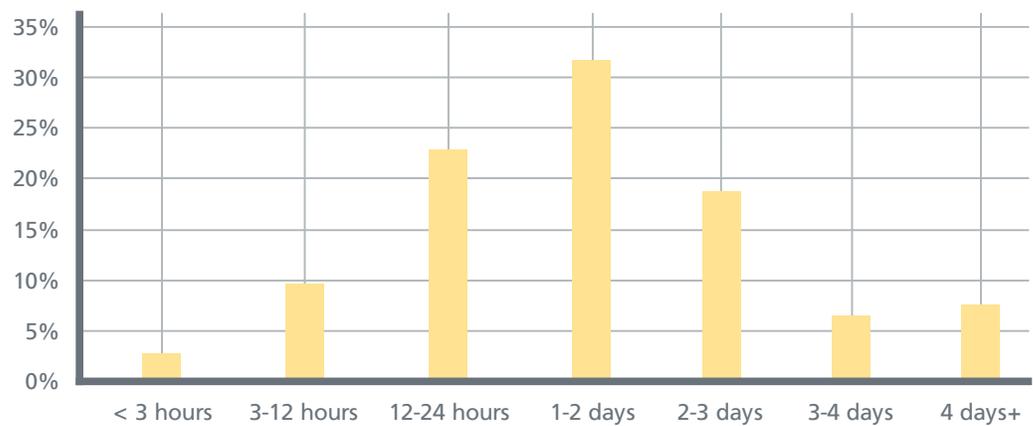
Of the 2.5 million purchases we tracked, the average delay between receipt of cookie and purchase was 33 hours 54 minutes. This figure has held remarkably consistent since 2007, when a prior edition of *Digital Window Shopping* was released.¹ That earlier study found the average delay to be 34 hours 16 minutes.

Distribution of purchase delay

Nearly 32 percent of the 163 million visitors we studied delayed their purchase between one and two days.

Cautious shoppers, those we define as waiting one day or more to complete a purchase, comprised nearly two thirds (64.6 percent) of all shoppers.

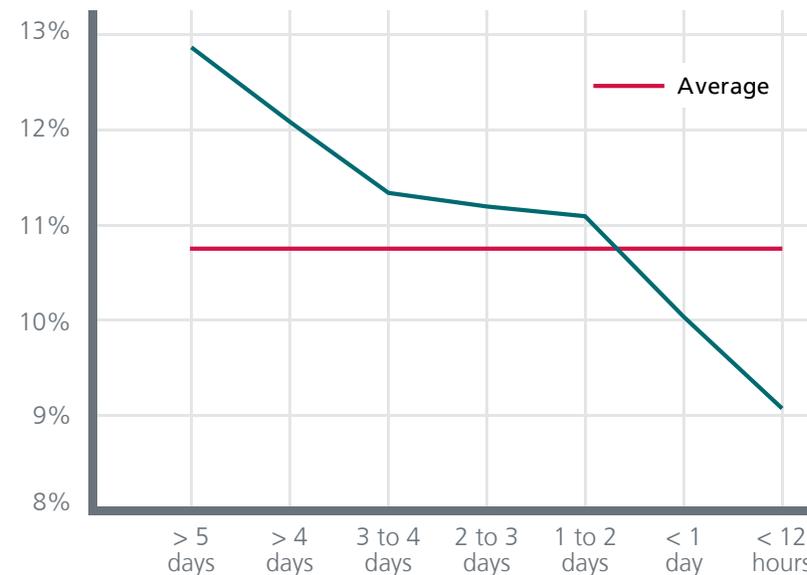
Average Delay by Group



Security Trustmarks Improve Sales Conversions

On average, sales conversions were 10.85 percent higher for shoppers who were shown the McAfee SECURE trustmark. In other words, if a control group of 1,000 shoppers who did not see the trustmark made 100 purchases, the group of 1,000 who saw the trustmark made just fewer than 111 purchases.

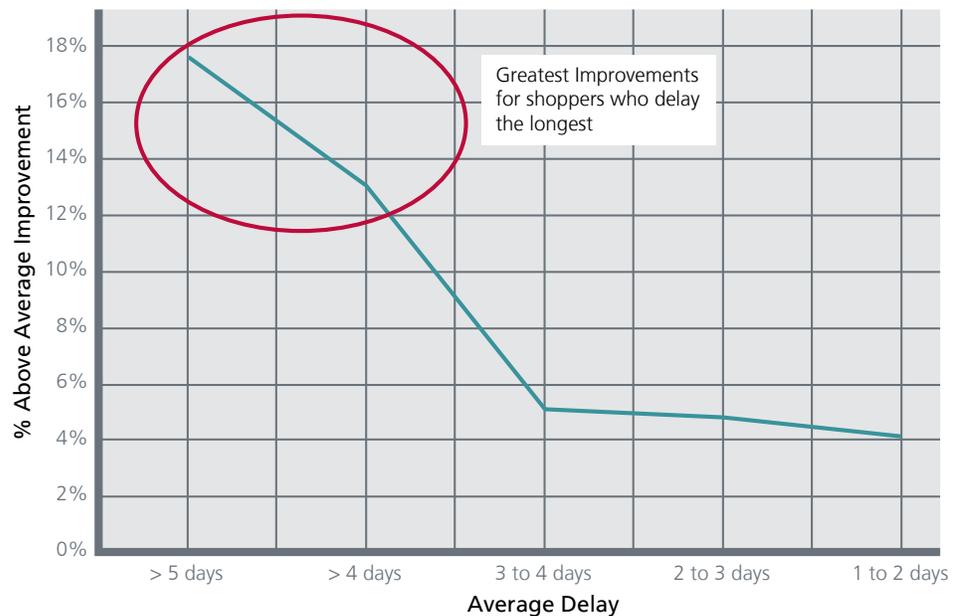
Sales Improvement by Average Delay



1. The original Digital Window Shopping reports were written by ScanAlert, the creators of the Hacker Safe trustmark. ScanAlert was acquired by McAfee in February, 2008.

Shoppers who delayed their purchases the longest were even more responsive to security trustmarks from McAfee SECURE service. For example, the sales conversions rate of shoppers who delayed by more than five days was 12.77 percent compared to the overall average improvement of 10.85 percent.

Above Average Sales Conversion Improvement



Cautious shoppers are most responsive to trustmarks

Looked at another way, the sales conversion rates of the most cautious consumers (with delays greater than five days) were 17.7 percent higher than the average result from exposure to the trustmark. By contrast, shoppers who purchased relatively quickly in a day or less converted better when exposed to the trustmark but below the overall average improvement.

Reasons for delay

Purchase delay is driven by a number of reasons.

- **Brand recognition**—Merchants with higher brand recognition will enjoy shorter purchase delays than lesser-known brands, in part due to the comfort level of the consumer. Data from our analysis confirms this. For example, a well-known children’s stuffed animal retailer was one of our fastest 25 e-tailers with average delays of three hours, five minutes. Likewise, a very popular online entertainment ticket retailer was our eighth fastest, with delays of just two hours, 11 minutes.
- **Demographics/experience**—More experienced online shoppers are more comfortable with the e-commerce experience—from checkout procedure knowledge to security savviness, and will click “buy” more quickly than a shopper new to e-tailing. These veterans are often, but not always, on the younger side. A very high-end bricks and mortar department store with an online presence was in our top 25 for an average delay of 4 days 2 hours. Why? Traditional in-store shoppers and online customers attracted to the brand are likely to be older, less experienced with the web and more concerned with issues like security.
- **Competitors**—Merchants who sell in a marketplace crowded with close competitors will wait longer to see a sale as consumers shop for similar product by price and convenience. By contrast, merchants offering unique or hard to find items will experience quicker purchase decisions. For example, a CD music e-tailer experienced an average six and a half day delay, on average, one of the longest in our study. Why? With so many music options, price shopping is easy.

- **Price**—Higher priced items or high purchase value orders will tend to take longer to complete as shoppers think hard about affordability, especially during times of economic difficulty. A well-known service organization with a unique mission encourages small dollar donations. Their average delay was just four hours and seven minutes.
- **Novelty**—New services or products, especially if they are too pricey to “try on a whim,” will take longer to get to “yes.” In our study, a meal delivery service experienced an average four days, 21 hours delay with its shoppers.

Methodology

McAfee, the world’s leading dedicated security provider, conducted an analysis of 800 online retailers to better understand a consumer behavior we call digital window shopping.

Using unique and proprietary data collected via its McAfee SECURE service, McAfee analyzed the shopping behavior of more than 163 million visitors who made more than 2.6 million purchases over the last two years.

The McAfee SECURE service is used by thousands of retailers, including more than half of the Internet Retailer 500, to establish improved e-commerce site security and reassure site visitors that their personal information will be safer and more secure at participating retailers. The technical foundation of the McAfee SECURE service rests on daily, comprehensive site scanning that tests the retailer’s website for more than 10,000 vulnerabilities. In addition to this daily hacker testing, sites also undergo a series of periodic tests for accidental practices that can lead to bad publicity and lost customer confidence. For example, McAfee SECURE service testing includes checks for unwitting linking to malicious websites, the hidden presence of browser exploit code, and the accidental sharing of customer e-mail data with spammers.

Once certified to the security standard of McAfee SECURE service, sites can then display the McAfee SECURE trustmark on the sites. These sites are also highlighted in major search engines by McAfee SiteAdvisor® software. Consumers who see the trustmark when browsing or searching Google, Microsoft Bing, Yahoo!, and 19 other search engines see certified McAfee SECURE sites as safer and more secure places to shop than sites that don’t undergo daily testing.

To determine the effect of the McAfee SECURE trustmark on increasing sales conversion, retailers conduct A/B tests where half of their visitors are shown the mark and half are not. Based on these tests’ results, on average, the sales conversion rates of consumers who are shown the mark are 12 percent higher than those in the control group.

As part of the A/B testing, site visitors receive 30-day persistent cookies. At the time of sale, these cookies allow McAfee to capture the difference in sales conversion rates of the research and control groups. The amount of digital window shopping is defined as the average delay between receipt of cookie and purchase.

(Note: duplicate orders and multiple orders originating from the same IP address, an indicator of a call center operation, are confirmed and then discarded. Retailers that provided an order key are also able to compare the revised order list with their internal reports and databases.)

This report includes results from 800 A/B tests conducted between May 2007 and May 2009. Approximately half of the tests took place since July 15, 2008 using the McAfee SECURE trustmark. Prior to July 2008, the tests used the Hacker Safe trustmark.

Participating retailers covered the entire e-tailer spectrum (including business-to-business and business-to-consumer, retailers and nonprofits, e-commerce pure plays and multi-channel retailers, small, medium, and large enterprises, and more than two dozen industry verticals).

Recommendations

After strong 13 percent growth in 2008, total U.S. online sales growth will slow by 15 percent this year before picking up again in 2010. That’s the latest forecast from Forrester’s twelfth annual *“The State Of Retailing Online”* report, a survey of nearly 200 e-tailers conducted on behalf of Shop.org. The report finds a mixture of pessimism and optimism among these leading e-commerce merchants. For example, 57 percent acknowledge that the overall recession has “significantly hurt” their bottom lines and 54 percent predict continuing softness in online sales.

Given this kind of retail environment, merchants must use all their hard won experience to really think through the criteria their consumers use during purchase consideration.

- Price and availability
 - » Does the retailer have the exact product I want?
 - » Is it the model/color/design I prefer?
 - » How much does it cost to ship?
 - » Is the total price lower/higher than from alternative retailers?
- Safety and trust
 - » Do I know and trust this company, site, or brand?
 - » Will they send my merchandise quickly—or at all?
 - » Will they honor returns and warranties?
 - » Do I feel safe giving my personal and financial information to this site?

McAfee Recommendations

One of out five shoppers cites security concerns as a key reason for cart abandonment. McAfee digital window shopping data confirms that finding. For marketers to succeed in today’s hyper-competitive, hyper-security conscious market, they need to do three things:

1. **Enhance security and the marketing of security**—Consumers need to feel safe from the first click. Reassure them with transparent privacy policies, icons validating that the site has passed frequent vulnerability scans, and a conviction that the merchant is doing everything it can to secure that shopper’s experience. But remember that not all trustmarks are created equal. According to *“Trust Marks: What’s Behind the Label Counts”*, a study by Yankee Group, marks that cover only SSL (Verisign), privacy (Trust-e), or reputation (Better Business Bureau) are insufficient to truly protect customers. Only trustmarks services that provide “daily scanning and audits of a merchant’s website infrastructure can ensure the highest level security and safety.”²
2. **Rethink remarketing strategies and ROI timetables**—When considering remarketing to abandoners, merchants need to validate optimum timing against their own digital window shopping data. There is great risk in premature remarketing. Likewise, when evaluating the effectiveness of paid campaigns, factor in realistic timetables for shoppers to complete transactions. Otherwise, you may be under-representing your campaign ROI.
3. **Consider the site experience holistically**—Laser-like focus on shopping cart abandonment can blind retailers to the larger issue of Site Abandonment. To be sure, optimizing check-out is a vital exercise, but don’t do it at the expense of the rest of the site. For sure, many consumers abandon carts for reasons other than security, but many fail to buy because the entire site experience does not feel secure.

Conclusion

The e-commerce world was abuzz earlier this spring about a New York Times profile of a new company called SeeWhy—a “remarketing” startup that claims it can make “it easy to convert up to 30 percent of website visitors who had previously abandoned their shopping carts” by, among other things, emailing shoppers within 24 hours after abandonment.

Experian's CheetahMail blog “Email Responsibly” gave cautious approval, provided retailers followed some careful rules. Others, like eConsultancy.com's Patricio Robles, were less positive:

“It's a bit invasive to be sure, and many potential customers will be turned off by the prospect of receiving emails about purchases they didn't make for whatever reason. Some may even decide to shop elsewhere after receiving a creepy email referencing a cart they thought they abandoned in complete privacy.”

Lost in the debate was any discussion of “digital window shopping” and the significant role security can play in getting customers to “yes” and getting them there quickly.

If SeeWhy could have seen our data and the average 33-hour delay for sales, they might have thought twice about recommending re-marketing within 24 hours. Indeed, retailers who follow that advice may succeed only in irritating many customers who would have completed a sale anyway, simply later than many thought was likely. Moreover, without knowing why a consumer took so long, remarketing messages may be far off point. Did the shopper abandon or delay? Was the disconnect to allow for more comparison shopping on price? Shipping? Coupon hunting?

What about security? Here are more insights on the subject from Jeff Goodell's June 2009 Harris Interactive survey:

- Trustmarks can level the playing field—One out of three would rather buy from a small site with a trustmark, than a larger, well-known website
- Trustmarks make consumers feel safe—Sixty percent feel safer shopping on trustmarked sites and one out of five refuses to buy without seeing a trustmark

In an e-tail world brimming with choice and fraught with security perils like identity theft, our data shows that consumers are taking their time before that final click to buy. Retailers ignore the digital window shopping phenomenon at their peril.

About McAfee, Inc.

McAfee, Inc., headquartered in Santa Clara, California, is the world's largest dedicated security technology company. McAfee is relentlessly committed to tackling the world's toughest security challenges. The company delivers proactive and proven solutions and services that help secure systems and networks around the world, allowing users to safely connect to the Internet, browse and shop the web more securely. Backed by an award-winning research team, McAfee creates innovative products that empower home users, businesses, the public sector and service providers by enabling them to prove compliance with regulations, protect data, prevent disruptions, identify vulnerabilities, and continuously monitor and improve their security. <http://www.mcafee.com>

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