



Digital Window Shopping: The long delay before buying



Research Report

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EXECUTIVE SUMMARY

Today, online consumers are in even less of a hurry to click the buy button than they were two years ago when HACKER SAFE published its inaugural Digital Window Shopping report.

In 2005, the average time delay between a consumer's first visit to a website and the time of purchase was just over 19 hours. This was the aggregate delay across 140 A/B tests conducted to determine the effects of McAfee® HACKER SAFE® Certification on site/sales conversion. Approximately one-third (35%) of shoppers took more than 12 hours to make a buy decision. Twenty one percent took more than three days, and 14% of these "cautious shoppers" took more than one week before returning to buy.

Fast forward two years, and the numbers have risen in all areas. The 2007 report aggregates data from 480 A/B tests run by 470 websites between 5/1/2005-5/1/2007. The 2,652,795 aggregate sales generated by 128,264,941 visitors produced an average site conversion of just 2.07%. The delay between first visit and purchase rose to 34hr. 19 min., more than a half day longer than in 2005. Fully 57% of shoppers took more than one hour, with 37% (a slight 5% increase over 2005) taking more than 12 hours.

The most notable increase is clearly evident in the behavior of the "cautious shoppers." They are clearly becoming even more cautious. Twenty six percent took more than three days, 18% took more than one week, and 6% took more than two weeks to purchase. These numbers rose 23%, 28% and 50%, respectively, compared to the same periods in the 2005 dataset. The length of these delays varied from site to site depending on customer demographics, brand recognition, the number of competitors online, and average product price.

The 2007 research illustrates yet again that online comparison shopping is an unavoidable fact of life for online retailers. Other facts include:

1. Shopping cart abandonment is well entrenched as a habitual part of many consumers' shopping behavior prior to purchasing.
2. Retailers must reevaluate their pay per click (PPC) advertising campaigns, using a much longer time frame to calculate ROI
3. Consumers spending the longest time shopping are also the most concerned about the safety of the sites where they shop, and thus the most influenced by an online comfort zone.

Two proven methods to transform shoppers into buyers are creating a comfort zone for comparison shoppers, and ignoring shopping cart abandonment to focus on the much bigger issue of site abandonment. Everyone who has a transactional website needs to make the online experience more informative, and the sense of safety more memorable, in order to influence those who abandon their carts to return when ready.

BACKGROUND: RESEARCH METHODOLOGY

Since 2002, HACKER SAFE has provided a website security auditing and certification service that certifies the security of ecommerce infrastructure to the HACKER SAFE standard. The service combines daily vulnerability scanning of a website's complete ecommerce infrastructure and real-time certification of the site's security. As long as the client closes vulnerabilities discovered during the daily security audits, McAfee certifies the site's security by serving a dynamically generated date-stamped certification mark image that carries the words HACKER SAFE.

To determine the effects of McAfee's HACKER SAFE Certification mark on increasing sales conversion, retailers conduct A/B tests, where half of their visitors are allowed to see their certification mark and half are not. The methodology distributes 30-day persistent cookies to site visitors to create research and control groups. The research group sees the HACKER SAFE Certification on the first visit and all subsequent visits, while the control group does not. At the time of sale, the following data are captured: cookie type and date, date and time of sale, order key (if provided), and buyer's IP address. The confidence level usually exceeded 95%, making the tests statistically valid.

The key metrics are the difference in sales conversion rates of the research and control groups, as well 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.

Since 2002, more than 800 HACKER SAFE customers have conducted these tests, including dozens on the *Internet Retailer* Top 500 Guide of the largest retailing sites in North America. The aggregate total of site visitors exceeds 175 million shoppers who made more than three million purchases. The appearance of the HACKER SAFE trustmark produced, on average, 14% higher conversion.



+ **How Consumers Buy**

Understanding how consumers arrive at a buy decision is critical to online profitability and maintaining sanity as a retailer. With the ability to browse at hundreds of stores online, as well as use any of the dozens of comparison shopping engines, today's tech-savvy shopper has all the tools necessary to locate exactly what they want at a price that reflects free market pricing. The Internet is the biggest catalog in the world, and shoppers typically visit as many sites as they can easily find in the time available for shopping.

The number of sites visited generally depends on availability and price. Cheaper commodity products like MP3 players and music CDs are widely available, and the buy decision is usually quick. Contrast that with a quality diamond ring or emerald necklace, a decision that requires much more research and care. At each site, shoppers typically load the same or similar items into the shopping cart as a convenient way to compare total costs, including those important shipping and handling charges. Shoppers then return to buy at the site that scores the highest in two general categories:

1. **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?

2. **Safety and Trust**

Do I trust this company?

Will they send me the product quickly – or at all?

Will they honor returns or warranty problems?

Do I feel more secure providing my credit card and personal information to this site?

As in 2005, HACKER SAFE's data shows safety and trust often trumps price and availability in the online consumers' value calculation. The longer the purchase decision takes, the more important safety and trust become.

PARTICIPATING COMPANIES

The data used to develop this 2007 report is taken from 480 tests conducted between May 1, 2005 and May 1, 2007. (This is more than three times as many as used in the original report). Other than the larger number of individual tests, another important difference between the two datasets is the presence of far more national chain stores and consumer brands, an indicator of the widespread adoption of HACKER SAFE by big brands since 2005. Below is a sampling of the companies and brands whose test data was used to produce this report:

+ Enterprise (National chain stores and brands)

A&E TV	Armani Exchange	Ballard Designs	Bluefly
Brylane Home	Cabelas	Callaway Golf Preowned	Campmor
Carowinds	CD Universe	Chadwicks	Cuddledown
Drs Foster Smith	Eastbay.com	Encyclopedia Britannica	FTD
Lillian Vernon	Omni Hotels	National Geographic	Petco
PetSmart	Puritan Pride	Restoration Hardware	Rooms To Go
Sees Candies	Shop NBC	Sierra Trading Post	Sur La Table
Toshiba Direct	Trek Bicycles	U-Haul	Yankee Candle

+ Medium: (Mid-market with annual sales typically between \$25-\$100 million)

123inkjets.com	Biblio.com	Bizchair.com	Catalog Favorites
Cuisinart.com	Coast to Coast Tickets	DiscountDance.com	Instawares
Karen Neuburger	Lamps Plus.com	Marvel Comics	Mitchell and Ness
Petals.com	Palm Beach Jewelry	Sound Dogs	Stacks and Stacks
Swiss Colony	The Knot	Ultra Salon	US Calvary
Wine Enthusiast	Vermont Teddy Bear	Winzip.com	Woodalls

+ Small: (Smaller retailers/brands with annual sales usually below \$15 million)

Adult Toy Chest	Annie's Naturals	BodyConcept.com	Bolt Depot
Brianstoys.com	Christian Cinema	Cutco	DriversEd.com
Fencing.net	Ford Accessories	Gentleman's Emporium	GunDogSupply
Hammocks.com	LabelsExpress	LowCostBatteries	LuggagePoint
MrBeer.com	Natural Well Being	Onlynaturalpet.com	Tackle Direct
Total Hockey	Teamestrogen.com	Peak.Nutrition.co.uk	WilsonWeb

TEST RESULTS: OVERVIEW

+ Don't Wait Up for Me: It's a Long Journey to Becoming Your Customer

Based on aggregate totals, the average time delay between a consumer's first visit to a website and their first purchase was 34 hours 19 minutes. Slightly over one-third (37%) of shoppers took more than 12 hours to make a buy decision. Twenty six percent took more than three days, with almost one in five (18%) of these "cautious shoppers" taking more than one week to decide where to buy. The data used to generate these conclusions included the following:

Sample: 480 tests conducted by 470 organizations (including B2B and B2C retailers, non-profits, manufacturers, trade publishers, content publishers, ecommerce pure plays and national chain stores)

Aggregate Sales: 2,652,795
 Aggregate Visitors: 128,264,941
 Average Conversion: 2.07%

+ When compared to the 2005 data, delays are increasing for all time periods:

Delay	2005	2007	% Increase (2005-2007)
>1 hour	50%	57%	14%
>3 hours	40%	44%	10%
>12 hours	35%	37%	5%
>One day	28%	30%	7%
>Three days	21%	26%	23%
>One week	14%	18%	28%
>Two weeks	4%	6%	50%

Note that the large increase in shoppers who took more than three days to buy. Clearly, consumers do a great deal of shopping "research" before selecting a retailer.

INTERPRETING THE RESULTS

The continued surge in search advertising by online retailers, especially on comparison shopping sites, supports the proposition that the typical Internet shopper is spending more time comparison shopping than ever before. The behavior is strongly reflected in our test data. Fully 44% of purchases (an increase of 10% from 2005) were by shoppers who purchased more than three hours after their first visit. One in four purchases were by buyers who returned more than three days after their first visit.

Clearly, very few consumers are shopping at only one website for so long. The increasing length of time from initial visit to actual purchase shows that consumers are doing far more comparison shopping research than they did in the 2004/2005 period. As shown in the sampling on page 9, time delays range widely between sites.

In general, the primary factors which produce the variations between one site and another are the following:

+ Overall Brand Recognition

Any discussion of time delay variation starts with the website's brand equity. It is no different than the question of brand when comparing carmakers Toyota and Kia. Before knowing anything about their respective models, most consumers know which brand represents quality and dependability. It takes time and money to build relationships with customers. Consider a well-funded multi-channel retailer that creates multiple opportunities for prospects to interact with it, from education to actual purchase. A prospect who is now on this retailer's site may have received a print catalog in the mail, watched a TV commercial, seen a kiosk in the local mall, or even driven past a highway billboard. Those interactions, even if they didn't immediately generate a sale, represent some degree of familiarity. If you have never communicated (even unknowingly) with the prospect, there is a much steeper credibility challenge to overcome. Think, for example, of the common scenario where the prospect clicks on a blog link or PPC ad, arriving on a landing page with no prior knowledge of the retailer. Her path of conversion will usually take more time.

+ Customer Age Demographics

Risk aversion is usually more evident as you move up the demographic chain, regardless of income. Younger age groups (24 and below) have lived with the Internet (socially and educationally, in particular) since they were teens. They are usually extremely comfortable using the Internet for both online communication and commerce. (We will ignore whether they have access to credit cards or other online payment methods). In contrast, anyone over 50 can remember when IBM Selectric typewriters were ubiquitous in offices. The Internet is a comparatively recent addition to the daily lives of the tens of millions of Americans born before 1950, they are far less likely to provide personal and payment information using a web browser.

+ **Competitive Scope of Product**

Sites that sell their own products that have demonstrable uniqueness typically convert much faster than sites that are simply reselling products. The small retailer selling a gourmet food product from Napa Valley will see faster sales, due chiefly to limited or non-existent alternatives. In contrast, retailers selling widely available music CDs or digital cameras should expect a lot of cart loads and abandons as customers figure out the total price, (including shipping and applicable taxes) and compare it to alternatives.

+ **Number of Competitors**

This is a close cousin to competitive scope. The more sourcing options, the more opportunity consumers have to cruise around sites, evaluating retailers on a wide range of criteria discussed earlier. For example, one of the most competitive verticals online is paintball. Dozens of sites sell the same brands of guns, goggles, paintballs and accessories. The rise of comparison shopping engines like Pronto, Shopping.com, and Price Grabber.com make it easy to find sites selling the identical product. Sites selling widely distributed products like paintball guns or digital cameras usually have much longer conversion period. Market a unique product and the prospect must only decide whether he wants it, rather than wondering whether he wants it, and might be able to save \$12.00 at a competitor's site.

+ **Purchase Price**

Generally, the more expensive the item (or higher average order value), the greater the delay. The reason is once again the risk aversion characteristic prevalent among demographics that shop for more expensive items. The perceived risk of buying less expensive items generally translates into quicker purchase decisions.

Cautious shoppers want comfort and reassurance

The data showed again (as it clearly did in 2005) that shoppers spending the longest time shopping are also the most concerned about the safety and security of the sites where they shop. The longer people wait to buy, the more pronounced the "HACKER SAFE effect" becomes. By comparing purchases by two groups who both saw the HACKER SAFE Certification while shopping—those who purchased within three days and those who purchased more than three days later—McAfee's certification mark delivered up to 34% higher conversion rates for the latter group. It is clear that these cautious shoppers place more emphasis on safety during their purchase decisions.

Average increase above the average* for those delaying purchase more than:

Delay	2005	2007	% Increase (2005-2007)
>3 days	8%	8%	0%
>7 hours	22%	20%	10%
>21 days	34%	30%	13%

For those who comparison shop the most, trust elements are strong motivators when present, and barriers when absent. Cautious shoppers want comfort and reassurance from retailers.

TEST RESULTS: COMPANY SAMPLING

Delay	Site Description	Observations
3:31	Floral purchasing service	Floral orders for worldwide delivery
8:00/10:27	National charity	Certification of donation page
12:05	Airport parking reservation service	National scope across USA
13:11	Large used and rare book dealer	Limited alternative sources
19:06	Gourmet/organic foods manufacturer	Sells own brands on site
20:24	Airport shuttle service	Limited geographic competition
22:22	Regional amusement park	Online ticketing site
23:12	Specialty content newsletter	Sells premium version of 10 year old product
30:00	National multi-channel pet chain	Competitive industry: many local and online alternatives
45:33	Cycling apparel and gear	Sells widely available products
46:43	Custom printed apparel/products	Competes against local and online screen printers
48:43	Industrial tools manufacturer	Branded high quality hand tools
50:35	Small health and nutrition retailer	Sells widely distributed products
53:33	Small computer memory site	Price sensitive/commodity market
60:59	Mid-size paintball retailer	Super competitive/price conscious market
68:31	Fireplaces and accessories	Small specialized retailer. Ave. order >\$1000
76:17	Leading B2B jewelry wholesaler	Sells settings/gems to Wal-mart and local jewelers
82:56	Fabric and home sewing products	National chain store
83:18	Airline travel	Booking site of national airline
91:43	Mass merchandiser in S. America	National brand with stores across the country
92:50	Aquarium supplies	Small specialty retailer

IMPLICATIONS AND RECOMMENDATIONS

According to Marketing Sherpa Editor-in-Chief Anne Holland, her research company surveyed more than 1,100 retailers in 2006 and found that their average abandonment rate was 59.8%¹. That is close to the 57% of shoppers who bought more than one hour after first arriving on the site. With consumers in no hurry to actually buy, how can retailers deliver a shopping experience that increases the possibility of a sale?

1. Move Sales Focus From Shopping Cart Abandonment to Site Abandonment

Since online retailing appeared as a distribution channel in 1995, retailers have clung to cart abandonment as a be-all/end-all metric. Sorry, it isn't. Our 2005 research clearly indicated that shoppers had learned to use the "add-to-cart" function as a convenient tool in their comparison shopping strategy. Many more shoppers in 2007 are doing the same thing. Understand that abandoning the cart is simply the act of moving on to the next comparison opportunity.

Retailers should think of shopping carts as convenient shopping tools, and encourage shoppers to save their searches for future return visits. Of course, merchants might have to work with cart developers to create this functionality. Still, saved search functionality where returning purchasers can easily pick up where they left off would save more of these types of purchases. Amazon's 30-day cookie recreated the author's two-day old search for a heart rate monitor but the experience could have been much more comprehensive (and more likely produced a sale) if a saved search and email reminder system had also been used.

If you are still worried about reducing cart abandonment, MarketingExperiments.com has a two year old case study on the highly effective use of reminder emails². The authors discuss how a retailer produced a 263% increase in the recovery of abandoned carts by using reminder emails.

2. Reassess the ROI of pay-per-click advertising programs

Someone who clicked on your \$0.50 keyword ad and didn't immediately convert is not necessarily a foregone half-dollar investment. There is a good possibility that she will return and buy. Make sure that your analytics data can reflect the origin of multiple subsequent return visits. Study your Adwords conversion tracking code data, for example, and take a holistic, long-term view of your campaign spending to arrive at more accurate ROI numbers.

¹ <http://www.marketingsherpa.com/sample.cfm?ident=29685>

² Shopping Cart Recovery Tested

<http://www.marketingexperiments.com/improving-website-conversion/shopping-cart-recovery.html>

3. Create and Elevate Comfort Level for Prospects and Customers

HACKER SAFE's survey data show a strong correlation between risk aversion and time spent considering or researching a purchase. Creating a comfort zone is critical, and sites that do so will see their sales rise. How can they create it? Conversion expert Dr. Flint McLaughlin of MarketingExperiments.com provided eight different ways in a February 2007 report³. His suggestions included using third party credibility indicators like HACKER SAFE; site ratings from shopping services like BizRate.com, NexTag.com, and PriceGrabber.com; providing guarantees such as a risk free trial, or refunds; and including essential contact information such as telephone addresses and emails, customer support information and an "About Us" page.

Retailers must appear like a real company. Provide contact information that is more comprehensive than a simple email address. Include a mailing address and physical store location if you have one. List customer service hours when a human will answer your phone. Also, remove any stories and anecdotes about how the company was started in an unused children's playhouse because the calling of the Internet could no longer be ignored. If you are this small, act bigger than you are.

With more online experience and more search tools making comparison shopping more common, concerns about the security of private information, such as credit cards, have a much greater impact on the growing population of cautious comparison shoppers. The experience of retailers studying the effects of the HACKER SAFE Certification on their site conversion highlights the importance of reassuring customers about security. In fact, "posting reassuring security icon(s)" was one of the key recommendations Anne Holland made in her article¹ on cart abandonment rates. "Every single time I've asked marketers if adding a security-related icon to their site helped conversions, they've said yes."

If you are going to use credibility indicators like privacy or security trustmarks, do not wait in the buy-path until the shopping cart to display the images. Many retailers (and site designers) mistakenly believe that they only need to talk about security and privacy when the customer is on the cusp of completing the order. This is clearly seen on sites that only display trustmark images on payment pages. You need to address safety and trust concerns as soon as the prospect lands on your site, especially if she has never visited it before. The risk averse (or even moderately security conscious) shopper doesn't even get to the payment page. Whether the initial point of engagement is the home page or a landing page, immediately mitigate or eliminate safety and trust concerns as reasons not to buy from you.

³ Eight Ways to Increase Site Conversion by Reducing Customer Anxiety

<http://www.marketingexperiments.com/improving-website-conversion/optimizing-site-design.html>

The importance of talking about security and privacy as soon as someone arrives on your site cannot be overestimated. This security conversation can even happen before the prospect arrives on the site. A growing number of comparison shopping engines, including Yahoo! Shopping, Pronto, Lycos and Excite, have added the HACKER SAFE Certification into search results for products available from HACKER SAFE retailers. This speaks volumes about the importance of making would-be customers comfortable.

Make it easy for shoppers to have a positive experience where safety and security are emphasized. Encouraging today's online shopper to explore product information, and gain a memorable sense of trust and safety while doing so, has a strong influence on their behavior. Create an informative and secure shopping experience that is also memorable and easy to return to, and you will increase the likelihood that they will indeed return to make a purchase, and complete their transformation from window shopper to buyer.

ABOUT MCAFEE

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