



# The Big Ticket: What's Stopping Shoppers?

A study on consumer online shopping habits and payment preferences

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# Today's Shoppers and Alternative Payments Technology

Will they or won't they buy? That's the question retailers are often left pondering. With ever-changing consumer shopping habits and a regular influx of new e-commerce and payments technology, that question is becoming increasingly difficult to answer—especially when it comes to “big ticket” items such as electronics or appliances.

*The Big Ticket: What's Stopping Shoppers?* dives into big ticket shopping online, the frustrations getting in the way of completing purchases, and how alternative, non-credit card payment options and financing can influence the experience. It also takes an in-depth look at a key segment of shoppers—those who shop online daily—and how their habits differ from online shoppers as a whole.



# Consumer Shopping Habits

Online shopping has come a long way. Once defined by brick-and-mortar stores, the retail industry has fully embraced online shopping to help satisfy increasing consumer demand for speed and convenience.

Of the 1,500 U.S. online shoppers surveyed for this study, 92 percent shop online at least a few times a month. Retailers looking to capitalize on consumers' shopping habits should invest in an online experience that is both simple and effective.

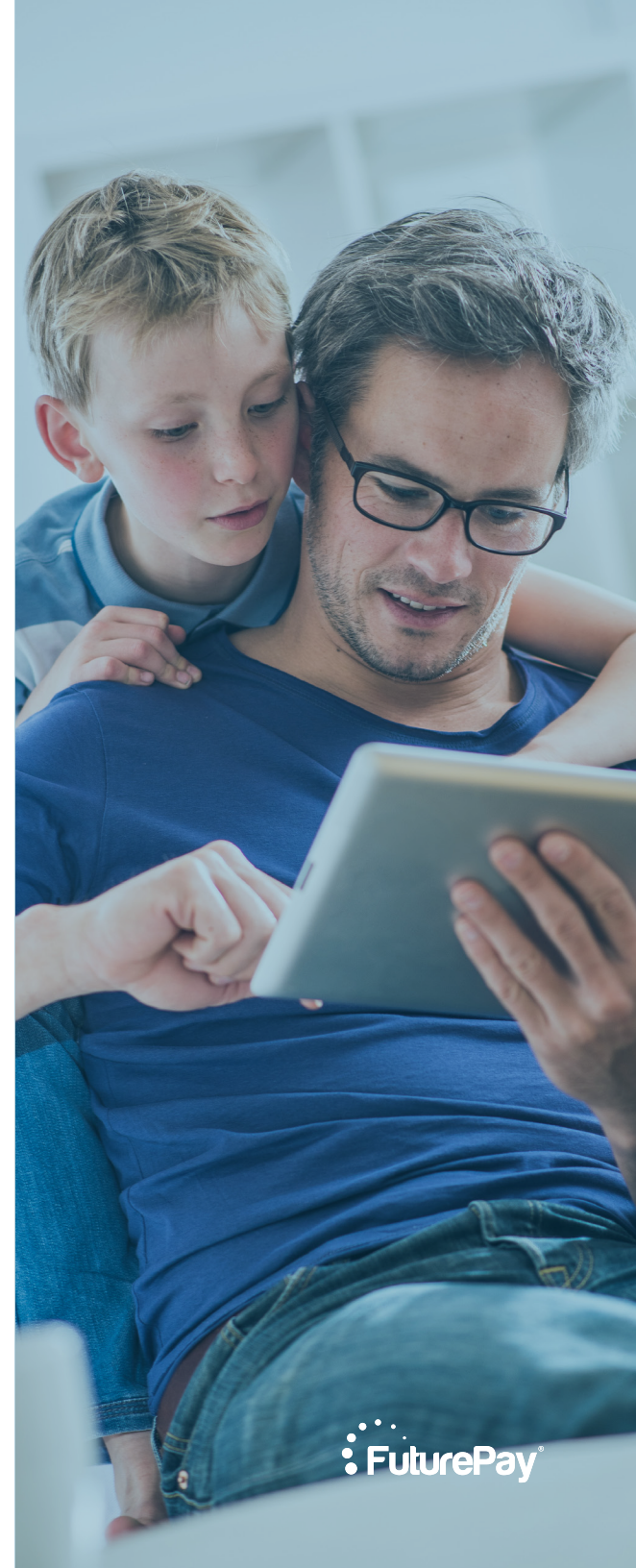
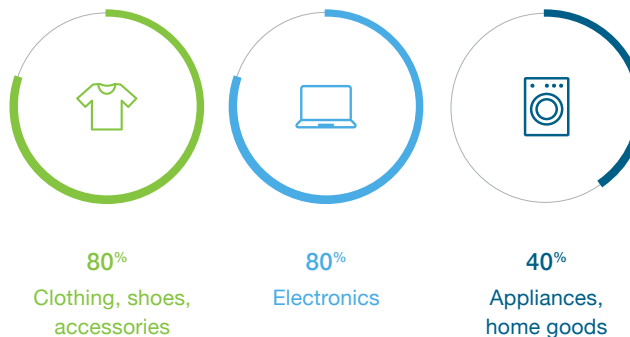
## Shoppers slow to adopt mobile

Whether it's on the train, at work, or in a restaurant, mobile devices seem to pop up everywhere you look. But despite their popularity among today's consumers, most shoppers prefer to research and buy products on desktops/ computers over mobile devices or tablets.

**A strong majority of respondents prefer to use a computer for researching (77 percent) and purchasing (82 percent) products.**

## Top categories for online shopping

The products shoppers are most likely to buy online:



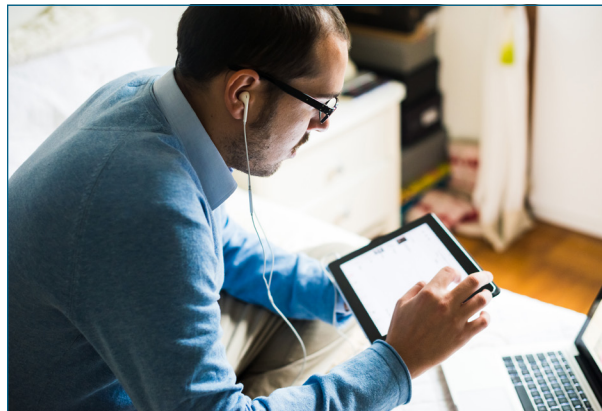
# Daily Shoppers Quick to Adopt Mobile, Payments Tech

For some, online shopping isn't just an occasional activity—it's built into their daily routines. Retailers hoping to win over such shoppers should pay close attention to how they differ from consumers who shop less frequently.

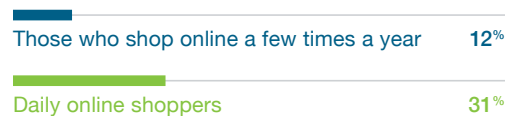
From increased mobile adoption rates to interest in broader product categories, daily online shoppers are cut from a different cloth. By taking steps to meet the needs of these consumers, retailers can help ensure their daily shopping isn't taken elsewhere.

## How do daily shoppers research purchases?

Daily shoppers are much more comfortable researching products on mobile. In fact, 31 percent of daily shoppers prefer to research on mobile, compared to 12 percent of those who shop online a few times a year.



### Shoppers who prefer to research products on mobile



## Why do daily shoppers buy online?

Daily online shoppers are more familiar than others with mobile capabilities and different payment options beyond credit cards.

**Daily shoppers are twice as likely than the average shopper to buy furniture and fine jewelry online.**

Daily shoppers browse broader product categories than the average shopper and are twice as likely to buy furniture and fine jewelry online, for example.

# Common Frustrations Fuel Cart Abandonment

Retailers spend countless hours every year on marketing campaigns designed to get potential customers to their website. While such efforts are important, stellar customer service can ultimately make or break your overall conversion rates and sales. From the cost of shipping to a lack of payment options, common frustrations can be reason enough for a shopper to give up on a purchase, resulting in lost sales for retailers.

Almost all shoppers have abandoned an online shopping cart at one point or another:

**97%**

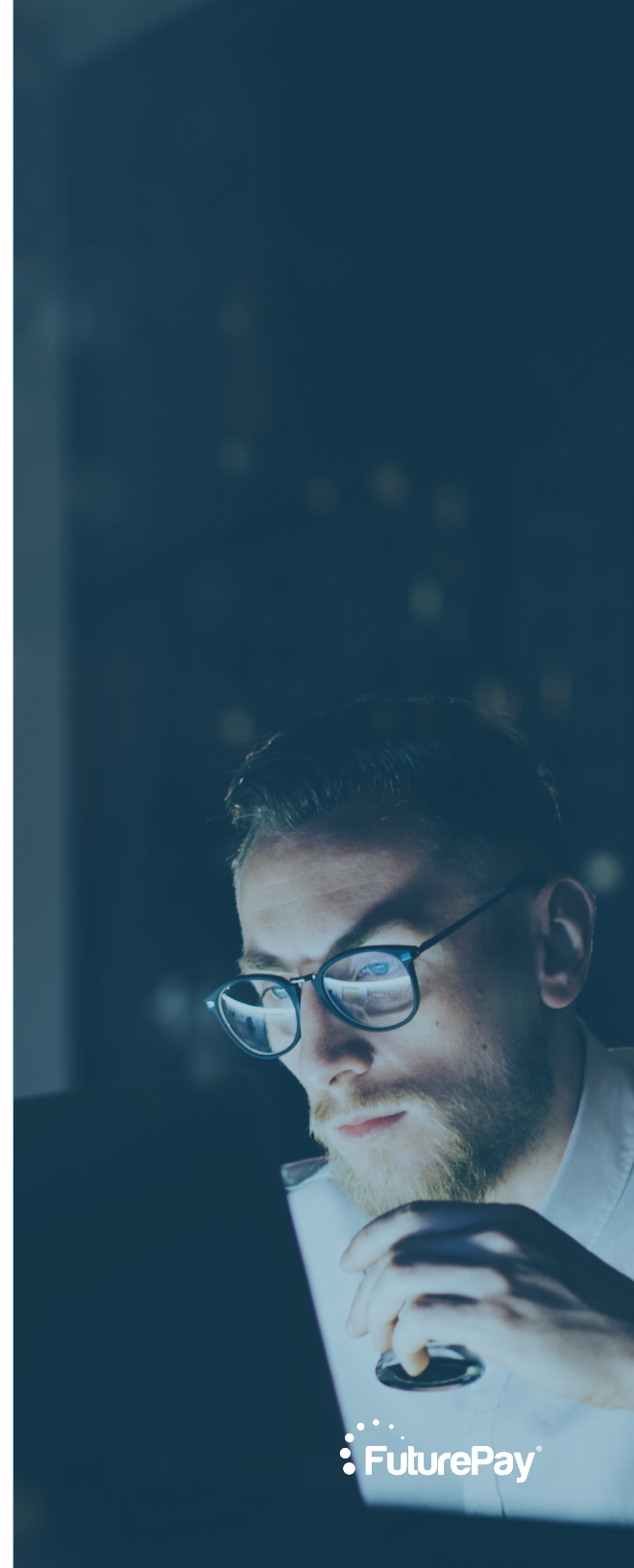
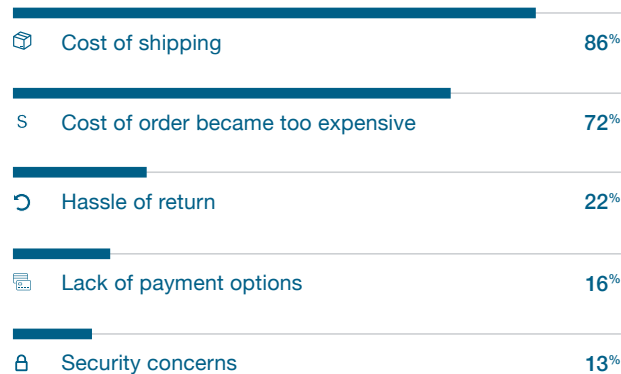
All online shoppers

**100%**

Daily online shoppers

## Why are consumers quick to abandon their shopping cart?

Top reasons for cart abandonment:



## Taking online shopping from good to great

While its convenience is unmatched, online shopping can occasionally leave consumers frustrated. Here are a few concerns facing online shoppers:

 Shipping is too expensive	85%
 Website doesn't feel safe/secure	38%
 Website doesn't work on my phone/tablet	28%
 Website is too slow	27%
 Payment option I'm looking for isn't available	26%
 Checkout forms are too long	26%

Daily shoppers are more likely to be frustrated with a lack of payment options—40 percent of daily shoppers indicated lack of payment options as a common frustration.

Simply put, a high shopping cart abandonment rate is bad for business. To cut down on shopping cart abandonment and convert more sales, retailers should consider adding flexible payment and financing options in addition to offering such conveniences as in-store pickup and returns.



# Big Ticket Purchases: Daily Shoppers Are More Comfortable Online

Big ticket purchases differ from other goods in large part due to one key factor—cost. For average shoppers, deciding whether or not to spend hundreds, or thousands, of dollars on a new refrigerator may take weeks or even months of research and planning. Seeing and feeling that type of item in-store is often part of the process, too.

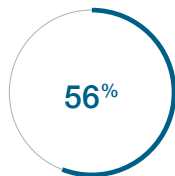
Still though, shoppers aren't necessarily shy about purchasing big ticket items (appliances,

electronics, etc.) online: More than half (56 percent) of all shoppers have made a big ticket purchase online within the last year or are planning to do so within the next year.

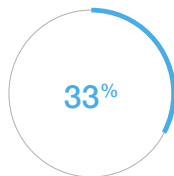
With plenty of experience spending money online, daily shoppers are more likely to buy big ticket items on a retailer's website. In fact, 75 percent of daily shoppers have made a big ticket purchase online or are planning to, compared to 33 percent of those who shop online a few times a year.



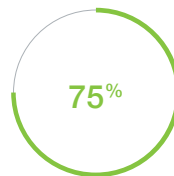
Shoppers who have made a big ticket purchase online in the last year or are planning to do so within the next year:



All online shoppers



Those who shop online a few times a year

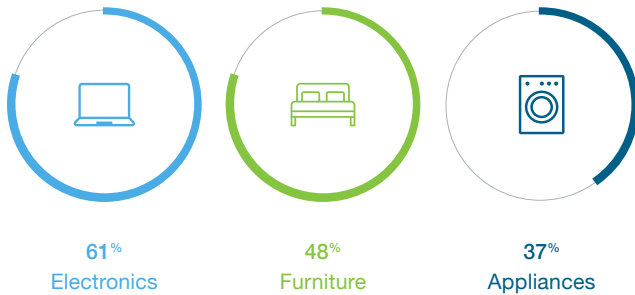


Daily online shoppers



## How are shoppers filling their carts?

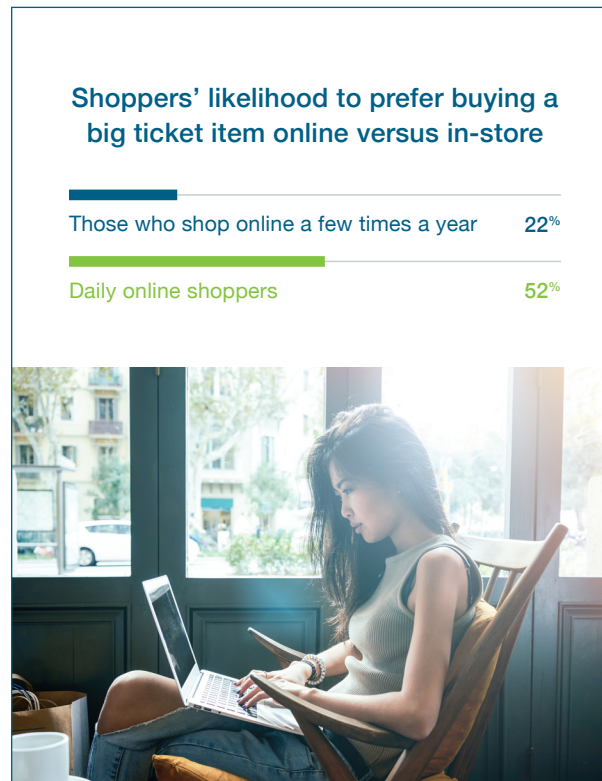
Top product categories for shoppers who have made big ticket purchases in the past year or plan on buying a big ticket item in the next year:



Nearly two-thirds of shoppers have bought or plan on buying a large electronic item online—think the next new smartphone, laptop or TV. There’s a significant drop-off for luxury goods (6 percent) and fine jewelry (4 percent), as shoppers are hesitant to buy such products online.

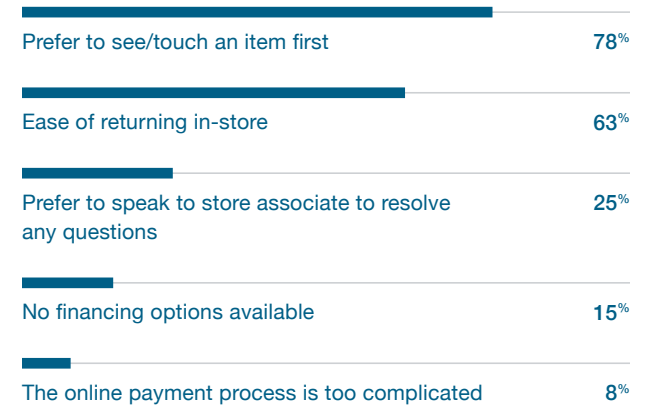
## In-store vs. Online: How shoppers differ

62 percent of respondents are more likely to buy big ticket items in-store than online.



## Why shoppers leave behind big ticket items

Big ticket shoppers tend to abandon their carts. Two-thirds (66 percent) have added an item to their shopping cart, only to then give up on the purchase. Shoppers have a variety of reasons for hesitating to buy big ticket items online. These few top the list:



# Encouraging Sales with Layaway and Alternative Payments

Just because shoppers might not have the funds on hand doesn't mean they're out of luck when it comes to big ticket purchases. Retailers aiming to drive sales from cash-strapped shoppers can offer alternative financing and payment options such as layaway. Before making such options available, it's important for retailers to make sure customers understand their payment options.

For example, while most shoppers would be more likely to buy big ticket items online if financing options were available, many have never used layaway programs. Only about one-quarter (29 percent) of shoppers have used a layaway program. For daily online shoppers, this number jumps to 40 percent. More than half (56 percent) of all shoppers would be more likely to buy a big ticket item online if financing options were available—this number jumps to 73 percent for daily shoppers.

## Shoppers who have used a layaway program

All online shoppers	29%
Daily online shoppers	40%

## Shoppers who would be more likely to buy a big ticket item online if financing options were available

All online shoppers	56%
Daily online shoppers	73%

By offering a financing option that meets the needs of daily shoppers, retailers can increase sales from this key segment.



## Financing options drive big ticket purchases

More than two-thirds of shoppers (68 percent), as well as 79 percent of daily shoppers, would be more likely to make a big ticket purchase if they could break it up into smaller payments.

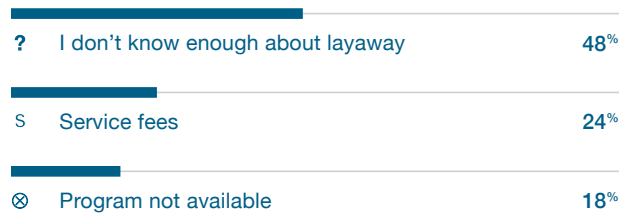
When it comes to big ticket items that cost less than \$1,000, just about half of all shoppers (47 percent) would choose alternative financing instead of a credit card to complete a purchase. Even 15 percent of shoppers were willing to make the switch away from a credit card at a price point as low as \$200.



## Adding alternative payment options and financing

Retailers have a significant opportunity to educate their customers on alternative financing and offer different options. In turn, this can lead to increased sales, conversion rates and customer loyalty.

The top reasons for not using a layaway program:



Here are a few key considerations retailers should make when offering a non-credit card payment option:

- **No hidden fees**
- **Low interest rate**
- **Flexible payment schedule**

Almost three-quarters of shoppers (71 percent) said a retailer providing more ways to pay than just a credit card is “very important” or “somewhat important.”

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For younger people, this carries even more weight. 74 percent of those aged 18–35 responded that having more payment options was “very important” or “somewhat important.” This number continues to decrease from generation to generation, until it’s 62 percent for 71+.

# Looking Ahead

For retailers, increasing sales—big ticket or otherwise—stems from catering to the needs and preferences of specific shoppers. Daily online shoppers are leading the pack when it comes to researching products on mobile and completing big ticket purchases online. As the early adopters, daily shoppers' habits today give retailers a glimpse into the future of consumer shopping behavior. Retailers who have an understanding of common online shopping frustrations like the absence of alternative payment and financing options, high shipping costs and poor mobile experiences will be better positioned to target each segment of shoppers.



## About the report

*The Big Ticket: What's Stopping Shoppers?* is a study of 1,500 U.S. online shoppers. The data was gathered in Q4 2016 and the report was distributed in Q1 2017. The study dives into “big ticket” online shopping, the frustrations getting in way of completing those purchases and others, and how alternative, non-credit card payment options and financing can influence the experience. It also takes an in-depth look at a key segment of shoppers—those who shop online daily—and how their habits differ from online shoppers as a whole.

## About FuturePay

FuturePay is the simplest way for merchants to offer an affordable, instant financing solution to their customers at point of purchase. With FuturePay, customers can buy now and pay later with one click, creating a streamlined checkout process on every device. With upfront payments and an easy integration, retailers can start attracting new customers instantly. To learn more about how FuturePay can benefit your business, visit [futurepay.com](http://futurepay.com). Follow us on Twitter [@FuturePay](https://twitter.com/FuturePay).

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