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P F S

get paid

in the age beyond bricks and clicks. A unified payments solution means you can deliver amazing shopping experiences wherever your customers are.

Are you ready to start the journey?

Leveraging payments to improve the customer experience

THE UK RETAIL industry is among the most innovative in the world, turning UK consumers into some of the most prolific online shoppers – spending in excess of £6,000 per person in 2015.

On one hand, this online acceleration is being driven by digital-first businesses, particularly subscription-based and on-demand startups like Grabble, the “Tinder for fashion”, which are making the buying process as fun and frictionless as possible.

On the other hand, increasing online spend is also driven by traditional retailers. An awareness that cross-channel shoppers are generally more valuable and more engaged with the brand than single-channel shoppers is leading retailers to innovate around cross-channel shopper journeys, offering a seamless brand experience for customers, no matter where they are.

Payments sit at the very core of this digital transformation. Making the purchase is the moment of truth for shopper and retailer alike, and can have a significant impact on the strength of the relationship.

Here is some expert advice, tried and tested by some of the world’s leading online and omnichannel retailers, on how to leverage payments to improve the shopper experience, optimize conversion, and grow revenue.

1. Ensure a frictionless experience in store

As online shopping becomes ever more intuitive, omnichannel retailers are investing in making the in store experience just as frictionless.

Some ways that this can be achieved is through the adoption of innovative in-store technologies. For example you can eliminate checkout queues with mobile point of sale (mPOS) terminals, which enable staff to process payments anywhere on the shop floor. Or bring your online inventory in store via tablets that give shoppers access to the online store – meaning they can find and purchase additional sizes or colours.

Retailers can further blur the lines between sales channels with services such as ‘click and collect’, and accepting the return of online purchases in store.

2. Take a smart approach to online fraud management

Traditionally, fraud management has been focused on blocking fraudsters. But in doing so, merchants inevitably block genuine transactions that look fraudulent.

However, by connecting multiple data points, such as card numbers, machine fingerprinting, email addresses, and even time of day, businesses can fine tune the balance between stopping fraud and approving genuine transactions. Taking this approach, Delivery Hero saw its false positives drop by 50%, as well as chargebacks reduce by 78%.

3. Incrementally increase online authorisation rates

Whilst two thirds of declined transactions are due to legitimate reasons such as invalid cards or insufficient funds, a third of these failures (or 2-3% of all transactions) are rejected due to failures in legacy systems.

To combat this, smart tools exist which leverage data and machine learning to make adjustments to payment requests in real time; thereby increasing the chance the transaction is successful. For example, routing international transactions via a local network, will likely deliver higher authorisation rates, as will adapting the format of a request to the preference of each issuing bank.

With incremental improvements such as these, Forrester Consulting found that large merchants working with Adyen saw revenue increases of 1.43% - translating into millions in unexpected revenue.

Think of payments as a strategic advantage

The payment process is deeply embedded in the customer experience. By adopting these approaches, innovative retailers – whether digital-first or omnichannel – have the opportunity to win market share and grow revenue in the UK’s competitive retail market.



wherever people pay

The challenge of cross-border payments

How do retailers satisfy consumer demand for easier, faster payments while still guaranteeing security, asks **Jack Flanagan**

THE PAYMENT PROVIDERS market is currently in a state of flux, which might surprise those who thought that ApplePay and AliPay would dominate. New technologies such as advanced payment methods, processing terminals and data protection software each present new challenges for businesses that need to conform to the evolving demands of shoppers.

The market for payment services providers (PSP) is dynamic. It's not only notable for the recent entry of larger, well-known companies such as Apple and Google (Android Pay), who are frequently making high profile announcements of new features, but also smaller companies entering the space with more specialised services. In Europe and North America, PayPal still dominates, although this may change as its transfer fees make it less competitive than a stream of new challengers.

Many of these are already outmanoeuvring PayPal, ApplePay and Alipay, and these moves represent a larger issue with big payment provider firms and the businesses that use them. The amount of new technology put out there puts smaller companies in the best position to target new consumer demands precisely. For example, mobile payments continue to present a new frontier for businesses but, as is increasingly apparent, one of the challenges is the speed at which transaction can be completed – impatient consumers tend to ditch the queue if it takes too long.

This has led to a demand for 'instant' payments which are easily verified using biometrics, something that a start-up called Zapp, launched in July 2015,

specialises in. So far, there hasn't been widespread adoption of companies like Zapp, perhaps out of consumer fear that low brand awareness could make them less trustworthy. In a recent survey from InternetRetailing Knowledge Partner BuiltWith, which detects what software a website uses, Visa, MasterCard and PayPal were still the most used. However, BuiltWith's methods do not always detect payment software when it has been heavily customised.

Diversifying the payment providers used goes from 'well-advised' to 'necessary' when considering expansion into new areas. Firstly, region and country-specific PSPs will have an intimate knowledge of the laws of the country they operate in. This will become more relevant with time – laws around data protection, for example, are updated and changed every time there is a high-profile data leak.

The experience of consumers is also key when considering providers abroad. Payment technologies are often ill suited to foreign markets, having been specialised for their home market. There are other problems businesses could encounter too. For example, users will not be used to foreign e-wallets and less inclined to use them, while higher fees may be charged to the business for currency conversion. Local providers have the advantage of brand recognition that consumers can feel confident using.

// The amount of new technology put out there puts smaller companies in the best position to precisely target new consumer demands **//**

Different providers work in different ways as well, which will impact the customer experience. For example, the 3D Secure (3DS) fraud protection is known to British shoppers but not in the US, so an American shopper might be concerned they're being duped. When deciding on an appropriate payments provider for a new market, the convention held by consumers can be as important as the actual product.

These problems can be intimidating to businesses looking to find a solution that meets local expectations, or norms, as well as one that tackles modern concerns,

get paid from Apple Pay to Alipay

Ten issues to consider

- 1** LOCAL PAYMENTS: Consumers prefer regionally recognised payment service providers (PSP) brands.
- 2** FRAUD CONCERNS: When selling across borders, security is of the utmost importance, yet the introduction of unfamiliar fraud protections may threaten customers.
- 3** TRANSPARENT PAYMENTS: Making a payment represents a bottleneck and if it's not quick and easy, the consumer could become concerned, or just bored, and not complete the transaction.
- 4** STAY UPDATED: Seizing or investing in a truly innovative technology early could put you ahead of competitors and excite customers.
- 5** BE CRITICAL: In addition, besides genuinely promising innovations, there has been a proliferation of glossy but generic products. PSPs should be able to communicate the value of their product in real terms.
- 6** BIG THINGS, SMALL PACKAGES: Bigger companies will have experience and, typically, strong testimonials to recommend them. But they may not be as specialised or flexible with what they offer.
- 7** CONSIDER VARIETY: Payment providers increasingly offer services that cover all payment channels. While this approach may seem economical, it may also limit the provider's flexibility.
- 8** READ THE FINE PRINT: Different payment providers will ask for different things. There may be a risk and customer assessment, while some will ask for a deposit.
- 9** DATA SECURITY: As a trend, knowledge of data security is increasingly important to consumers. Mobile payments set a new frontier alongside ecommerce, where protections against both fraud and leaking payment history are needed.
- 10** SAFEKEEPING: While fraud protections need to be in place for users to complete transactions, users need to feel their money is being handled deftly. There should always be measures in place in case it doesn't.

like data security. There are really two options open to businesses. Firstly, they can establish relationships with a number of different providers in each new market (although even within the same country, there can be provincial differences, as in Brazil). The other option is to work with a provider which itself can connect to regional providers.

The dynamism of the market has not extended convincingly to Bitcoin and blockchain, the promising security software that excites so many about digital currencies. The reasons against incorporating a Bitcoin payment option are many, with lack of adoption and lack of knowledge about what it is a major concern. Additionally, there are many concerns over its legality, while some countries classify it as an asset, rather than a currency. It's also decentralised, with no main body managing transaction or liability in case of fraud.

So why mention it here at all? Well, because the blockchain has notable advantages. Transfer fees are almost zero and the software, which verifies transactions, is heralded as one of the most secure. This suggests that while Bitcoin may not advance to become a usable currency, the ideas such as blockchain that stand behind it may be instrumental in the future of payments. If this turns out to be the case then those companies already using it are already way ahead of the game.

In summary

While the modern payments ecosystem may appear to be dominated by major technology players, that's not actually the case. Consumers still experience POS problems, data security and different conventions between regions, and all these problems continue to diversify the market of providers. Careful, region-specific choices need to be made, while remembering that data security and brand are prominent in every consumer's mind.

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Adyen is the only provider of a modern end-to-end infrastructure that connects directly to Visa, MasterCard and 250 other payment methods anywhere in the world, and across online, mobile and in-store. Adyen's data-driven suite of automated tools, RevenueAccelerate, converts wrongly refused card transactions into approvals, working in the background to drive authorisation rates and accelerate your revenue. Adyen offers plugins for key ecommerce platforms such as Magento, Hybris and Demandware, as well as full integrations with POS and mPOS providers. Adyen serves more than 4,500 businesses globally with a single solution to accept payments worldwide.

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Pay4Later's smart technology connects lenders and merchants so that consumers can spread the cost of their purchases. It's the fastest and easiest way to offer finance and is proven to dramatically increase sales and average order values. An entirely paperless process that's mobile-optimised and touch-screen friendly makes it quick and easy for customers and is a great competitive advantage. It's simple for merchants to get started and our flexible, innovative solutions can deliver results in just a few days. Pay4Later was founded in 2008 and is based in London. We provide services to over 1,400 merchants and have a broad panel of strategic lending partnerships which, along with our innovative technology, ensures the highest acceptance rates.

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Secure Trading is an integrated payments services company – a single point of contact for payment processing, card acquiring, PCI compliance and cyber security services. Our worldwide network ensures that we can deliver tailored solutions to even the biggest international retailers, while our uncompromising focus on customer service is trusted by luxury goods businesses who value their customers. Our payments platform has an unrivalled 100% uptime record, while our multi-acquiring network ensures businesses can operate internationally with ease. We also offer bespoke cyber security services and PCI compliance certification for retail businesses.

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What does your company do?

Adyen is a technology company that provides businesses with a single solution to accept and optimise payments anywhere in the world, across online, mobile, and in-store.

What is your USP?

With Adyen, brands have a single solution to accept payments online and in store across multiple markets. Because all transaction history is collected in one system, it enables retailers to build a picture of shopper behaviour across sales channels and use this data to drive customer loyalty and create omnichannel customer journeys.

// A shopper intuitively expects a consistent experience with your brand, regardless of whether they are on a desktop, smartphone or in-store //

Myles Dawson, Adyen

What are you currently doing in the ecommerce/multichannel markets?

Today, successful businesses are building a deeper engagement with their customers by fitting themselves around their lives as seamlessly as possible.

Crucial to this is letting local shoppers around the world pay in the ways they know and trust. Adyen powers payments for Spotify in 58 countries and helped The Cambridge Satchel Company grow conversion in China by 15% through our support of Alipay.

Another important factor is letting the customer dictate how, when and where they interact with a brand. This means providing a

ADYEN IN BRIEF

Date launched: 2006

Global reach: Adyen has 12 offices around the world – Amsterdam, San Francisco, London, Paris, Berlin, Boston, Singapore, São Paulo, Stockholm, Madrid, Shanghai and Sydney. Adyen offers international payments (250+ payment methods and 150+ transaction currencies) for 4,500 businesses globally

Turnover: \$50 billion processed in 2015

Customers: Facebook, Uber, Airbnb, Netflix, Spotify, River Island, Superdry, Booking.com, Vodafone, Moss Bros, Mango, O'Neill, easyJet, Notonthehighstreet.com

Number of employees: 450

For more information about Adyen, call +44 (0) 203 814 8200 or visit www.adyen.com
www.youtube.com/user/AdyenPayments, www.linkedin.com/company/adyen, @Adyen

consistent experience across all channels and devices. Adyen's single platform solution helps businesses deliver seamless omnichannel customer journeys and build a deep understanding of their shoppers across devices and locations. With Adyen, Hillary's has streamlined its operations by managing both point of sale and online payments in the same system.

Mobile is a driving force for many businesses and a frictionless mobile flow can be critical to success. Adyen supports both in-app and browser-based mobile payments, including local payment methods such as Alipay. With Adyen, BlaBla Car ensures a consistent in-app experience, all the way through to checkout.

With a data-driven approach to payments, businesses can not only reduce fraud but also drive both conversion and credit card approval rates. Adyen's built-in risk management system RevenueProtect draws on multiple data points, such as card numbers, machine fingerprinting and email addresses, to maintain the perfect balance between blocking fraud and approving genuine transactions. As a result, Delivery Hero found that chargebacks decreased by 78% and false positives were down by 50%.

Additionally, Adyen's suite of optimisation tools, RevenueAccelerate, uses data and machine learning to adjust the payment request in real time and increase the chance of an approval. The Auto Retry feature, which dynamically retries a careful selection of failed transactions, proved successful for Jagex, with a 9.6% success rate for initially failed transactions.

What new functionality does your latest version give to retailers?

Our new tool RevenueAccelerate enables businesses to grow revenue with data-driven payments. It is a suite of automated tools which work in the background of each transaction to incrementally increase payment authorisation rates and accelerate revenue growth.

It exists because legacy payments systems are a black box, offering little visibility into why transactions are approved or declined. This is a big problem – up to 5% of transactions globally fail for no clear reasons – and it is on this 5% that RevenueAccelerate gets to work. For large brands, that can mean a significant uplift in revenue.

RevenueAccelerate is able to optimise payments in a way no other system can because the Adyen platform is

the only system that spans the entire payment flow, from gateway, to risk management, to a direct connection with the card schemes. This enables it to collect and consolidate vastly more data than comparable systems.

What do you see as challenges for retailers over the coming year?

A shopper intuitively expects a consistent experience with your brand, regardless of whether they are on a desktop, smartphone, or in-store. Retailers know this and want to deliver this seamless quality of experience but they still face a lack of understanding of shopper behaviour across channels, due in large part to shopper data being dispersed across multiple systems in multiple markets. With omnichannel currently a hot topic, many retailers are working hard at understanding cross-channel shopper behaviour but it still remains a big challenge in the near term future.

What are the challenges for technology providers and how are you preparing to meet them?

The key challenge for any technology company is to consistently iterate on the core product to offer ever more value to customers. This requires an internal culture that is built around customer-centric innovation.

Adyen is a true technology company that has built and maintains its own infrastructure in-house, with development releases every four weeks. This enables us to iterate fast and move further ahead of legacy systems. One of our key internal principals is to “innovate to benefit all merchants”, and that is reflected in a steady stream of releases that can be deployed for the benefit of brands around the world.

Customer case study – Hillarys

For over 45 years, Hillarys has been adorning homes across the UK with made-to-measure curtains and blinds. Its repertoire now extends to shutters, curtains, awnings and carpets. Hillarys currently accounts for almost a third of the UK market, manufacturing 35,000 products each week.

The majority of the company’s sales come from its in-home business: 1,100 self-employed sales advisors provide a home consultancy, take orders, then process the payment in the customer’s home using a smartphone. These sales advisors are spread around the country, meaning the order and payment process must be watertight to avoid orders being missed and payments lost.

Despite the advances in the mobile network since 2005, one consistent problem is that, even today, about 20% of customers’ homes don’t have a reliable data signal. Hillarys wanted a new technology solution that would overcome the challenge of taking off-line payments, which account for £20m in annual turnover, while still adhering to the highest security standards.

Adyen provided Hillarys’ sales advisors with mobile point of sale terminals capable of capturing payment regardless of connectivity. In the case of high-value orders, the initial down-payment can now be taken at the customer’s home and the card details captured and stored securely on Adyen’s server. Prior to installation, the final payment is charged by way of a secure token. This means the second payment is processed securely with no further action required from the customer.

Most recently, Hillarys has also incorporated a new ‘pay by click’ functionality for sales advisors to finalise a customer quote remotely via email or SMS, and also moved payments in its online sales channel to Adyen. Now the company manages both ecommerce and mobile POS sales from the same payments platform. This not only streamlines Hillarys’ operations but makes it possible to map customer interaction across channels, building a deeper understanding of buyer behaviour.

“We are delighted with the early results we have seen since moving our online volume over to Adyen,” says Matt Barney, Hillarys’ head of web technology. “Already our conversions have noticeably increased. It is also a huge benefit for us that all transactions are processed in a single payments platform. This simplifies our operations, helping us to be more agile.”

