

Original Research Report 2023-2024

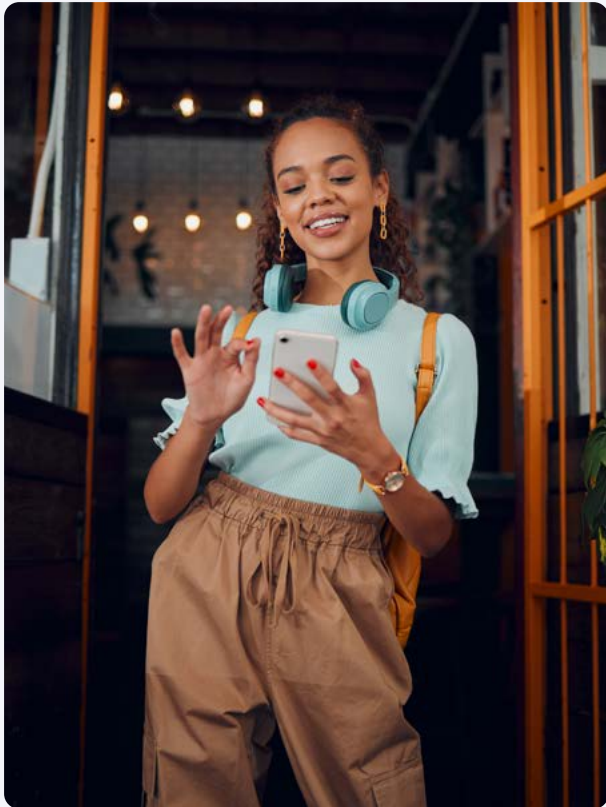
State of Consumer Attitudes on Ecommerce, Fraud, & CX 2023-2024

Our fourth-annual original research report highlights the consumer attitudes and behavioral trends that ecommerce businesses should anticipate in 2024 and beyond.



ClearSale

State of Consumer Attitudes on Ecommerce, Fraud, & CX 2023-2024



While experts warned of reduced consumer spending in 2023, ecommerce sales increased. Throughout the year, consumers spent nearly four times more online than they did in stores, and businesses can expect that to continue.

At the same time, retailers must be aware that they are now marketing and selling to multiple generations with a wide range of preferences and expectations relating to customer experience, payment options, fraud tolerance — or lack thereof — and security.

In this report, we'll discuss consumer attitudes across generations and preferences, how the ecommerce industry is changing, and what you should do to set up your online business for success.

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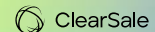


What Makes Consumers Click

Today's ecommerce consumers are savvy. Regardless of generation, they've learned how to navigate online and are willing to shop around. The three most important factors that online consumers consider are clear — price, shipping and selection.

These three factors impact their online shopping frequency as well as their [reasons for cart abandonment](#). Among the top three reasons survey respondents gave us for leaving their online shopping carts, two of them concerned the cost and time related to shipping.

What Keeps Consumers Shopping Online



Globally, three factors impact ecommerce shopping frequency:

Price (76%)

Free shipping (75%)

Product selection (53%)

Which Ecommerce Consumer Generation Is Most Price-Conscious?

- Baby boomers: 80% factor price in making an online purchase.
- Gen X is a close second at 77%.

Which Ecommerce Consumer Generation Is Most Concerned About Shipping Costs?

- Baby boomers: 79% are influenced by free shipping.
- Gen X is a close second at 77%.

Millennial and Gen Z Ecommerce Consumers Rank Price Most Important

- 71% of Millennials
- 73% of Gen Z

Millennial and Gen Z Ecommerce Consumers Rank Free Shipping Second Most Important

- 71% of Millennials
- 69% of Gen Z

Price > Shipping

Overall, 80% of consumers will wait longer to receive their purchases if shipping is inexpensive or free.

Product Selection Importance by Ecommerce Consumer Generation

While product selection matters to all generations, it matters least to millennials and Gen Z.

- Gen Z (51%)
- Millennials (49%)
- Gen X (54%)
- Baby boomers (56%)

Preventing cart abandonment

Today's online businesses have their work cut out for them to keep consumers shopping online. Preventing cart abandonment requires a balance of the pricing, shipping and selection factors that customers care about most. However, there are steps you can take.



4

Four Tips to Prevent Cart Abandonment

Focus on reducing friction throughout the buying process.

- 
Highlight sales and price reductions:
 Online consumers should feel like the value they can get is time-sensitive.
- 
Make choices obvious:
 Product options, such as colors, sizes and other variations should be easy to see and select.
- 
Simplify the checkout process:
 Focus on the least number of steps between product selection and purchase.
- 
Be transparent:
 All costs associated with a purchase should be clearly displayed upfront to avoid surprising customers with hidden fees.

Another key point about shipping: It's not always possible to offer no- or low-cost options without making some operational adjustments. Ecommerce businesses may need to evaluate and optimize shipping processes to determine where there are opportunities to minimize costs and improve delivery timelines.

RELATED READING:

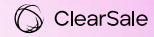
Defending Deliveries: Strategies to Combat the Surge in Shipping Scams

Our research also looked at where consumers made purchases in 2023.

Shopping channel matters

Within the last two years, we've seen [patterns emerge within generations](#) pertaining to how they shop. At first glance, our research revealed a split between mobile and laptop/desktop as the primary channels used at 57% and 53%, respectively. But when we look at the same question by generation, clear differences emerge.

How Online Consumers Shop



Globally and across generations, mobile and laptop/PC are the top channels.

MOBILE (58%) LAPTOP/PC (53%) TABLET (14%)

Millennials and Gen Z Are Heavy Mobile Users

Use smartphones to make purchases half or more of the time:

MILLENNIALS — 74%

GEN Z — 68%

Use smartphones to make purchases most of the time:

MILLENNIALS — 58%

GEN Z — 54%

Gen X Embraces Both Mobile & Laptop/PC

MOBILE

60% use smartphones half or more of the time,
and 47% use them most of the time.

LAPTOP/PC

52% use smartphones half or more of the time,
and 36% use them most of the time.

Baby Boomers Still Haven't Surrendered Their Laptops and PCs

55% use their laptop/PC for online purchases half or
more of the time.

46% use their laptop/PC to make purchases most
of the time.

Millennial and Gen Z Ecommerce Consumers Rank Free Shipping Second Most Important

71% OF MILLENNIALS

69% OF GEN Z

Product Selection Importance by Ecommerce Consumer Generation

While product selection matters to all generations, it matters least to millennials and Gen Z.

BABY BOOMERS (56%)

GEN X (54%)

MILLENNIALS (49%)

GEN Z (51%)

RELATED READING:

Online Shopping Trends for 2024: 8 Things Retailers Need to Know

Social commerce is the next frontier

We just pointed out that older consumers who spend more are still on their laptops and desktops, so why talk about a channel that's decidedly mobile? Because millennials, Gen Z and, eventually, Gen A will eventually be the primary shoppers.

By 2025, [social commerce retail sales](#) are expected to exceed \$79 billion in the United States and top \$1 trillion globally. Which social media channels do online customers turn to for online purchases?

- More than [80% of Gen Z consumers](#) use YouTube monthly.
- Nearly the same percentage leverage Instagram and TikTok.
- Over [70% of social commerce](#) today takes place on Facebook sometimes or all of the time.

Of course, the immature nature of social commerce makes it a target for fraud.



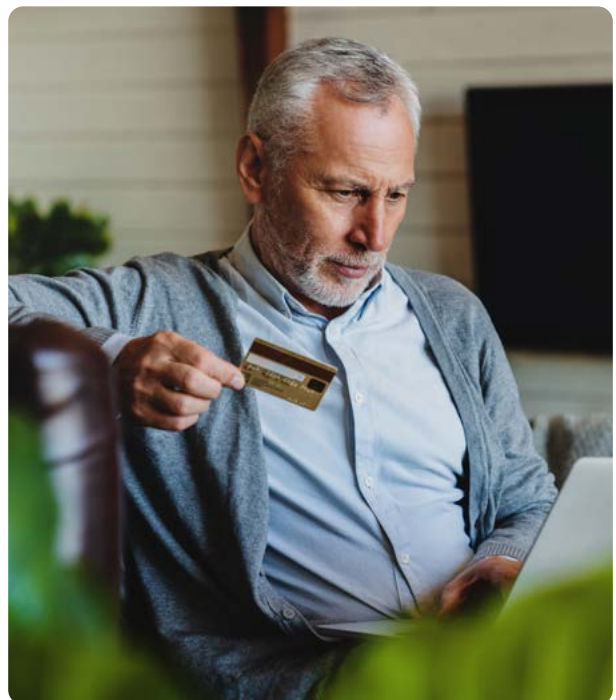
Social commerce fraud coincides with usage

When we looked at the incidence of social commerce fraud, our research showed that 13% of global consumers experienced social commerce fraud in 2023. However, a deeper look reveals that the heaviest users experience the most fraud.

Gen Z and millennials — the primary social media users — reported similar experiences. About 20% of each generational group said they were victims of social commerce fraud. Fewer than 10% of baby boomers were subject to social commerce fraud — likely due to their limited use of social platforms.

What Can Ecommerce Businesses Learn From This?

Ecommerce companies can expect mobile and social commerce habits to increase; however, they still need to cater to the older generation of customers who haven't given up their love of laptops and desktops. Why? Because those older customers [are outspending their younger counterparts](#). Online businesses would be foolish not to take advantage of all channels. The reality for ecommerce businesses is they need to be wherever their customers are in order to not only survive, but also thrive.



"Keep in mind that mobile commerce consumers are often distracted, so make sure to prioritize mobile optimization to make the user experience intuitive, responsive and focused on conversions. Ecommerce companies should also consider A/B testing to help identify the most effective strategies for engaging customers on mobile, desktop and social platforms."



Sarah Elizabeth

ClearSale Senior Director of Growth Strategy

RELATED READING:

Growing Social Commerce Starts With Customer Trust



CX Initiatives Worth Your Investment

While this year's research revealed that price, shipping and selection are the **most** important factors to keep consumers shopping online, respondents also identified four customer experience features they consider to be important for their online shopping experience.

1. Meet customers where they're at

It's easy to think about personalization from the perspective of catering ads to recent purchases and remembering where customers spent most of their previous buying journeys. These features are certainly important for many consumers.

- **62% of millennials appreciate product recommendations based on past purchases.**
- **57% of Gen Z welcome recommended products.**
- **56% of Gen Z are also open to history-based product recommendations.**

But not every generation is so happy with this type of experience.

- **Only 44% of baby boomers appreciate personalized ads.**

For baby boomers, personalization can be too intrusive and make them feel less secure. To balance personalization and privacy, ecommerce businesses should focus on utilizing customer data to offer personalized recommendations and experiences while respecting privacy preferences.

"It really comes down to knowing your customer. While some age groups are leery about their privacy, the majority of online shoppers want some level of personalization."



Rick Sunzeri

ClearSale Director of Enterprise Accounts

Think about personalization in terms of what will work best for your specific customers. Businesses can leverage customer data to personalize marketing efforts and target specific demographics. For example, mobile-centric campaigns with more personalization based on previous purchases and shopping cart items are ideal for reaching millennials, Gen Z and some Gen X, while baby boomers will likely respond better to a more traditional and predictable desktop-focused experience.

RELATED READING:

Does Personalization Always Improve CX? It Depends on Your Customers

2. Make navigation easy and intuitive

We've established that today's online consumers are on the hunt for price, shipping and product selection. To that end, our research also revealed that consumers pay close attention to website navigation.

Regardless of age, 85% of consumers responded that they are more likely to place an order on websites with search and filtering features.

The [emergence of AI](#) has added to the ecommerce shopping experience with a relatively positive response from consumers. About 59% of U.S. adults like to use [AI-powered chatbots to help them search](#) for the products they want. As ecommerce businesses embrace search and filtering, as well as AI features, it's also important to consider how that applies across channels.

"Businesses should employ adaptive design and UX to maintain an optimal shopping experience across devices. This allows customers to transition seamlessly between mobile and desktop platforms."



Sarah Elizabeth

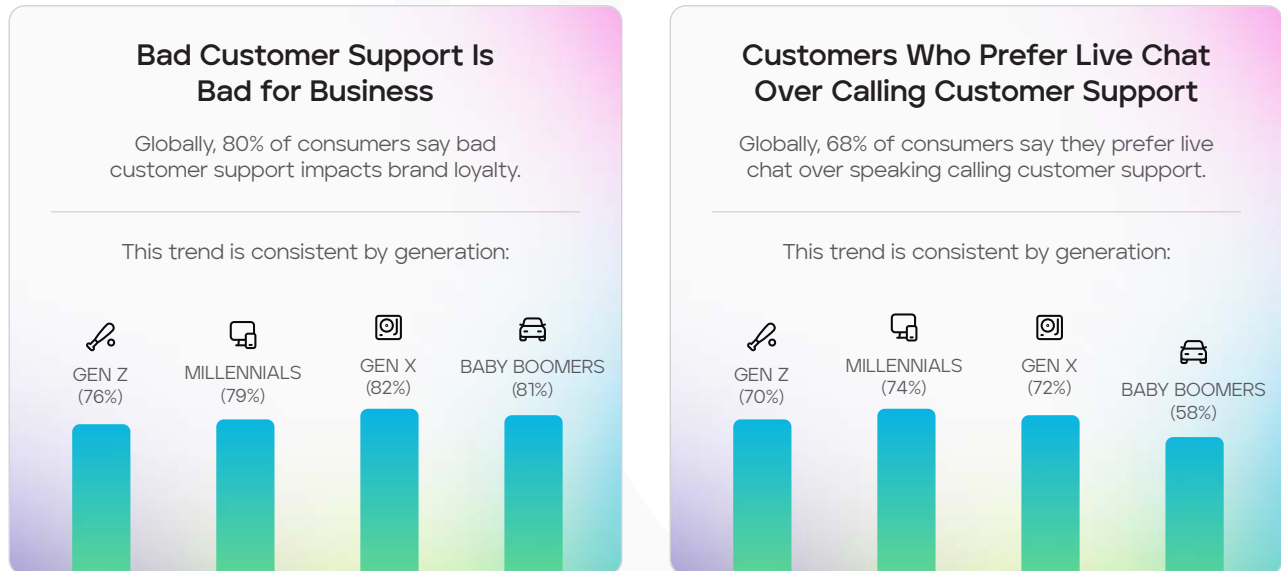
ClearSale Senior Director of Growth Strategy

RELATED READING:

Optimizing Product Search for Better Customer Experiences

3. Offer real-time support

It should come as no surprise to learn that consumer loyalty is tied to customer support — specifically, bad customer support. Further, our research shows that most ecommerce shoppers prefer “live chat” over having to call customer support and talk to a live person.



Remember that baby boomers are big spenders. Given that they still appreciate the ability to call customer support, ecommerce businesses still need to diversify their support services.

For [younger customers](#), however, online companies should look at the range of options available for live chat support — including chatbots. Implemented properly, customer service chatbots can contribute to operational efficiencies.

RELATED READING:

How Intelligent Should Your Customer Service Chatbot Be?

4. Provide a range of payment options

Offering an array of payment options isn't a new concept. However, as younger and more tech-savvy generations enter the ecommerce market, choosing which payments options to offer is a challenge. Ecommerce businesses must balance the traditional payments preferences of heavy-spending baby boomers with the needs of convenience-focused Gen Z and millennials.

- Nearly 85% of Gen Z shoppers and just under 80% of millennial shoppers prefer digital wallets as a payment option.
- Over 50% would think twice about their purchase if a digital wallet option wasn't possible.

Online retailers need to tailor payment options to customer needs and preferences.

Choosing the Right Payment Options for Your Online Business



Credit & Debit Cards

- Traditional payment option
 - Caters to virtually all ecommerce businesses
- Ideal for:** Baby boomer and Gen X consumers



PayPal

- Traditional payment option
 - Caters to customers who prefer not to share their credit card information directly
- Ideal for:** Gen X and Millennial consumers



Digital Wallets

(Apple Pay, Google Pay & Amazon Pay)

- Intermediate payment option
 - Caters to customers who prefer the convenience of one-click payments
 - Caters to customers who prefer not to share their credit card information directly
- Ideal for:** Gen Z and Millennial consumer



Buy Now, Pay Later

(BNPL)

- Alternative payment option
 - Caters to customers seeking flexible payment options
 - Helps increase average order value
- Ideal for:** All consumers



"When considering payment options, don't forget about local payment options, such as PIX and Boletão in Brazil. Also, subscription-based businesses should consider recurring billing solutions integrated with payment gateways, which allow for automated subscription management."



Sarah Elizabeth

ClearSale Senior Director of Growth Strategy

Another customer experience component that has emerged is a company's ability to protect shoppers from fraud.

RELATED READING:

Alternative Payments Are Now a Mainstream Ecommerce Preference

Consumers Know More About Fraud Than You Think

As ecommerce evolves, so do fraud schemes. Our original research showed that 16% of respondents experienced fraud in the previous year and more Gen Z consumers were victims of fraud, at 21%.

Two types of fraud have become particularly prevalent: account takeover (ATO) fraud and policy abuse.

Account takeover (ATO) fraud

Account takeover (ATO) fraud presents one of the biggest challenges for ecommerce businesses, fueled by the increasing sophistication of cybercriminals and the proliferation of data breaches. Once fraudsters have access to this stolen data, they can exploit accounts by making unauthorized purchases and committing identity theft.


Businesses suffer financial losses as well, due to fraudulent transactions, chargebacks and lost revenue. Additionally, account takeover incidents can damage a business's reputation and erode customer trust.

Policy abuse

Policy abuse, such as return fraud and coupon abuse, have become more common, and this type of fraud is more difficult to stop because it doesn't involve stolen data or compromised passwords. Returns abuse schemes, in particular, have become more elaborate. In fact, fraudsters share information online as to which merchants are ripe for targeting because of their unclear or lax return policies.

Customers want fraud protection


Regardless, fraud protection has grown in importance for consumers. So much so, they'll sacrifice some of their CX preferences to be protected.

 **90% of consumers prioritize fraud protection over easy checkout.**

Another emerging trend from our original research is that consumers are beginning to consider security more important than price. While this trend still varies by generation, overall, 33% of consumers would rather have a safe ecommerce experience than get a lower price.

Not only that, a whopping 84% of consumers said that an online store that doesn't protect them from fraud will lose their business.

Consumers are concerned enough about fraud that they welcome communication from ecommerce stores to confirm a purchase.

 **81% of consumers appreciate a purchase confirmation call from an online business.**

"Obviously, businesses and consumers prefer instant decisions about purchases. However, consumers are seeing the value of an extra set of eyes on suspicious orders. They would rather respond to an SMS or wait for a purchase confirmation over being automatically declined or, worse, being the victim of fraud."



Rafael Lourenco

ClearSale Vice President

What Can Ecommerce Businesses Learn From This?

While confirming suspicious orders may seem to create inconvenience for customers, most of them understand that it is done with their best interests in mind. They appreciate it when businesses prioritize security and take proactive steps to protect their interests, even if it means temporarily delaying the fulfillment of an order or requesting additional verification.

When businesses proactively reach out to confirm a suspicious order, it demonstrates that they are vigilant about protecting their customers' security and take fraudulent activities seriously.

By openly communicating with customers about potentially fraudulent activities and seeking their confirmation, businesses foster trust and transparency in their operations. This helps build stronger relationships with customers based on mutual respect and honesty.

This communication also prevents businesses from turning away good customers.

RELATED READING:

[Ecommerce & Friendly Fraud: A Complete Guide](#)

Your Fraud Prevention Could Be Turning Away Customers

As customers lean into truly omnichannel shopping behavior — browsing on one or more devices and purchasing on another — ecommerce businesses must implement more sophisticated fraud detection and prevention strategies than grand-sweeping fraud filters and automated systems.

Many ecommerce businesses lean heavily on fraud detection algorithms and machine learning models. These models may be effective at identifying fraudulent transactions, but they tend to be overly cautious and [trigger false declines](#). This is especially the case when those algorithms prioritize minimizing fraud losses over maximizing legitimate transactions.

False declines have become such a significant issue, respondents in our study reported it to be a bigger problem than actual fraud.

- 18% of consumers experienced a false decline last year.
- 70% reported it to be the same or higher incidence than the year before.

What happens when consumers experience false declines? Nothing good.

False Declines Cost Companies Customers

41% Globally of consumers say they'll never shop with a brand after a false decline.

False Declines & Brand Reputation

What's worse than losing the value of one customer?
Your brand taking a hit online.

34% of consumers will take their grievances to social media after a false decline.

Ecommerce businesses must move beyond fraud filters and automated systems for fraud prevention. You need real fraud prevention that takes a comprehensive, hybrid approach.

RELATED READING:

Ecommerce False Declines & Consumer Behavior



Hybrid Fraud Prevention Is Critical

At ClearSale, we have developed a global lens and large database that allows us to help clients eliminate fraud threats and prevent chargebacks, while approving more orders, faster.

Our knowledge of fraud patterns and trends stems from the longest history in the industry and an unmatched global experience fighting fraud. We've worked with businesses around the world in some of the most high-risk regions and industries.

Our massive transaction database is constantly learning as more orders are processed, and we can see the impact fraud has on diverse markets. This makes it easier for us to identify fraud trends as soon as they emerge and use those insights to make more accurate decisions.

Machine learning/AI

All orders are screened using artificial intelligence and machine learning to process transactions and fine-tune fraud models based on customer behavior. Each order is assigned a fraud score. Orders with a score that meets customer-specific thresholds are automatically approved. Orders with a score that makes them questionable or suspicious are flagged for further review.

Contextual fraud review

Our data scientists and fraud analysts perform secondary reviews of suspicious and questionable orders. They use their expertise and understanding of fraud trends — while sharing that information with the client's team — to determine if a transaction is valid or not. And, if a company so chooses, our analysts can pleasantly and very diplomatically reach out directly to customers to confirm they made the purchase —all the while, training your team to do the same.

Interactive client dashboard

An interactive dashboard allows clients to review all orders and contribute to contextual review with information about VIP clients and orders that should be automatically approved in the future. Clients also utilize the dashboard to track chargebacks on approved orders, making it easier for ClearSale's end-to-end chargeback management team to dispute and deliver a resolution.

Post-processing audit

Machine learning/AI can also be used post-processing to validate decisions and help find patterns to be aware of moving forward. For instance, our auditing program offers a safe, test environment where we analyze random sets of declined transactions to see what would have happened if we had approved the orders. This enables us to measure the accuracy of our client's automated rules and fine-tune them as needed.

This hybrid approach has earned ClearSale high praise from our clients and industry experts.



The Clear Choice for Ecommerce Fraud Protection

GET STARTED



ClearSale