

# MAKING PAYMENTS PAY

Innovations and investments in payment capabilities –  
2019's shift from 'cost of sales' to 'revenue-generator'



# EDITOR'S INTRODUCTION



**LIZ MORRELL**

Research Editor

The role of payments for retailers has changed greatly in recent years. What was often seen as a cumbersome, awkward but necessary end function is increasingly being seen as an enabler of a better-than-ever customer experience – one that delivers results not only in the ultimate sale but in other benefits that drive loyalty and additional revenue.

Retailers that realise the value of a better payments experience now provide a quicker, slicker, more efficient payment process. They allow their customers to pay when, where and how they want – ensuring their customers' payments are secure without the process impacting on the overall payment experience.

The most advanced retailers are placing an even sharper focus on the role of payments in turning their business into something revolutionary that adds a real point of difference and ensures that they stand out from their competitors.

In this white paper, produced with our partner ACI Worldwide, we examine how the role of payments is changing and the opportunities around moving to an experience-led payment process. We also look at the move to an 'always ready, always on' infrastructure and at the role of AI and data in managing the payment process.

Through a survey of InternetRetailing readers, along with further retailer interviews, we see how and why retailers are putting more thought and investment into an often-neglected part of their business. We look at how those retailers that invest more in their payment infrastructure – whether that's time, money or an increased appreciation of its importance – do so for strategic advantage, not simply to enable the sale. Put simply, they recognise that investing in payments pays.

But we also examine the challenges around payments and investment in infrastructure. With new opportunity comes new risk and a greater need to focus on fraud prevention and security without impacting on ease of transaction. This doesn't come cheap.

Getting this balance right is crucial. Make your security too tight and the customer experience can be as negatively impacted as if you had no security at all. Transactions will be abandoned. Yet allow it to be too loose and your customers simply won't have the confidence to shop with you. ■

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# THERE'S NEVER BEEN A MORE COMPLEX AND CHALLENGING TIME TO BE A RETAILER

Disruption and competition, regulation and rising costs, trade wars and data protection. But it's also an exciting time to be a technologist in retail. Technology is enabling retailers to serve their customers so much more efficiently; to personalise offers, to sell to customers in a global market and to compete with others to maximise their own share of customer spend.

It's always been the case that success for a retailer will depend greatly on having the right product at the right price and in the right place. Thirty years ago, the shopping journey was completed with an exchange of goods for cash in a face-to-face environment. Now, that payments process is much more complex and the challenge for retailers is to maximise the number of shoppers that successfully complete their shopping journey – increasing customer conversion.

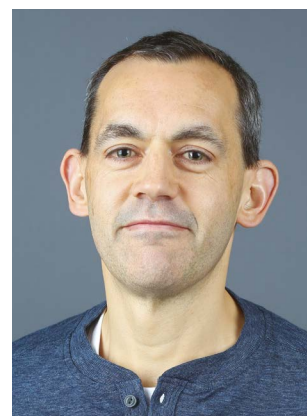
I believe the challenge can be broken into two distinct parts – payments strategy and payments technology. Retailers need to understand how best to enable their customers to pay both in-store and online in a way that achieves that sought after 'frictionless' process. Which payment methods does the retailer need to accept, where do they need to be offered, what does the online payment page need to offer and what checks need to be performed? These factors and many more all influence the number of satisfied customers and completed customer journeys – money in the retailers' accounts.

The strategy may be complex but it needs to be underpinned by technology that makes it look easy. Customers want simplicity, ease, reliability, security and confidence in the payments process. Selecting the right technology and partners to deliver this is the difference between high customer conversion, low fraud and low cost versus customer basket abandonments, chargeback losses and declining market share.

I've argued for some time that the digital payments experience is invading the store and will inevitably end with the death of the traditional payment terminal at some point. Retailers' payment strategies need to include a plan to deal with this. It's tempting to focus attention on the online payment journeys but in-store is still overwhelmingly where the largest volume of payments are performed.

As a payments service provider, our business is to help retailers with their payments strategy and, most importantly, to deliver against it. We give retailers choice, flexibility and control such that they can develop a sophisticated payments strategy but keep the technology and the service simple. Ultimately, it's all about making it easy for customers to pay for goods and services.

I'm pleased to see that this report builds on some of these themes backed up with analysis and input from those at the store front. ■



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**ACI Worldwide** makes fast, simple and secure payments possible around the world, by connecting more ways to pay with more payment capabilities than any other provider. The company powers electronic payments for thousands of global merchants, provides real-time, immediate payments capabilities and enables the industry's most comprehensive omni-channel payments experience.

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# HOW THE ROLE OF PAYMENTS IS CHANGING FROM A FUNCTIONAL PROCESS TO AN EXPERIENCE AND REVENUE GENERATOR

“Retailers are recognising that the payments process is a critical element of the customer experience”  
**Chris Andrews,**  
 head of online retail, Europe, ACI Worldwide

A slick, quick, easy checkout experience has always been the aim of retailers when dealing with instore customers. Shoppers don't want to spend too long queuing at checkouts while the retailer wants to serve as many customers as they can, therefore getting the most possible sales each day.

Take the same concept online, however, and retailers have often struggled with the payment interaction. While clunky, lengthy processes may meet their demands for security, they do little to satisfy the customers' need for convenience and ease of use.

Retailers are now realising that they need to focus on the delivery of a smooth, consistent payment experience without friction – not only online or instore but across all channels – in order to prevent the loss of customers and sales.

In our reader survey, nine out of ten retailers (91%) said that the checkout experience was important or very important instore, while 97% rated it so online. The danger of a customer clicking elsewhere if a payment process is too restrictive is simply too great.

Our survey also asked how retailers viewed the payment process. Their responses show a fairly equal split between those that see it as being purely functional, those that see it as part of the experience and those that review it regularly.

However, this contrasts somewhat to the role that payments actually play within retailers' businesses. Almost half (49%) of respondents say that payments play a functional role, a quarter (25%) that they are a revenue generator and one in five (19%) say that they play an experiential role.

**97%** believe the online checkout experience is important or very important

## Change is coming

The difference between the two sets of figures suggests that change is happening – but that reality needs to catch up with ideals. “Retailers are recognising that the payments process is a critical element of the customer experience,” says Chris Andrews, head of online retail, Europe, ACI Worldwide. “If the payment takes too long, if payment methods are restricted or if customers suspect their payment details aren't secure, then these customers will quickly abandon their purchases and go elsewhere.”

“It is clear from both quantitative and qualitative data that the way in which we pay and engage commercially with brands is changing,” says Simon Ruggles, head of ecommerce at Autoglym. “In a fast-paced world, whilst some of our decision making is led by new technology and innovation (from the supplier side), failure to identify these consumer trends ahead of time will inevitably lead to loss of revenue. It is important to strike a balance, but the end user customer is very much at the heart of this.”

Customers want to be able to pay however they wish, regardless of channel. For them, it's not for the retailer to dictate but for them to decide. “They want to be able to use their preferred payment methods across all channels, and they want their data kept safe (through tokenisation) across all those channels,” explains Andrews.

Annabel Shawcross, managing director of online and instore retailer Delicious Designs, says that the pressure for a safe, reliable, easy payment process is huge because the consequences of failing on this point are so great. “If you don't offer an

easy method of payment for your customers and a competitor does, they may just not get up from the sofa to get their credit card when the competitor's easier payment method doesn't need one."

"Customers want a myriad of ways to pay," she continues. "Different generations are more comfortable with different methods but all customers want to feel safe and comfortable and be offered whatever method they choose. They want payment to be as seamless and easy as possible but also with all the security they need to feel safe."

Meeting all these needs pays off in both increased spend and loyalty. "If you make your first-time customer feel safe and looked after, they can become a lifetime customer," says Shawcross. "Our repeat customers run at between 35-40% a month. At Christmas and Advent, that rises to 85% from previous years. We have built trust and rapport with our customers online."

### How new options are fuelling spend

In the same way that customers want to be able to choose the method in which they buy (online or instore for example), the way they receive their goods (click and collect or home delivery), or even the timescale for delivery (same-day, next day etc), they also want to be able to control and determine their methods of payment.

Mobile payments are becoming increasingly popular among customers, with the benefit that retailers believe they help to drive sales, according to a report published in January by VoucherCodes.co.uk and WBR Insights. This suggested that 80% of retailers believed that mobile payment technology had directly encouraged shoppers to return to store more frequently, while half of those (52%) who had adopted mobile payment technology said it had increased spend per transaction over conventional payment methods.

"The role of payments is changing in the retail experience and we are seeing more payments via mobile, which means not carrying a card or cash," says Graham Taylor, managing director of Graham Taylor Engravers.

But as well as meaning that customers don't have to carry physical cards, mobile payment technology is also fuelling other initiatives, such as scan and pay technology which allows customers to scan a product instore and pay without ever having to visit a checkout. Sports retailer Decathlon revealed it was rolling out such functionality across the Netherlands in May.

This retailer, which is interviewed in our retailer focus section later in this white paper, says it is working hard to turn payments on its head – moving from a checkout process to a check-in experience-led solution, where the customer chooses where and when they want to pay.

Nicolas Voglimacci, product manager for POS and payment solutions at Decathlon, says it's about offering what the customers want rather than investing in payments for the sake of it. "The question is more about the ability to respond well to our customers and offer them the opportunity to pay as they wish," he says. "The potential gain will be a result not an end in itself."

As well as mobile, other emerging payment options such as buy now, pay later are also driving revenue growth. Offered by providers such as PayPal and Klarna and adopted by retailers including Asos, Missguided and Schuh, such options allow retailers to offer customers a choice of staggered payment options that make sales conversion easier.

Andrews thinks that this is especially important for younger generations. "Millennials are increasingly looking to buy now and pay later," he says. "They may have less readily available money but they still want to buy as and when they want, then structure their payments over weeks or months. Many retailers want to promote this payment option too, since it supports impulse purchasing and retention." ■

- Half of retailers see payments as a functional experience
- One quarter see it as a revenue generator
- One in five sees it as an experience generator

“If you make your first-time customer feel safe and looked after [when it comes to payments] they can become a lifetime customer”

**Annabel Shawcross,**  
managing director,  
Delicious Design

# EXPLORING THE NATURE OF CONVERGENCE AND EMERGING TRANSACTION CHANNELS TO AN ALWAYS-READY, ALWAYS-ON SCENARIO

“We’re starting to see a move to immediate payments or bank initiated transfers, both for P2P payments and for purchases. The merchant receives the money fast, at lower cost, and can ship merchandise quickly to increase customer satisfaction”

**Chris Andrews,**  
head of online  
retail, Europe, ACI  
Worldwide

New payment methods are emerging and gaining increased acceptance all the time, quickly becoming the new norm for customers. A deconstruction of the checkout process is driving change and enabling new services that allow customers to pay on their terms rather than those of the retailers.

These offer new opportunities for speed and convenience. For example the increasing popularity of mobile payments not only frees customers from carrying cash or cards but can also enable checkout-free stores – eliminating the physical checkout process entirely.

Understanding what customers want is vital. “It’s important to know more about the payment preferences of customers to offer the right solutions and to optimise the costs to lower prices,” says Decathlon’s Voglimacci.

But the cost element is equally vital, according to the payments head of one large global retailer interviewed for this white paper. “We are being challenged to accept the right types of payment methods to support a convenient shopping experience for our customers while being cost conscious,” she says.

At Autoglym the company is just at the beginning of its D2C journey. And that means that understanding the role of payments is vital, according to Ruggles. “Discussions in our business have migrated away from functional to payment now sitting at the heart of strategic planning and future growth.

Where perhaps payment was perceived as a necessary functional step, it has become a critical consideration. From conceptualisation of product, to packaging, operations and logistics, how the end user purchases the product is now beginning to shape our entire offering.”

## Payment options are growing instore and online

When we asked respondents to our survey what payment options they currently offered instore, the results showed that, unsurprisingly, cash, card and contactless still dominate the instore experience. After all, they are established, easy and understood.

However, other options are growing, with an increased focus on offering alternative checkout and payment options such as mobile payment, mobile point of sale and payment kiosks. All these were technologies highlighted in our survey as ones that retailers are looking to implement in the next 12 months.

It’s no surprise why, since each one offers big benefits for a more convenient, improved customer experience. In the UK, supermarket Sainsbury’s opened its first till-free grocery store in May at the company’s refurbished Holborn Circus store in London. In this trial, customers use the retailer’s SmartShop Scan, Pay & Go app. They are able to scan items, pay in the app and then scan a QR code to prove payment before leaving the store.

This is a concept that many retailers are looking at and it’s also at the heart of the Amazon Go store concept. It not only takes the traditional checkout out of the equation but also means customers don’t even have to think about paying. Instead through Amazon Go’s ‘Just walk out’ technology, a customer’s items are automatically added to a virtual cart when they pick them from the shelf. The customer then leaves the store, with items automatically charged to their Amazon account.

## Areas of focus over next 12 months

Alternative payments **35%**

Buy now pay later **29%**

In-app payments **20%**

### The growth of alternative payments

Online, other technologies are also seeing increased adoption. In our survey, we saw that alternative payments (35%), buy now pay later schemes (29%) and in-app payments (20%) are all key areas of focus for implementation over the next 12 months, with IoT payments also seeing some growth.

All offer benefits for both retailer and shopper since they speed up payment, provide greater visibility and reduce friction. "Alternative payment methods, including direct bank transfers, are widely seen as an opportunity to drive down costs by avoiding scheme/interchange fees," says Andrews. "We're starting to see a move to immediate payments or bank-initiated transfers, both for P2P payments and for purchases. The merchant receives the money quickly and at lower cost, so can ship merchandise quickly to increase customer satisfaction."

IoT transactions, including voice, are also fuelling change. "IoT transactions are growing – with Alexa, Google Home, in-car purchasing and more – so it's important that retailers consider the implications of this for their future business and ensure that loyal customers can reach them through any and all available channels," says Andrews.

### Offering what customers want

The increasing breadth of transaction channels drives convenience and choice for customers but it shouldn't simply be about retailers adopting any and every new payment technology. Instead, each one should bring together what's right for their customers.

"Retailers can enable revenue growth by offering the payment methods preferred by their customers," says Andrews. This will likely vary by age, gender and by the vertical market and geography in which the retailer is active. "It's about bringing all purchasing/payment channels together to deliver a seamless experience across them all," he says. "Consumers want to be able to save and re-use their details across all channels, switching quickly and easily between them."

The payments process and experience is changing. Andrews believes that the idea of the 'checkoutless' store will become more widespread. "Looking ahead, it's likely we'll see a shopping experience in which the payment is all but invisible. Something of a 'shoplifter' experience in which customers walk in, collect goods and walk out, with the technology tracking them and taking the payment," he says.

But will the checkout disappear completely? That remains to be seen. In our survey, 70% of respondents said that they felt their customers want a final checkout experience instore. However, the remainder, 30%, said that it wasn't important and that instead customers want to be able to pay anywhere in the store and use self-service if they so please.

A third (33%) of respondents said the traditional POS will be obsolete in five years but of those who felt it would continue to exist, personal contact with customers and the option to use cash were seen as the reasons for its survival.

"There will always be people who want to go to a physical store but retailers can do much to make the shopping experience faster and easier, and so more likely to be repeated," says Andrews.

Autoglym's Ruggles agrees: "Optimising the checkout experience to expedite a swift, seamless transaction, with access to the payment provider of choice, is critical to increasing conversion." ■

“We are being challenged to accept the right types of payment methods to support a convenient shopping experience for our customers while being cost conscious”  
**Payments head of a large, global retailer**



# HOW AI AND DATA IMPROVES THE PAYMENT PROCESS

The role of AI and data in improving the payments process is vital. In the case of the Amazon Go store concept, AI is central to the radical new infrastructure offered by the retail giant. Machine learning and AI integrated into the fabric of Amazon Go stores allow customers to enter the store using the Amazon Go app on their phone then put away their phone and pick up whatever they want. Items are automatically added or removed from their virtual cart as shoppers take them off (or put them back onto) the shelves. The process is seamless and exactly the sort of convenience that customers are demanding.

Such technology can also be used to better understand how customers are using payment technology. Their preferences around how they want to pay is also crucial to a continuous focus on improving the customer experience. Decathlon's Voglimacci says there are many things that can be learnt, the most vital being understanding when the customer wants to pay and where it's better for that customer to pay on his or her journey. Knowing this offers retailers the ability to offer the right solutions at the right price, ensuring they can control their costs and potentially lower their prices.

Andrews says data is critical in enabling retailers to recognise their customers and treat them in a way that encourages repeat visits and promotes loyalty. "A simple example here is that if retailers can determine which payment methods are preferred, they can ensure these are most prominent on the payments page of their website, making the payments process faster for customers," he explains. Having clean data so that results aren't skewed is critical, he says. "You can only make good use of good data and we would encourage retailers to be ruthless in removing bad data."

## AI and data's role in security

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But it's not just about how AI and data are used to enable the payment process to become smoother and easier, it's also how it helps to improve security. Machine learning, AI, biometrics and profiling capabilities are enabling retailers to have greater confidence that they know their customers and can treat them appropriately, encouraging conversion while limiting the toll taken by fraudsters.

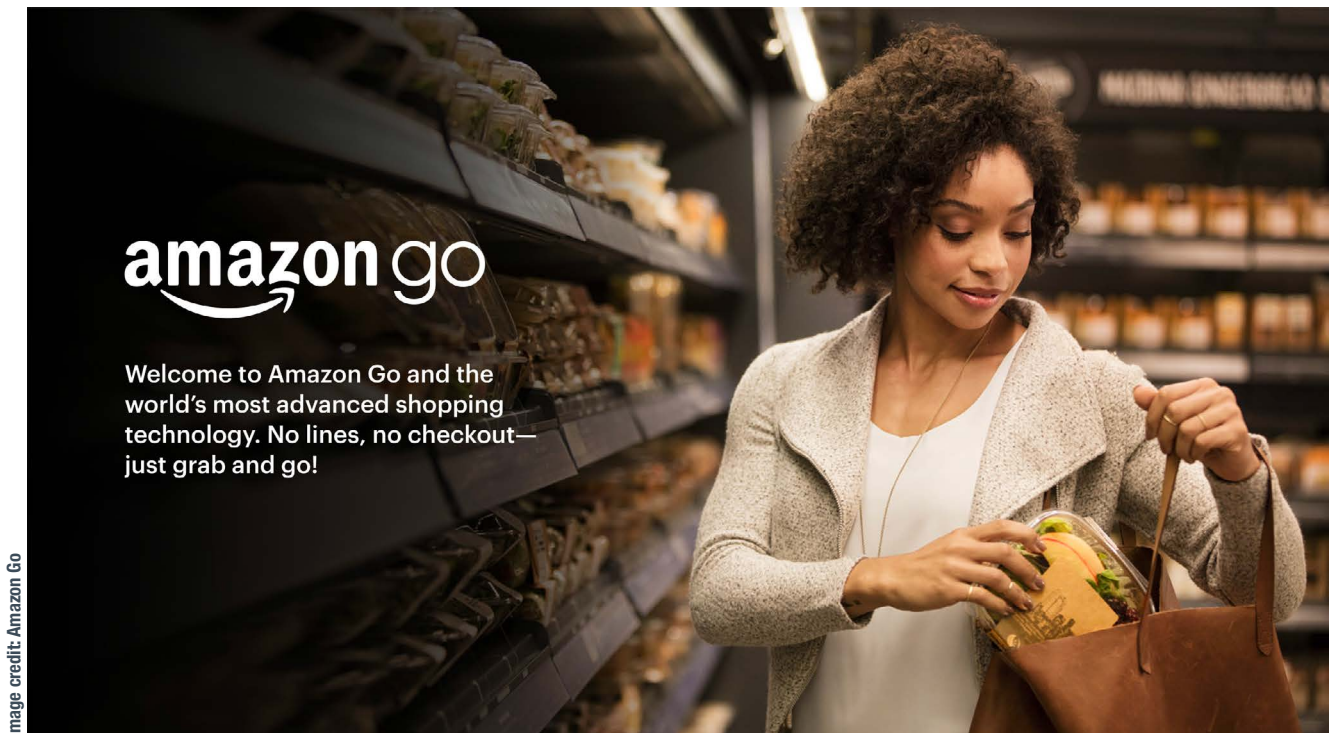
When it comes to fraud prevention, fraud intelligence can play a big role. This can mean reducing false positives and enabling genuine customers to move easily through the purchasing process, for example. It also allows retailers to move unnecessary barriers to purchase. In our survey, nearly two-thirds of retailers (63%) said that security and fraud prevention was a must-have, no matter what the cost to customer experience.

This figure is high but not surprising. Losing sales to fraud not only impacts on the immediate lost revenue but also damages customer relationships and longer term customer loyalty. Yet just under a third (30%) said that it was only important as long as it didn't interfere with, or slow, the purchase experience for customers. "It needs to be a balanced approach," said one respondent. Another agreed, saying, "It needs to be somewhere between the two – a must-have with as little impact as possible."

Getting the balance right is important. "You have to evaluate the level of risk versus the customer experience, the potential loss of sales versus the risk of fraud and the impact to the bottom line," said another respondent.

But fraud check measures need to be "quick and easy to navigate, without taking the customer too far from their shopping mission". When we asked





retailers how they prevented fraud checking and security inhibiting a smooth customer experience, a focus on seamless integration came high on the list. But equally, communication and being open and honest with consumers about why fraud checks are in place was also important for our respondents. “Explain the journey and flag up what’s happening to the customer at all parts of the process,” said one respondent. “It’s about speed and good integration. Inform customers when checks are about to happen as well as the information they need for particular steps,” said another.

Working collaboratively can also have huge benefits, according to Andrews. “Access to consortium fraud data, for example, enables us to sort good customers from bad, with each merchant in the consortium benefiting from intelligence gathered by other merchants. Taking a consortium approach to fraud prevention makes life that much harder for fraudsters.”

Ultimately, however, it’s a multi-layered approach of machine learning, analytics, AI and human strategies that is required. This also needs to be blended to address varying channels and fraud types as well as considering regulatory drivers such as PSD2, SCA requirements and PCI compliance. It’s no easy task but the business case for investment is huge. ■

# SURVEY RESULTS



## The checkout experience is crucial – instore or online

- Nine out of ten retailers (**91%**) say that the checkout experience is very important or important instore
- **97%** rank it as very important or important online

### Opinion is split over personal views of the payments process

- Split fairly equally between function/part of the experience/a revenue generator

### Functionality dominates but revenue generation and experience are growing factors

- **50%** functional
- **25%** revenue generator
- **19%** experiential



### Traditional payment methods dominate instore

- Dominated by cash, card and contactless

### But new options are coming in the next 12 months

#### Instore

- Mobile payment **30%**
- Mpos **15%**
- Payment kiosks **11%**

#### Online

- Alternative payments **35%**
- Buy now pay later **29%**
- In-app payments **20%**



## The checkout has a role

- Seven out of ten retailers believe that customers want a final checkout experience instore
- The remainder say it's not important and customers should be able to pay anywhere and use self service

## But its days could be numbered

- A third believe it will be obsolete in five years

### Security and fraud concerns still dominate over the payment 'experience'

- Nearly two thirds (**63%**) say security and fraud prevention is a must-have, whatever the cost to customer experience
- Just under a third (**30%**) say it's only important so long as it doesn't interfere with or slow the purchase experience

### Improving the customer experience is the biggest factor to justify investment in payments

- Better customer experience **81%**
- Reducing costs **55%**
- Achieving consistency across channels **41%**

### Reducing fraud rates is the main factor used to justify investment in fraud management

- Reducing fraud **73%**
- Reduced chargebacks **51%**
- Reduced cart abandonment **38%**

# THE FUTURE OF PAYMENTS

In our survey, we also asked retailers what they thought the future of payments would be. Here's what they said...

"More contactless, more options"

"Instore scan, pay and go via the customer's mobile device matching the online checkout process"

"Increased use of biometrics"

"Payment will eventually come to the fingertip of the customer"

"Faster, easier, less intrusive payments"

**How retailers believe payment methods will change in the future**

**How retailers are planning to change their payments infrastructure**

"More investment and a new website will mean we can tailor the experience and drive additional revenue through the payment process"

"We are planning to modernise our payments infrastructure to increase speed, efficiency, and maintain the best standards of security"

"More options based on customers' behaviour in different territories"

"Payment will remain a key moment in the customer journey. It needs to be kept seamless but must also remain the moment of truth when the exchange is made"

"Payment is a critical piece of the customer journey puzzle and, along with delivery options, speed of site and checkout journey, will be even more critical in the future"

**Retailers' thoughts about the changing role of payments**

# RETAILER FOCUS

## DECATHLON: FROM CHECKOUT TO CHECK-IN

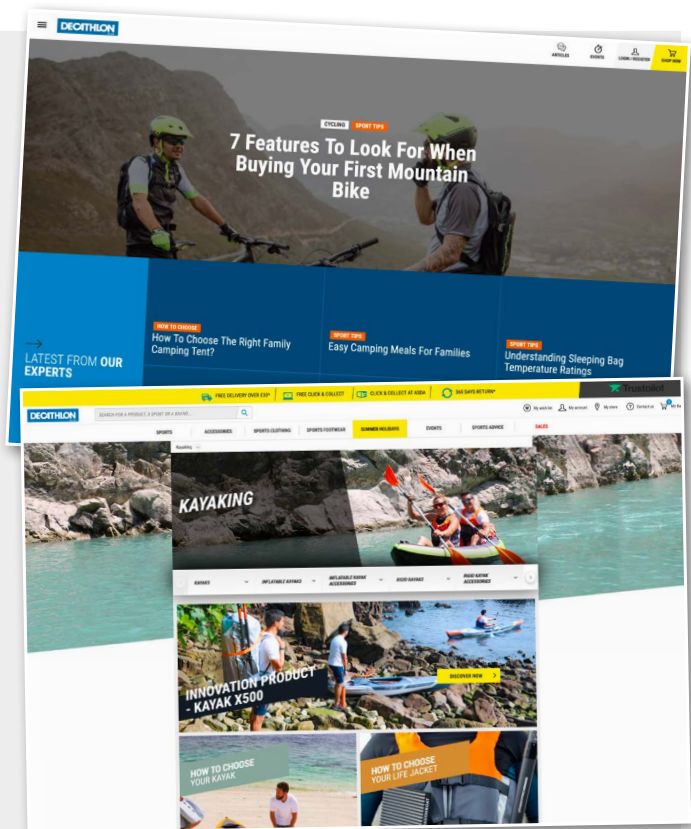
French sports retailer Decathlon, working with ACI, aims to turn payments on its head within the business – ensuring it leads rather than ends the process. Nicolas Voglimacci is the company's product manager for POS and payment solutions. "We want to change the checkout to check-in," he says. "The payment is no longer an end of a journey, it's the beginning of the story or the experience, or it's invisible."

Adopting new payment methods and ensuring a focus on the payment experience are vital to keeping customers happy, he believes. "It's often the only contact with the customer and it's a process that's evolved over the last 30 years," he says.

Today, it's the customer that chooses how they want to pay. "He has the choice and the freedom to use it as he wishes. The role of payment is restructuring today because it simplifies the process and gives freedom to the user."

Voglimacci says the retailer is working hard to stay ahead of what the customer wants in terms of payments, with the options of digital payment, wallet and contactless all important initiatives for them. However, he notes that new payment options and trends are only adopted if they are value-creating and relevant to the brand's business model.

"It's about the ability to offer more independent customer journeys," he says. "The acceptance and anticipation of the digital means of payment is essential in our journey."



“We want to change the checkout to check-in. The payment is no longer an end of a journey, it's the beginning of the story or the experience or it's invisible”

**Nicolas Voglimacci, product manager for POS and payment solutions, Decathlon**

## LARGE RETAILER: THE DEMAND FOR CONVENIENCE

Customers are demanding convenience, according to the payments head of a global retailer interviewed for this white paper. “When retailers provide a more seamless and frictionless experience, this increases customers to convert due to the ease of shopping,” she says.

Conversely, failing to offer this – by having long wait times or too many steps to complete a purchase, for example – can hinder the experience for customers and lead to them shopping elsewhere.

Because of this, the convenience offered by new payment methods for customers is hugely attractive. Couple this with rewards and they can prove even more lucrative, increasing customer loyalty as a result. “Payments are no longer just thought of as transactional,” she says. “They are embedded in the overall shopping experience for customers and how convenient it is to buy from a merchant.”

Like many retailers, the company is realising the need to prioritise the customer experience over simply enabling a functional payment process. “We are focused more on the overall customer experience and how to make this unified across all customer meeting points,” she says.

But it’s no easy task, even for large global retailers such as hers. It requires planning and investment to adapt to the changing requirements of customers. “Customers are driving the change. We are in the process of prioritising this and building it into our roadmaps.”

The appetite of customers for a more seamless experience means that we are likely to see huge change, such as the move to a less checkout-focused experience. “New payment methods are already enabling this type of experience,” she says.

But importantly, it’s not just at the final stage of the payments process that customers are demanding change but at any transactional point in the process. “Customers are demanding this from an end to end perspective – from when they order to when they pay to when they receive a refund for a return,” she says. ■



Technology is changing how customers pay

“Payments are no longer just thought of as transactional. It’s embedded in the overall shopping experience for customers and how convenient it is to buy from a merchant”



# CONCLUSION

We have seen in this report how new payment options and desires are driving changing expectations from customers who want a frictionless experience and the ability to pay in the way that they prefer – whatever that choice may be. “Customers want payments to be quicker and safer than ever,” said one respondent to our survey.

We have seen how those that are leading the change and investing in their payments infrastructure do so because they realise the opportunities that it can bring in and that, rather than just being a necessity, their payments offering can actually be a positive standalone experience in itself, driving revenues as a result.

One of the most interesting views shared in this white paper is that of Decathlon and their idea of moving from checkout to check-in. This shows just how drastically retailers are rethinking the payments process and its part in not just completing the sale but in generating future loyalty.

We have also examined the move to an always-on scenario, where mobile is increasingly a focus. We have also been reminded of the need for the correct balance of convenience and security, with retailers mindful of the need for a great customer experience, even when focused on reducing fraud.

As with all parts of the retail process, customers need to be able to operate in an omnichannel manner – to move seamlessly and be tracked, engaged, supported and pay by whatever payment method they prefer.

Andrews sums up the need to rethink payments: “In a highly competitive market, retailers need to think about payments both in terms of cost reduction and revenue growth. It isn’t any longer enough to tack a payment method on the end of the purchasing process and think that’s job done. The payments experience is a critical part of the overall customer experience and needs to meet customer expectations of speed, security and ease of use if retailers are to keep those customers coming back for more. The best payments process is one you hardly notice – but that leaves you feeling confident and in safe hands.” ■

# KEY LEARNINGS

- Technology is enabling retailers to serve customers more efficiently than ever
- The payments process has become more complex – but needs to appear quick, easy and reliable to consumers. Take too long and your customers will go elsewhere
- Keep the checkout as simple as possible – with a single page for mobile and online shopping
- Continually monitor consumer interest in new payment options - and present key local payment methods prominently to increase conversion rates
- Ensure that your payments strategy addresses the convergence of in-store and digital payments
- Tokenise to enable omni-channel sales and returns, click and collect, buy on line return in-store, and to simplify the mobile checkout
- Maintain security and manage fraud to protect customers and promote confidence – but not at the cost of convenience
- The future of payments isn't simply functional – it's experiential and can have a real and direct impact on conversion





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