

An IMRG Report

UK Checkout Study 2021

Supported by

ACI Worldwide
Real-Time Payments

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Forewords

IMRG

Welcome to the inaugural IMRG UK Checkout Study 2021, a research report tracking retailers' ecommerce checkout structures, conversion and payment types, with the aim to provide industry benchmarks and insightful trends.

IMRG views the report as a vital tool for helping retailers shape their online checkout proposition, keep on top of changes in consumer behaviour, and anticipate future needs.

Over the last 18 months, and in the midst of an global ongoing pandemic, the retail industry and consumers' spending behaviour has been disrupted like never before. As we discuss in the review, this could be a watershed year in terms of ecommerce – it is very possible we will look back on this challenging period as the catalyst for new trends, and the end of other patterns in consumer behaviour.

IMRG's analysis of different retailer tactics at the ecommerce checkout, correlated to conversion performance, provides a unique body of work for retailers to explore.

This year's review is sponsored by ACI Worldwide. Their highly appreciated support and input into the research throughout, enables IMRG to produce a document of huge and important value to the whole retail industry, as it continues to meet consumer demands.

Andrew McClelland, Head of Insight - Consultant, IMRG

A Message From ACI Worldwide

Before the pandemic, we saw steady growth in ecommerce sales and the adoption of digital payments, but over the past 18 months, the trend has very much accelerated.

For some of ACI's UK retail sector customers, we saw an increase of over 300% in ecommerce sales. This was due to the fact that high street stores saw less, or no footfall at all due to forced closures. There was already a dramatic shift under way in terms of payment preferences and since the pandemic, even more shoppers have moved online and are now comfortable with the online payment experience.

Our research shows 74% of UK adults have made a digital payment in the past three months, while mobile wallet payments and frictionless options such as one-click checkouts have gained greater adoption.

As can be seen from this IMRG report, shoppers now expect to be able to pay the way they want. There has been a significant increase demand for payment methods such as buy now, pay later (BNPL) solutions. People want more control over their available funds. People are now buying higher value items online which means splitting the repayments is a comfortable option.

It is important to note that as consumer behaviour changes, so does fraud. Analysis from ACI's risk analytics team shows that while the average value of a transaction decreased by 12% in the last 18 months, the overall volume of fraud increased significantly. Merchants must constantly evolve their fraud management strategy to stay ahead of the changing trends.

In retail, it is essential for business to evolve to meet the changing requirements of the market. Payments too need to evolve so merchants can stay relevant and offer the payment experience their customers demand. A frictionless checkout experience along with the right mix of payment methods, is critical to make sure their customers make it across the final step in the buyer's journey.

Methodology

The survey was carried out in July 2021. 43 retailers provided answers for the survey.

Additionally, IMRG conducted a far wider research project, looking at the checkout process features across 241 retailers.

Considered within that work were checkout starts after a typical basket review page. The conversion rates have been calculated as number of orders split by the number of sessions that started the checkout page.

Also cited in this research is a consumer survey, conducted by Pollfish on 3 September 2021, which asked 1,000 people aged between 18 and 54+ about their online purchasing habits.

Executive Summary

It is an interesting year to publish the inaugural IMRG UK Checkout Study.

It comes after a year like no other in retail, when ecommerce became a much bigger contributor to overall sales – on several occasions in the pandemic it surpassed one-third of total retail sales. And many organisations have achieved online sales of items they typically would have expected in their stores.

On a basic level, the coronavirus pandemic has increased consumers' online time, and therefore the level of research conducted digitally prior to a purchase on a retailer's website.

Retailers' and anecdotal evidence suggests many previously non-digital shoppers have flocked online in the period since March 2020 when many physical shops temporarily closed as part of wider efforts to curtail the spread of the virus. This has consequently raised the importance of customer signposting online and simplicity at the checkout.

Meanwhile, younger demographics and regular online shoppers have fuelled a demand for multiple purchasing options at the checkout, and this has supported growth in services such as BNPL.

Instant gratification and an unwillingness to take on additional costs continue to be features of the modern shopper, and the research shows that those without rapid fulfilment options and free delivery stated at the checkout are not optimising conversions.

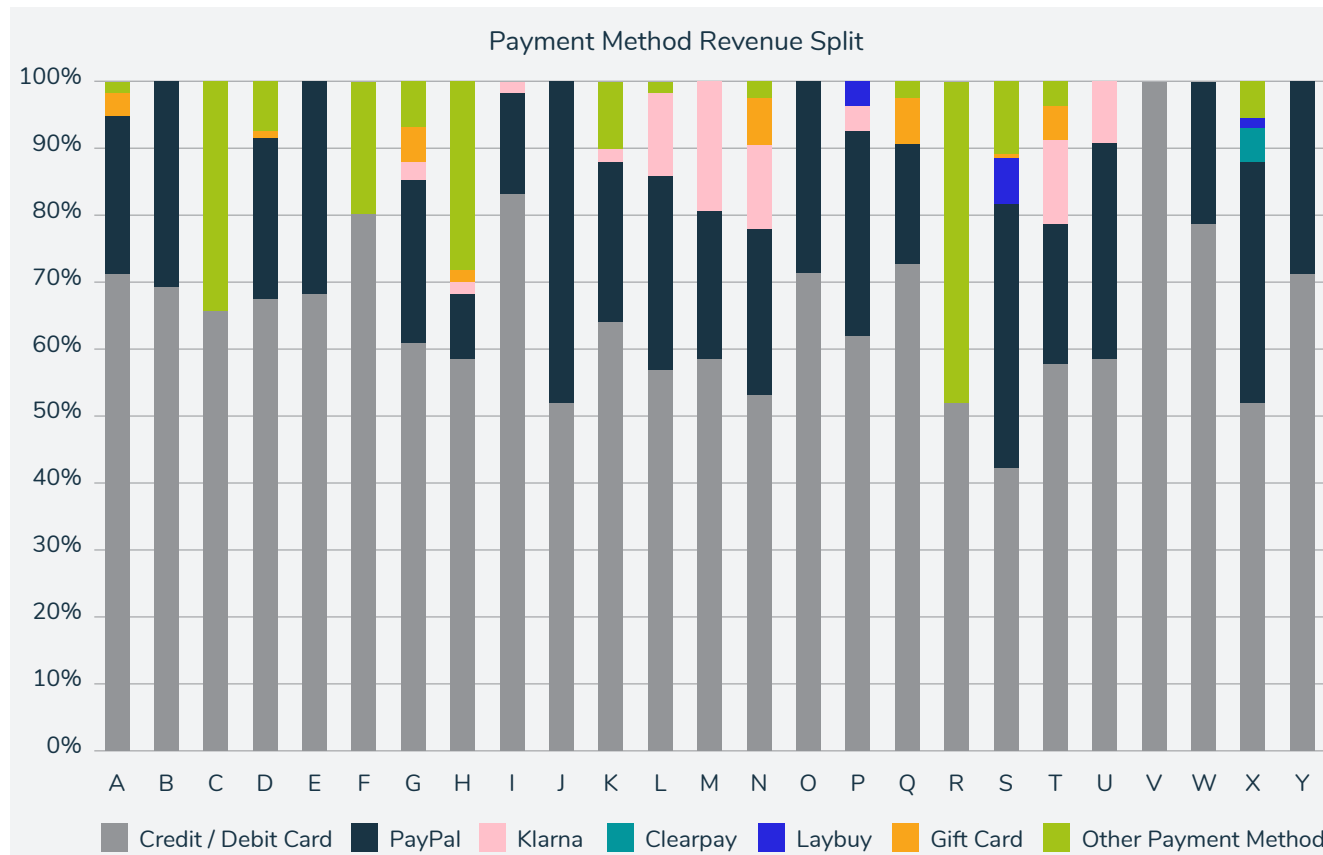
Only time will tell us if findings from this year's consumer survey are a Covid-19-influenced anomaly or the start of more long-term trends. Either way, this report gives retailers an in-depth view of what is and isn't working now in terms of online checkout tactics.

[Read on for the full findings.](#)

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Section 1: Payment Options & The Checkout

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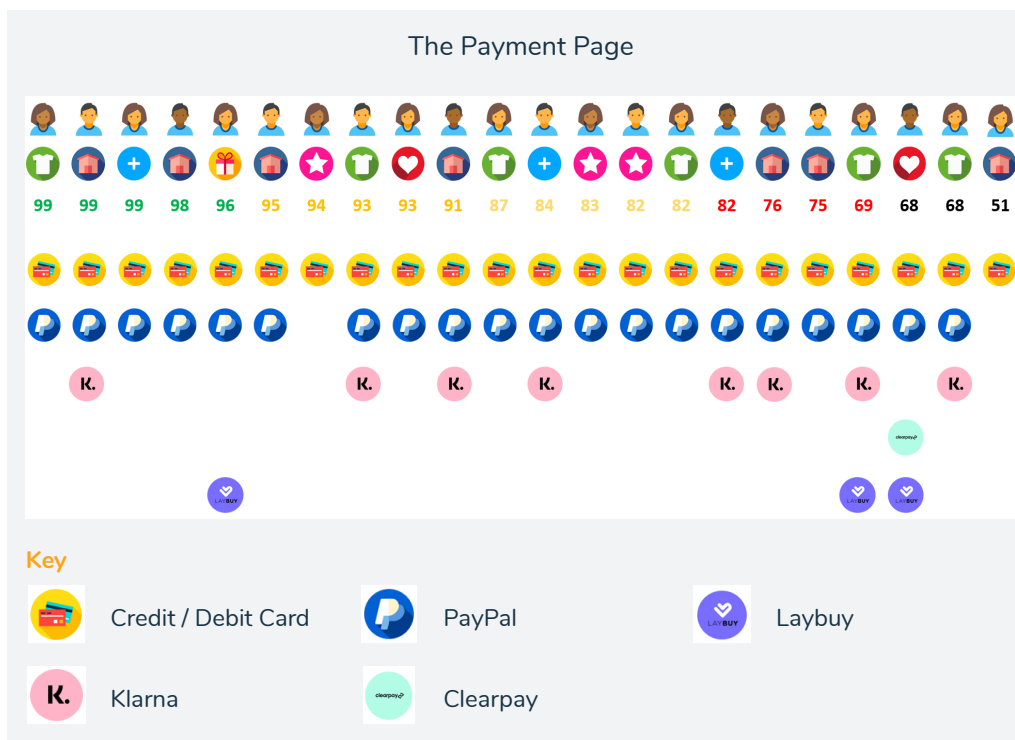
Retailers often say they are aware consumers want choice: choice of product; choice of how to engage with a brand; and, as seems to be the case from this research, choice of payment tool at the online checkout.

But which payment option is going to drive the most revenue? IMRG asked participating retailers their total website revenue collected via each payment method for the period 1 January-31 May 2021. The majority of retailers responded, giving a breakdown of the revenue split between some of the most popular payment methods per retailer.

Interestingly, Klarna holds a significant share of revenue for those retailers that offer a BNPL solution – one retailer (at position 'M'), which is a clothing retailer targeting younger generations, reported 19% share of their revenue through Klarna.

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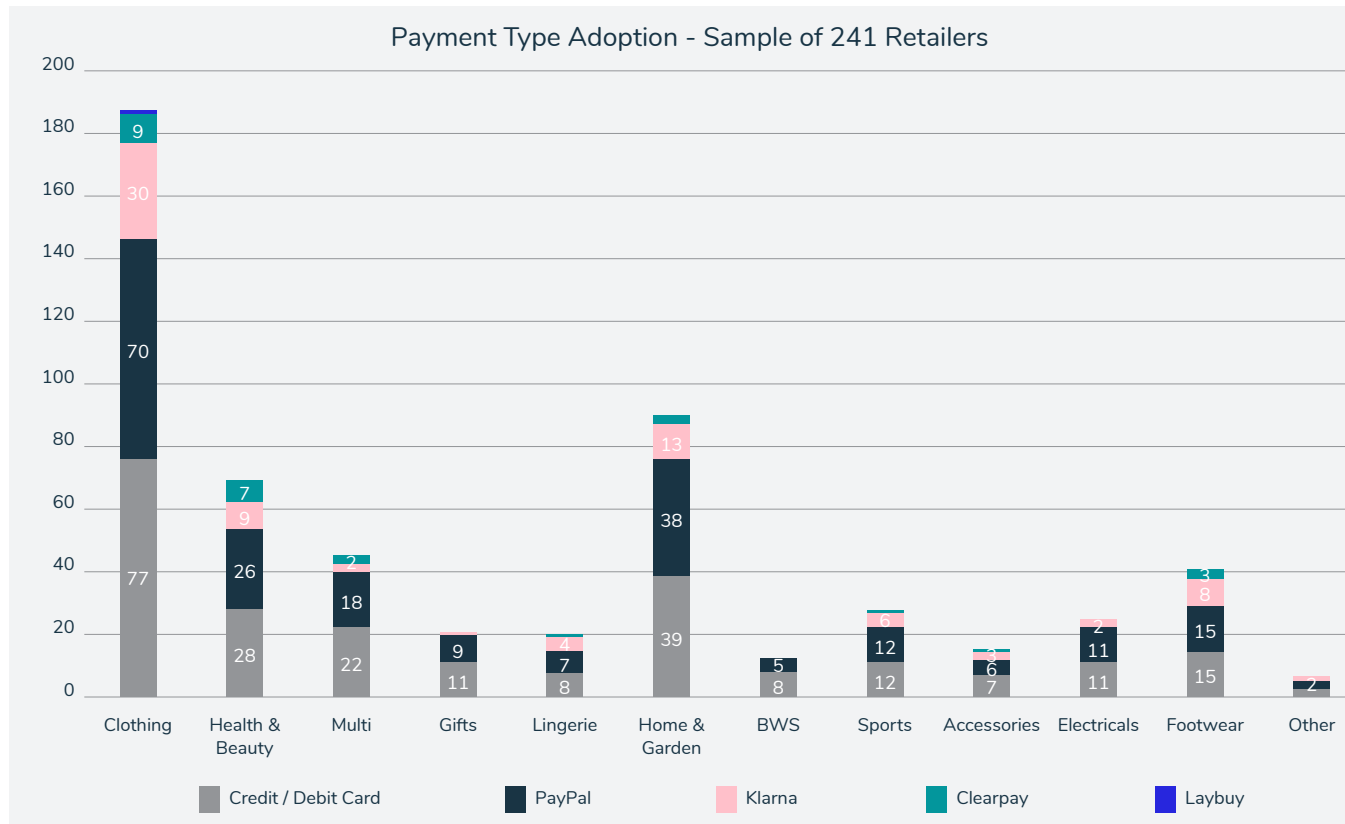
IMRG calculated payment page conversion rate (CVR) of participating retailers, calculating it as the percentage of customers who clicked to proceed with their purchase as a proportion of the total that started the payment page. The payment page CVR is based on a customer click through rate, not complete purchase rates – for example, it doesn't take into account any post-click issues, such as decline in fraud, or insufficient funds.

This chart suggests the presence of non-credit card/debit card payment options is unlikely to influence a conversion, based on our sample retailers. However, separate consumer research conducted by IMRG found 64% of shoppers have abandoned an online purchase because their favoured payment method was not offered at the point of sale.

The dichotomy between these two studies underlines how crucial it is for individual retailers to continue seeking customer insight from their respective audience bases to ensure their proposition matches up to consumer demand.

As this chart highlights, PayPal is the most dominant payment option outside of the regular credit/debit card options, while Klarna is the most popular BNPL option. The consumer research actually places PayPal as the payment method consumers prefer to use (28%) compared to debit card (26%) and credit card (18%).

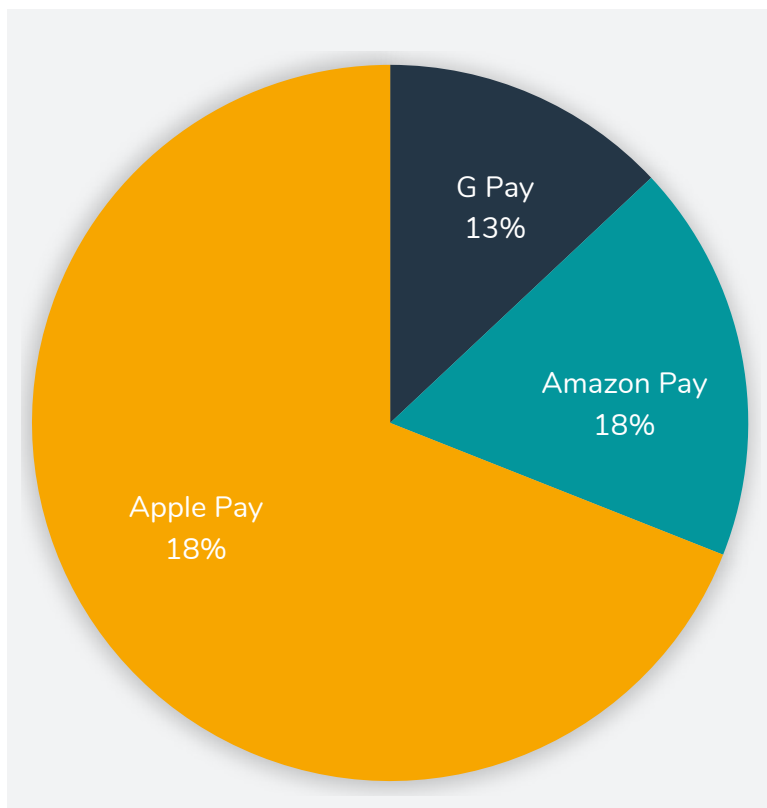
Which retailers offer which payment type?



IMRG gathered some additional data on the adoption rate for payment methods amongst the wider ecommerce market. Clothing is by far the most likely product category to adopt Klarna, while sports, electricals and footwear retailers were the only categories to be just as likely to offer credit/debit card as they are to provide PayPal as an option.

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Rise of the eWallet



According to IMRG's research, eWallets, on average, account for 5.5% of a retailer's overall revenue at the online checkout. Half of the 241 retailers questioned offer an eWallet, and the chart illustrates the breakdown by type.

As the chart shows, Apple Pay is by far the most dominant, tallying with the consumer study which showed 7% of online shoppers prefer to use Apple Pay above all else.

Fewer than 1% of consumers said the same about Google Pay and Amazon Pay, respectively, highlighting Apple's leading position in this space.

The ACI view

As we can see here, it is critical that merchants know and understand the payment preferences of their customers and the trends in the markets where they operate. In the consumer survey, conducted alongside this research paper, nearly two-thirds of the respondents said they had abandoned a shopping cart due to their preferred payments method not being offered. Understanding and enabling the different payment methods that match consumer preferences is an essential element in ensuring people shop at their online stores.

In the last few years, ACI saw sustained growth in conventional payment methods, such as PayPal, which grew almost 90% from 2019 to 2020. If you compare that to Klarna, a popular BNPL method, whose adoption rate raised about 50% from 2019 to 2020, but from 2020 to 2021 grew by almost 450%. For merchants, offering BNPL solutions opens an opportunity to attract a new customer base that they previously had no access to.

There has also been enormous growth in mobile payments and eWallets. Merchants need to be ready to offer their customers' preferred payment methods and must also be ready to introduce new ones as trends continue to evolve.

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Section 2: Delivery Options & The Checkout

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Retailers of all types are embroiled in a battle to be fast with delivery, or to at least give consumers as many fulfilment options as possible to meet their demands for convenience.

But is there a correlation between delivery options offered at the ecommerce checkout and conversions? And if so, which fulfilment options in particular?

Retailers were asked which of the listed delivery options they offer, not including limited-time free delivery promotions. Standard paid delivery method is not listed as it's considered to be used by all.

As the table shows, the most popular delivery options offered by the retailers surveyed were, in order: next-day paid; standard free delivery with spend threshold; and click & collect store pick-up.

Delivery Method	Yes	No
Delivery Subscription	6	37
Standard Free - With Spend Threshold	29	14
Standard Fee - No Spend Threshold	5	28
Next Day Free - With Spend Threshold	5	0
Next Day Free - No Spend Threshold	1	42
Next Day Paid	30	13
Nominated Day	12	31
Click & Collect - 3rd Party Pickup	7	36
Click & Collect - Store Pickup	19	24

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Retailer	CVR [Delivery Page]	Overall Checkout CVR	Delivery Subscription	Standard Free	Next Day Free	Next Day Paid	Nominated Day	Click & Collect - 3rd Party Pickup	Click & Collect - Store Pickup	Nav Bar / Journey Map
A	98%	82%	0	1	0	✓	✓	0	✓	✓
B	96%	81%	0	✓	0	✓	✓	✓	0	✓
C	96%	80%	0	1	0	0	0	0	0	✓
D	95%	63%	0	✓	0	0	✓	0	✓	0
E	95%	88%	0	0	0	0	0	0	0	✓
F	88%	66%	0	1	0	✓	0	0	0	✓
G	87%	76%	0	1	0	✓	✓	0	✓	✓
H	86%	64%	✓	1	0	✓	✓	✓	✓	✓
I	86%	84%	0	0	0	✓	0	✓	✓	✓
J	85%	64%	✓	1	1	✓	✓	✓	✓	✓
K	85%	60%	0	✓	0	0	0	0	0	✓
L	82%	69%	0	1	0	0	✓	0	✓	✓
M	81%	76%	0	1	0	✓	0	✓	✓	✓
N	79%	82%	0	1	0	✓	0	✓	0	0
O	76%	65%	0	1	0	✓	0	0	✓	✓
P	75%	39%	0	0	0	✓	✓	0	0	✓
Q	70%	61%	✓	1	1	✓	✓	0	✓	✓
R	63%	54%	0	1	0	✓	0	0	0	✓
S	57%	78%	✓	1	0	✓	0	0	✓	✓
T	42%	41%	0	0	0	0	0	0	0	✓

(n.b. 1 icon represents where a spend threshold is required)

This table is sorted by highest converting delivery pages (not all retailers have individual dedicated delivery choice page, so IMRG has included an overall checkout conversion to gain access to the full picture).

Differentiating one's proposition with free delivery or next-day delivery used to be a solid weapon in a retailer's arsenal to aid conversion, but as the chart illustrates it is now common practice and can be found across many retailers.

With so many retailers offering such options differentiating them based purely on the delivery choice is difficult. Notably, it is probably no coincidence the lowest converting delivery page on the chart doesn't offer any form of free or fast delivery.

From our study sample none of the retailers offered free next-day delivery without a basket value threshold or delivery subscription – and there were only two of those. The free next-day fulfilment option typically remains the preserve of the larger, volume-heavy retailers.

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The little details

New additional delivery-related options have been appearing at the online checkout over the last few years, as retailers try to provide their customers with as many options as possible. Indeed, this was an area of significant development as the pandemic took hold, with communication about delivery arguably at an all-time high, as health and safety measures were introduced.

Below are some examples alongside whether the retailers IMRG questioned offered them or not.

Covid Safe Delivery Measures	26	17
Note For The Delivery Driver	15	28

But, generally speaking, IMRG found additional extras of this nature are not conversion drivers. The ability to leave a note for the delivery service driver is less important to customers than free or fast delivery, for example, and perhaps only tend to come into play for customers with difficult-to-access driveways and properties.

Initial fears over the safety of delivery, which consumers evidently felt at the start of the Covid crisis, have seemingly been allayed.



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Section 3: The Structure Of The Checkout

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We hear a lot about the importance of the online user experience (UX), and retailers' ongoing efforts to optimise this for their customers along the path to purchase. But what about the UX at the ecommerce checkout itself?

IMRG asked retailers whether they had the following UX features, and the chart below tallies their answers.

User Experience	Yes	No
Navigation bar / Journey map	36	6
Basket Summary (all pages)	36	6

Due to the reoccurring appearances on websites across the retail world, it is safe to conclude consumers will expect to see these features when they get to the checkout. There is no evidence to suggest they have a particular influence on conversions, though.



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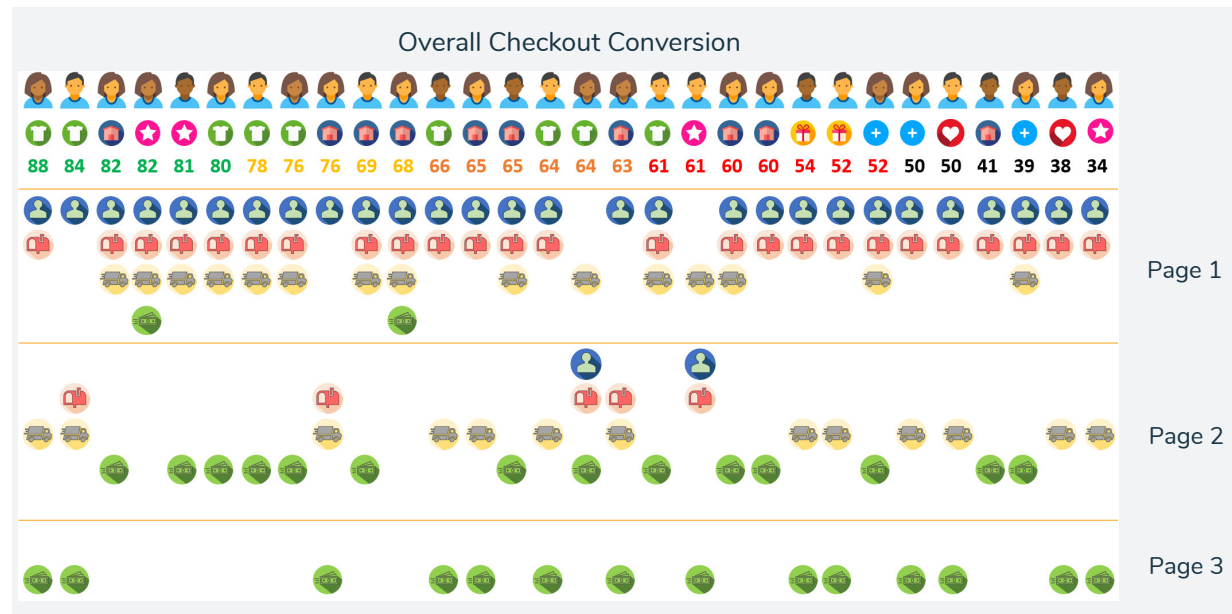
A typical ecommerce checkout

Indeed, a retailer's ecommerce checkout will almost universally have the following four elements:

- Recipient's contact details
- Delivery address
- Delivery choice
- Payment details

Often retailers will combine several of those elements together onto one page, for example putting the delivery choice and delivery address onto one page. Other times they may choose to spread the elements across two or more pages.

But what tactic works best for conversion rates?



Key

Recipient Details	Delivery Address	Payment Options	Delivery Choice
Clothing	Gifts	Home & Garden	Multi Sector
Beauty	Other		

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The Overall Checkout Conversion chart on the previous page shows 30 retailers in order of best checkout conversion rates, from left to right. IMRG has then split the graphic into three horizontal sections, representing page 1, 2 and 3 of their checkout journeys respectively.

Two-page checkouts that put the recipient details, delivery address and delivery choice on the first page and the payment details on page two are the most popular. It is also generally a high converting structure, with six of the best converting ten retailers adopting it.

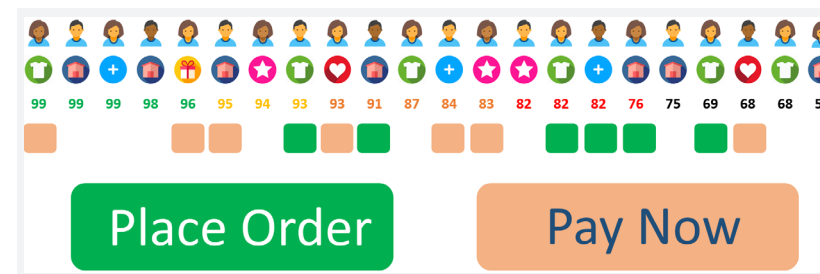
The two 'single page' checkouts rank well – at position 4 and 11 – which leads us to conclude that splitting the ecommerce checkout across three pages is the worst strategy. Placing the recipient details and delivery address on page one, followed by delivery choice on page two, then payment on page three was common amongst some of the lower performing retailers.

Forcing shoppers to navigate through an unnecessary third page had a visibly negative impact on conversions.

Only words

IMRG explored whether the wording of the buy button had any major impact on conversions, but found the answer from this sample contradicted a recent IMRG study using a larger pool of retailers.

Despite the latter's strong performance in the survey for this report, as shown above, the jury remains out on which one of 'Place Order' or 'Pay Now' is the most impactful conversion driver.



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We can vouch for promotional offers

When asked whether they offer voucher/promotional code options at certain stages of the customer journey, this is how our retailer sample answered.

Retailer	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA
Overall Checkout CVR	88%	84%	82%	82%	81%	80%	78%	76%	76%	69%	68%	66%	65%	65%	64%	64%	63%	61%	61%	60%	60%	54%	52%	50%	41%	39%	38%
Promocode Field - Basket Review	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	○	○	✓	✓	✓	○	✓	○	✓	○	○	✓	○	✓	○	✓
Promocode Field - Checkout	○	○	○	✓	✓	✓	✓	✓	○	✓	○	✓	✓	○	✓	○	✓	○	✓	○	○	✓	○	✓	✓	○	○

Putting the voucher code option before the checkout is most likely to result in a conversion, with the highest 11 converting checkouts all doing this. Logically, this makes good sense as consumers will see the new reduced value before they get to the payment step.

It also reduces the abandonment rates from those shoppers who have a voucher code that does not work for one reason or another.

Some retailers choose to show the voucher code option twice – before the checkout has started and during the checkout. They on average fare far better than those offering it during the checkout itself.

IMRG also asked the retailers about the additional features they displayed at the online checkout.

Similar to the additional delivery information discussed in section 2, IMRG concludes that these features at the eCommerce checkout are nice to have but not conversion drivers on their own.

Meanwhile, just one retailer in IMRG’s panel implemented a pop-up window with special offer at the online checkout, suggesting that retailers do not regularly use them. Anecdotal evidence suggests they are perhaps saved them for special promotional periods, such as Black Friday, but not used throughout the year.

User Experience	Yes	No
Navigation bar / Journey map	36	6
Basket Summary (all pages)	36	6
Post Code Lookup	43	9
Gift Wrapping	8	35
Eco-Friendly Packaging	19	24
Abandoned Cart Follow Up Email	30	13

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Summary

Despite some initial infrastructure issues at the onset of the pandemic, retailers' websites have held up well in the face of growing demand and consequent traffic – and continue to do so.

Robustness at the checkout is clearly crucial in terms of converting sales, but so too – IMRG has found – are multiple other factors.

Several key points have been identified from this study, not least that a two-page structure is best for conversion, while free delivery is now less of a differentiator, but mandatory to ensure a smooth conversion.

The definition of a 'simple checkout' remains unclear, but user experience tips to take away from this research include, the following:

- Keeping voucher code entry fields separate from the checkout is highly recommended
- Including other 'nice to have' features such as gift wrapping are not going to move the conversion rate dramatically
- Keep things consistent across devices: no huge differences are required at the checkout for a smartphone-optimised website compared to a tablet-oriented one.
- Avoid ramping up to a three-page ecommerce checkout process as those that do were the worst performing retailers in our sample in terms of conversion.
- Apple Pay is the most regularly deployed eWallet among retailers, and it is the most preferred eWallet among consumers.
- PayPal has embedded itself among the list of payment options consumers expect to see at the ecommerce checkout – and retailers have typically reacted to that demand accordingly.

Journeys made via guest checkout have been lost amongst the wider data sets, and more research is required to see if conversion patterns differ considerably from the average. IMRG will investigate that at a later date.

Overall, as ecommerce continues to grow year on year as a percentage of overall commerce sales, getting the online checkout right will remain a key requirement for retailers as they look to secure and retain more shoppers.

The ACI view

Looking ahead, the focus needs to remain on the customer experience. This is true in eCommerce and across all channels. Offering the right payment mix, mobile, and one-click payments really help to create a frictionless checkout experience.

But it is important to optimise all points across the payment flow. Working with multiple acquirers, for example, merchants can ensure maximum acceptance rates, and can incrementally offer a faster, more familiar, and smoother customer experience.

Additional Information

About IMRG

IMRG is a trade association, although not in the way you might imagine, as we don't focus on policy work or government lobbying. Instead, we're unique in our emphasis on helping retailers and brands who sell online to better understand and improve their online performance. In recent years, IMRG has grown to become the UK's largest ecommerce membership community. Comprised of retailers, brands, and technology partners, we actively work together to deliver growth.

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About ACI Worldwide

ACI Worldwide is a global software company that provides mission-critical real-time payment solutions to corporations. Customers use its proven, scalable and secure solutions to process and manage digital payments, enable omncommerce payments, present and process bill payments, and manage fraud and risk.

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