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Payment Technology:

The Difference in Today's Ecommerce

PAYMENT TECHNOLOGY IS A GAME-CHANGER

Ecommerce is the great equalizer. The evolution of commerce from an in-person activity to a global online endeavor has leveled the playing field, giving small- and mid-sized merchants more opportunity than ever to succeed. And with online sales growing at a rate of just under 15% per year[1], the marketplace is fast becoming an arena for these merchants to develop more customers and increase profit.

Ecommerce is breaking down geographical barriers and providing far greater convenience to consumers – it's also introducing new challenges for online sellers. Driven by the rise of mobile devices, merchants must now optimize their technology and processes in order to evolve at the same rate as their customers' expectations.

Just as brick-and-mortar store owners have mastered the point-of-sale process, online merchants must optimize the checkout process. But still some $4 trillion is lost annually in abandoned shopping carts.[2]

Now more than ever, merchants need the tools to convert their online customers and gain an edge over their competitors – and there are a few key areas where platform providers can capitalize on this opportunity.

57%
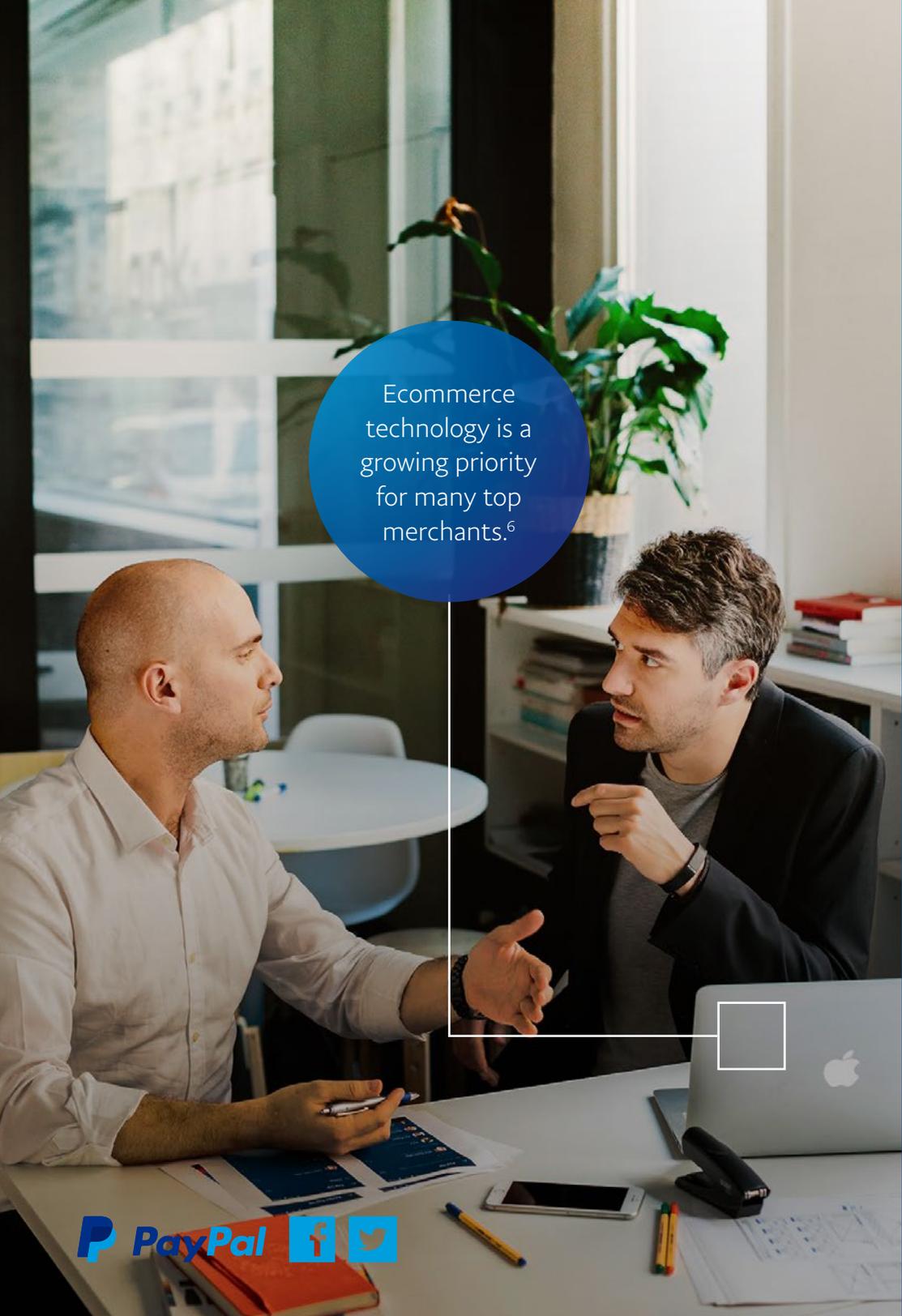Percentage of consumers worried about the security of payment services.[3]

52%
Percentage of consumers wanting a variety of payment options.[4]

51%
Percentage of ecommerce sales attributed to alternative payments by 2019.[5]

[1] Drawn from the U.S. Department of Commerce's Quarterly Retail E-Commerce Sales Estimates released February 17, 2016 available at https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf | [2] Drawn from Business Insider's Shopping Cart Abandonment: Online Retailers' Biggest Headache Is Actually a Huge Opportunity report created in 2015 available at http://www.businessinsider.com/intelligence/research-store?IR=T&utm_source=businessinsider&utm_medium=report_teaser&utm_term=report_teaser_store_text_link_heres-how-retailers-can-reduce-shopping-cart-abandonment-and-recoup-billions-of-dollars-in-lost-sales-2014-4&utm_content=report_store_teaser_text_link&utm_campaign=report_teaser_store_link#!/Shopping-Cart-Abandonment-Report/p/51811174 | [3] Drawn from Walker Sands Communications' The 2015 Future of Retail Study published in 2015 available at http://www.walkersands.com/pdf/2015-future-of-retail.pdf | [4] Drawn from the UPS Pulse of the Online Shopper Study, conducted between January 30, 2014 and February 9, 2015 available at https://solvers.ups.com/wp-content/themes/unitedproblemsolvers/assets/pdf/UPS_Pulse_of_the_Online_Shopper.pdf | [5] Drawn from Worldpay's Global Payments Report 2015 published November 2015 available at http:// offers.worldpayglobal.com/rs/850-JOA-856/images/GPR_Worldpay.pdf?mkt_tok=3RkMMJWWfF9wsRo jvazKZKXonjHpfsX67eUkW6%2BzlMI%2F0ER3fOvrPU_fGjI4ERMNjI%2BSLDwEYGJlv6SgFQrXFMapv27gFXhc%3Dtok=3RkMMJWWfF9wsRojvazKZKXonjHpfsX67eUkW6%2BzlMI %2F0ER3fOvrPUfGjI4ERM NjI%2BSLDwEY GJlv6SgFQrXFMapv27gFXhc%3D

Ecommerce technology is a growing priority for many top merchants.[6]

AN OPPORTUNITY FOR ECOMMERCE PLATFORM PROVIDERS

For the most part, merchants and their shopping cart processes are only as good as the platforms that enable them.

Having feature-rich payment technology is important, but doing so requires platform providers to do more than check the box of offering a payment product to merchants. An integrated suite of payment features, solutions and services enables platforms to optimize payment management and checkout for merchants without taxing resources and budgets.

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WHAT YOUR MERCHANTS NEED IN PAYMENT TECHNOLOGY

More than 85% of merchants plan to invest in ecommerce technology this year[7]

[7] Drawn from Internet Retailer's Top 1000 published in 2015 available at
https://www.internetretailer.com/vendor-leaders/#!/market-facts

1 PAYMENT TECHNOLOGY & INNOVATION

Long and complicated checkout processes can decrease sales conversions. For many merchants, these inefficient cart processes can come from limiting a customer's payment options and requesting more information than is absolutely necessary to complete a transaction – issues that can be addressed with the right payment processing technology. Unfortunately for merchants, finding alternative payment solutions is a burden that often falls on them. But it doesn't have to.

Providers can give their merchants an edge in addressing cart abandonment and conversion obstacles. Easy-click checkout and eliminating the need to add shipping and billing information help create faster, simpler checkout experiences that can help increase merchant sales.

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[8] As reported in Nielsen's Online Panel research for activity occurring from July – November 2015, which compared PayPal transactions to non-PayPal transactions on sites that offer PayPal as a payment option. Nielsen measured 125,000 households' online behavior across 10 SMB merchants. Copyright 2016 Nielsen.| [9] Drawn from Business Insider's Shopping Cart Abandonment: Online Retailers' Biggest Headache Is Actually a Huge Opportunity report created in 2015 available at http://www.businessinsider.com/intelligence/research-store?IR=T&utm_source=businessinsider&utm_medium=report_teaser&utm_term=report_teaser_store_text_link_heres-how-retailers-can-reduce-shopping-cart-abandonment-and-recoup-billions-of-dollars-in-lost-sales-2014-4&utm_content=report_store_teaser_text_link&utm_campaign=report_teaser_store_link#!/Shopping-Cart-Abandonment-Report/p/51811174

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Fewer steps at checkout can help improve conversion up to 44%.[8]

$4 TRILLION
Approximate amount lost in shopping cart abandonment in 2015.[9]

86%

of ecommerce sites
have at least one serious
vulnerability.[10]

Nearly

1 in 5

shoppers have been
victims of payment fraud.[11]

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PAYMENT SECURITY

2

Lapses in payment security may cause unnecessary risk and prevent many merchants from meeting their goals for sales conversions and customer retention. This insufficient payment security isn't just a technology issue – it can also be caused by a lack of knowledge and insight on how to proactively address fraud threats.

Rather than requiring merchants to become experts in yet another aspect of ecommerce, platform providers are in a position to help merchants get ahead of payment security and fraud. With integrated payment security, merchants have access to innovative technology to safeguard the checkout process against the latest threats, maintain PCI compliance and can give customers the transparency to track transactions from start to finish so the status of their payment is never in question.

Beyond the transaction, platform providers can also offload time-consuming transaction management tasks, like charge-backs and payment disputes. In doing this, payment inquiries and disputes can be managed between the customer and a specialized third-party payment expert, which may save merchants and providers time and resources.

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[10] Drawn from WhiteHat Security's, Website Security Statistics Report 2015 conducted in 2014 available at https://info.whitehatsec.com/rs/whitehatsecurity/images/2015-Stats-Report.pdf | [11] Drawn from Walker Sands Communications' The 2015 Future of Retail Study published in 2015 available at http://www.walkersands.com/pdf/2015-future-of-retail.pdf
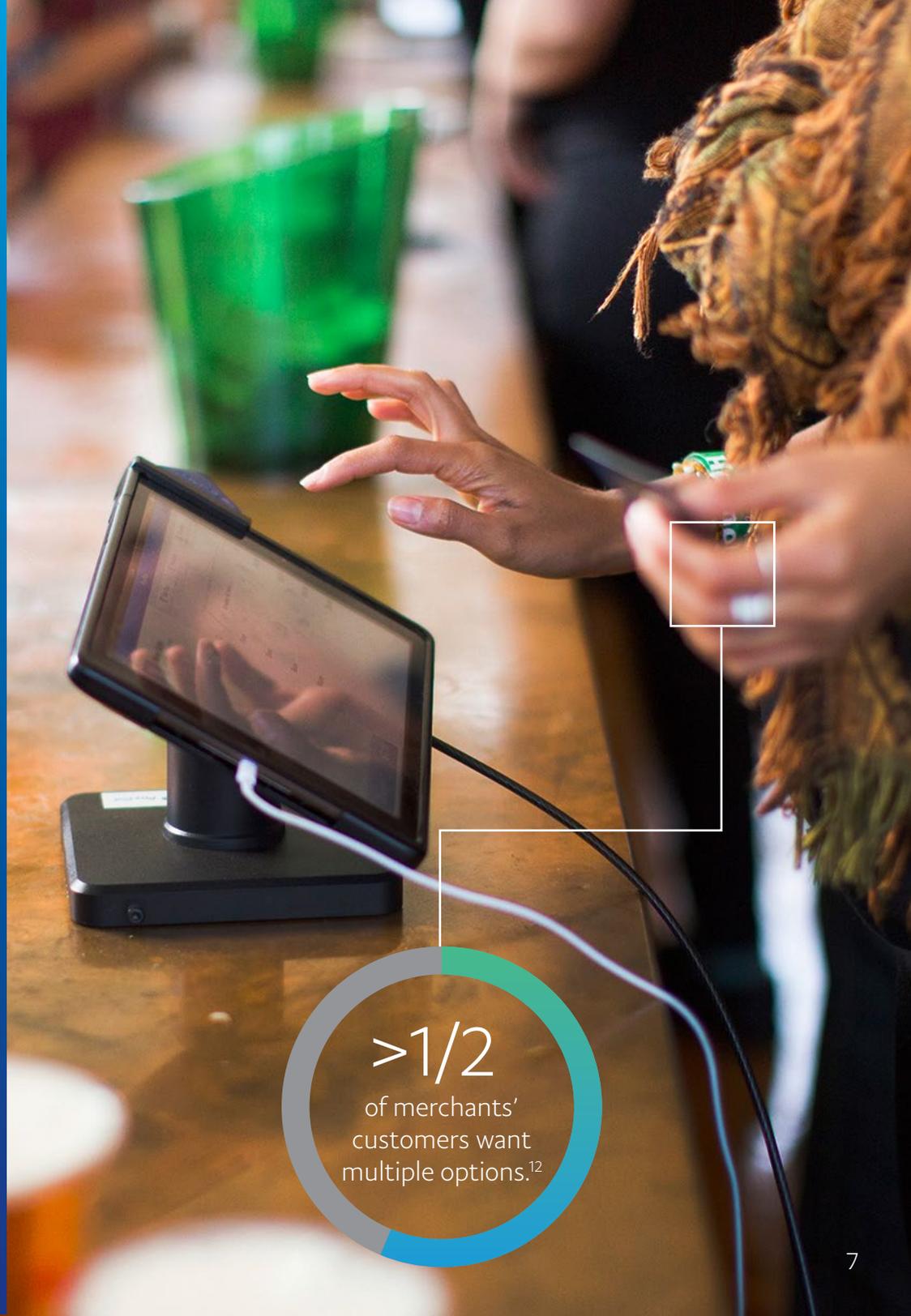
3 PAYMENT SCALABILITY

Small- and mid-sized merchants must be just as concerned about how their payment process works today as it does in the future. This requires businesses to plan for growth and achieve scale through investments in web development, specialized payment options like credit accounts, and the latest payment features. Times of growth and evolution may encourage some merchants to look for a new platform provider that offers them the payment solutions they need coupled with deployment efficiency.

To fight churn and sustain revenue, it's imperative that platforms equip themselves with solutions that keep pace with merchant needs. Platforms can empower merchants with payment scalability by offering them multiple payment selections, the ability to extend credit, POS integrations, and fast checkout features. While these solutions may be key sales drivers today, they also have the flexibility to evolve with a merchant's business without the need to re-platform.

[12] Drawn from the UPS Pulse of the Online Shopper Study, conducted between January 30, 2014 and February 9, 2015 available at https://solvers.ups.com/wp-content/themes/unitedproblemsolvers/assets/pdf/UPS_Pulse_of_the_Online_Shopper.pdf

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>1/2
of merchants' customers want multiple options.[12]

According to merchants,

+50%

are looking for a new
ecommerce provider
due to a lack of platform
functionality.[13]

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MAKE THE DIFFERENCE FOR YOUR MERCHANTS

Merchants want to focus on growing their core business rather than dealing with the minutiae of payment issues and the hassle of web development. Platform providers can offer a compelling value proposition to merchants by giving them the ability to manage a complex suite of payment solutions and technology within a more controlled environment.

[13] Drawn from the Econsultancy Technology for Ecommerce Report 2015 published April 2015 available at https://econsultancy.com/reports/technology-for-ecommerce-report/

PAYMENT PARTNERSHIP –
THE REAL DIFFERENCE IN TODAY'S ECOMMERCE

In today's highly competitive and saturated ecommerce marketplace, offering a payment processing option to merchants is no longer enough to be a differentiator for platform providers. By evolving their payment offering from a simple product to an integrated set of solutions and services, providers can strengthen their merchant relationships by becoming an integral contributor to business growth.

For platform providers, a holistic payment solution comes from a partnership with a recognized and trusted name in payment processing. It comes from a name like PayPal.

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PayPal is a global payments platform with over 184 million active accounts in 203 major markets. For merchants, we're an open and secure payments ecosystem, and for ecommerce platform providers, we're an innovative, all-in-one payments partner with the solutions and support you need to strengthen the relationship you have with your clients.

Learn more about the benefits of an innovative, lasting payment partnership:

Get Started Now!