3 solutions to obstacles that retailers face with online impulse purchases

Article

Frictionless online checkouts allow consumers to click, pay, and complete purchases for exactly what they were looking for—but less so for what they weren't necessarily expecting to find. For retailers, encouraging impulse purchases online requires a different strategy than at brick-and-mortar stores that capitalize on physical displays to prompt low-consideration additions to shoppers' carts.

Obstacle: The absence of physical cues

"When it comes to online, people can just check out and conduct transactions as quickly as possible. But in-store, they have to wait [in line] and see all of those Hershey candies and magazines as you get closer to checkout," our analyst Jeremy Goldman said on the "Behind the Numbers" podcast.

More than 31% of US consumers will purchase a new brand or product immediately after discovering it in-store, compared with 19.1% on retail sites and 10.4% on brand sites, according to our survey. That's largely thanks to the in-store environment being conducive to product discovery of low-cost essentials.

Ecommerce response: Redefining "impulse"

With a lack of tangible cues, ecommerce has "reinvented" its own version of an impulse purchase, said Goldman. This may not be a $2 pack of gum, but the bigger-ticket shoes that were advertised on social media.

Advanced algorithms and targeting capabilities on social media help make product discovery hyper-personalized, increasing the chances that users will buy something spontaneously.

The full US rollout of TikTok Shop in September has made impulse social commerce purchases even easier, as it's allowed marketers to convert shoppers through video content or livestreams.

Obstacle: Is seamless online checkout *too* seamless?

The quick, efficient nature of online shopping can leave little room for consumers to consider adding items.

"With Amazon's 'buy now' button, you don't even have to go through the entire checkout process. You're just hitting one button and then you're done," our analyst Arielle Feger said. "That obviously takes away any of the time people spend browsing ... as well as the impulse purchase instinct."

Ecommerce response: Presenting relevant, context-based additions

At the shopping cart level, "reminding people of what they've forgotten could be a great way to inspire impulse purchases without having them have to check out all over again," Feger said.

Instacart's latest AI-powered updates, for example, include an enhanced conversational search tool, allowing it to advertise relevant products based on questions such as "Am I missing anything for my dinner party?" or "What do I need to make ramen?"

"With Instacart, you can keep adding to your cart throughout the entire shopping experience, so there's no friction there of having to reenter your card information," Feger said.

Obstacle: Low barriers to free shipping

Shoppers often don't have to meet a minimum spend requirement to qualify for free delivery. "Now that a lot of retailers are offering free shipping or they're lowering their free delivery thresholds, customers aren't hunting around" to fill their carts with frivolous purchases, said Feger.

Free shipping for low-cost purchases may mean higher operational costs that eat into profits for retailers.

Ecommerce response: Realizing the power of data

"One of the strengths of ecommerce in inspiring impulse purchases is being able to lean on data and insights from historical purchases," Feger said.

Without a loyalty program or other membership incentives, physical retailers don't have access to the type of data that's needed to advertise. "When you're shopping online, you probably have an account with [that retailer], and they have all of that historical data to lean on to present you with items that you may continuously buy or something that is contextual."

If executed effectively, purchases and data can act as a cycle—where more purchases lead to more data, which lead to more personalized messaging, which lead to more purchases. The strategy has worked for Chipotle, which revealed that 60% of its rewards program promotions last year were personalized. "If we know historically you buy a Mexican Coke [with your order] and we don't see a Mexican Coke in your basket, the suggestive sell will be a Mexican Coke," said CEO Brian Niccol.

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