

Online shoppers leaving purchases behind

23 June 2009, By Dan Gallagher, MarketWatch

People shopping online are likely to bail out on planned purchases before making the final click to submit their orders, often because they are surprised by high shipping costs and other fees, according to a new survey out Tuesday.

The survey, commissioned by online-payment processor [PayPal](#), found that 45 percent of Internet shoppers abandon their "carts" before making the final purchase. The most common reasons for this are high shipping costs and other fees that are not apparent earlier in the process.

"Imagine if at Wal-Mart, half the people dropped out of line at the checkout stand," said Eddie Davis, senior director for SMB merchant services at PayPal.

Many Web merchants do not disclose shipping prices and fees at the outset because, Davis believes, they figure that "having a low show rate will drive people to the shopping-cart page." But once there, some [consumers](#) aren't completing their purchases as the full costs become clear.

This problem could be magnified by the slowing economy, as consumers are more likely to be scared away by expensive freight and other charges. Another factor is that online merchants could be battling each other over a market with slowing growth.

According to research firm comScore Inc, online-retail spending remained flat in the first quarter compared with the same period last year. In a report Monday, Citigroup analyst Mark Mahaney -- citing his own research as well as comScore data -- said online-retail spending in the United States declined 1 percent to 2 percent in the first two months of the second quarter.

PayPal is trying to get merchants to use its own service that allows such fees to be disclosed earlier in the order process. The company is working to expand its revenue base away from the auction-based marketplace of its parent company

[eBay](#) Inc. Davis said that 53 percent of PayPal's revenues in the first quarter came from its non-eBay businesses.

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