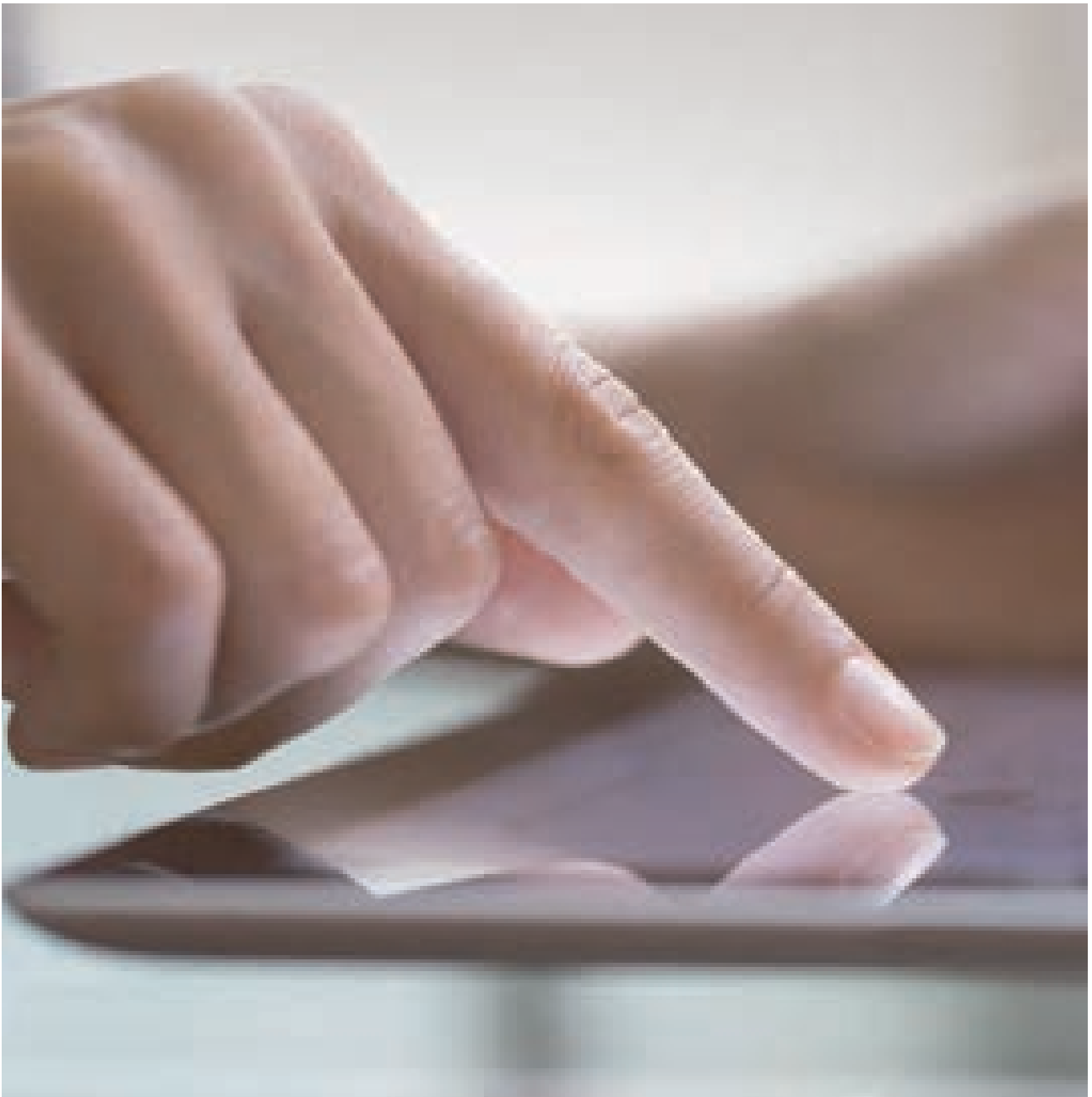


WHAT CAN ONLINE MERCHANTS DO TO INCREASE THE REACH AND CONVERSION RATES OF THEIR STORE?

Evaluation of PPRO omnibus survey, July 2014



What can online merchants do to increase the reach and conversion rates of their store?

Our current survey of representatively selected German Internet users once again shows that the range of payment methods offered is an important success factor.

Almost half of those surveyed state the lack of their desired payment method in the online store as a reason for cancelling their purchase.

Younger users, in particular, are also increasingly buying from non-German stores. Store operators should ensure that they offer the preferred payment methods for each country, particularly when it comes to international online shopping.

BACKGROUND INFORMATION AND METHODOLOGY

The PPRO Group has participated in an omnibus survey carried out by eResult GmbH. As part of this survey, 600 Internet users are asked about a range of topics each month. The sample is created according to a quota plan that is representative of Internet users

and is based on an online panel. As part of the omnibus survey, the PPRO Group incorporated three questions on "Shopping in international online stores". The most important results for these questions are presented below.

ALMOST HALF OF THOSE SURVEYED STATE THE LACK OF THEIR DESIRED PAYMENT METHOD IN THE ONLINE STORE AS A REASON FOR CANCELLING THEIR PURCHASE.

*For what reasons have you cancelled an online purchase in a domestic or foreign online store in the past?
(You may select multiple answers)*

48.7

Desired payment method not available

35.4

Security concerns due to the presentation of the store

21.8

Complexity of the website

20.8

Required to create a customer account with a password

19.2

I have never cancelled a purchase

11.6

Technical problems at the website's check-out stage

5.4

Other reasons

Almost half (48.7%) of those surveyed state the lack of their desired payment method in the online store as a reason for cancelling their purchase. Just over a third of the German Internet users surveyed (35.4%)

have cancelled a purchase because they had security concerns due to the presentation of the store or because they found the website too confusing (21.8%).



FOR BOTH MEN AND WOMEN, THE UNAVAILABILITY OF THEIR PREFERRED PAYMENT METHOD WAS BY FAR THE MOST COMMON REASON FOR CANCELLING AN ONLINE PURCHASE.

*For what reasons have you cancelled an online purchase in a domestic or foreign online store in the past?
(You may select multiple answers)*



Whilst a similar number of men and women give the unavailability of their preferred payment method as by far the most common reason for cancelling an online purchase, men are less tolerant than women when it comes to the presentation of the store and complexity:

39.9% of men cancel the purchase if they have security concerns (compared with 30.3% of women) or if they found the website too confusing (27.1% compared with 16.1%).

YOUNGER USERS CANCEL A PURCHASE FAR MORE FREQUENTLY THAN THOSE OVER 50.

*For what reasons have you cancelled an online purchase in a domestic or foreign online store in the past?
(You may select multiple answers)*

	up to 29 years old (n=156, in %)	30-49 years old (n=234, in %)	50 years old or above (n=187, in %)
Desired payment method not available	51.9	53.6	41.2
Security concerns due to the presentation of the store	40.4	39.3	26.2
Complexity of the website	21.2	28.6	13.9
Required to create a customer account with a password	16.0	23.1	21.9
I have never cancelled a purchase	15.4	12.4	31.0
Technical problems at the website's check-out stage	8.3	15.0	10.2
Other reasons	5.8	6.8	3.2



Younger users cancel a purchase far more frequently than those over 50. The most important reasons for cancelling an online purchase are: Desired payment method not available (51.9% compared with 41.2%), security concerns (40.4% compared with 26.2%) and complexity of the website (21.2% compared with 13.9%). Around twice as many older users state that

they have never cancelled an online purchase (31% compared with 15.4%). Conversely, that means that younger users leave a store much more quickly without making a purchase if factors such as desired payment method, trust and clarity do not meet their expectations.

ALMOST ALL GERMAN INTERNET USERS SURVEYED HAVE PREVIOUSLY MADE MULTIPLE PURCHASES IN ONLINE STORES BASED IN GERMANY.

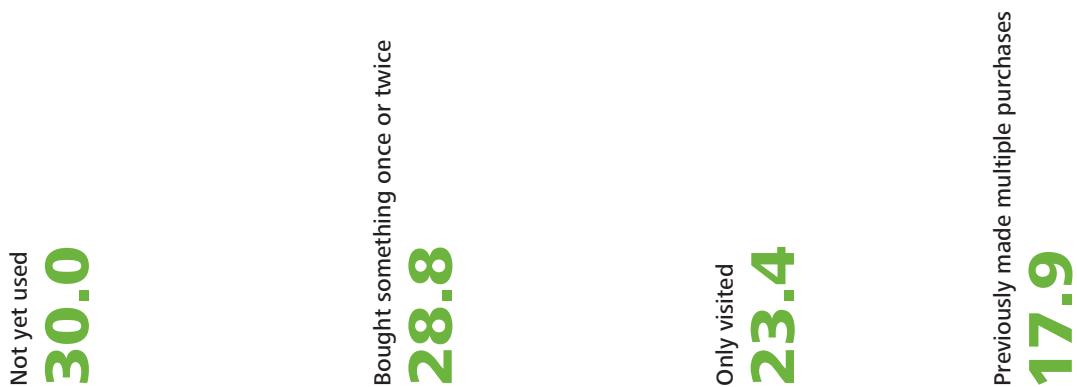
Which countries' online stores have you previously visited or bought something in? Germany:



* Almost all German Internet users surveyed have previously made multiple purchases in online stores based in Germany. Less than 1% percent have only visited stores so far and not bought anything yet.

ALMOST HALF OF THOSE SURVEYED HAVE ALREADY MADE ONE OR MORE PURCHASES FROM ONLINE STORES OUTSIDE GERMANY.

*Which countries' online stores have you previously visited or bought something in?
Other European countries outside Germany:*



Almost half of those surveyed have previously made one or more purchases from online stores outside Germany. Only just under one third (30%) still have no experience of online shopping in online stores other European countries.

YOUNGER INTERNET USERS MAKE PURCHASES FROM ONLINE STORES OUTSIDE GERMANY FAR MORE FREQUENTLY.

*Which countries' online stores have you previously visited or bought something in?
Other European countries outside Germany:*

		up to 29 years old (n=156, in %)	30-49 years old (n=234, in %)	50 years old or above (n=187, in %)
Not yet used	30.0	20.5	22.6	47.1
Bought something once or twice	28.8	36.5	32.1	18.2
Only visited	23.4	17.9	25.6	25.1
Previously made multiple purchases	17.9	25.0	19.7	9.6



Younger Internet users make purchases from online stores outside Germany far more frequently: 61.5% of those under 29 have previously made one or more

purchases from online stores outside of Germany. For those over 50, this figure is only 27.8%.

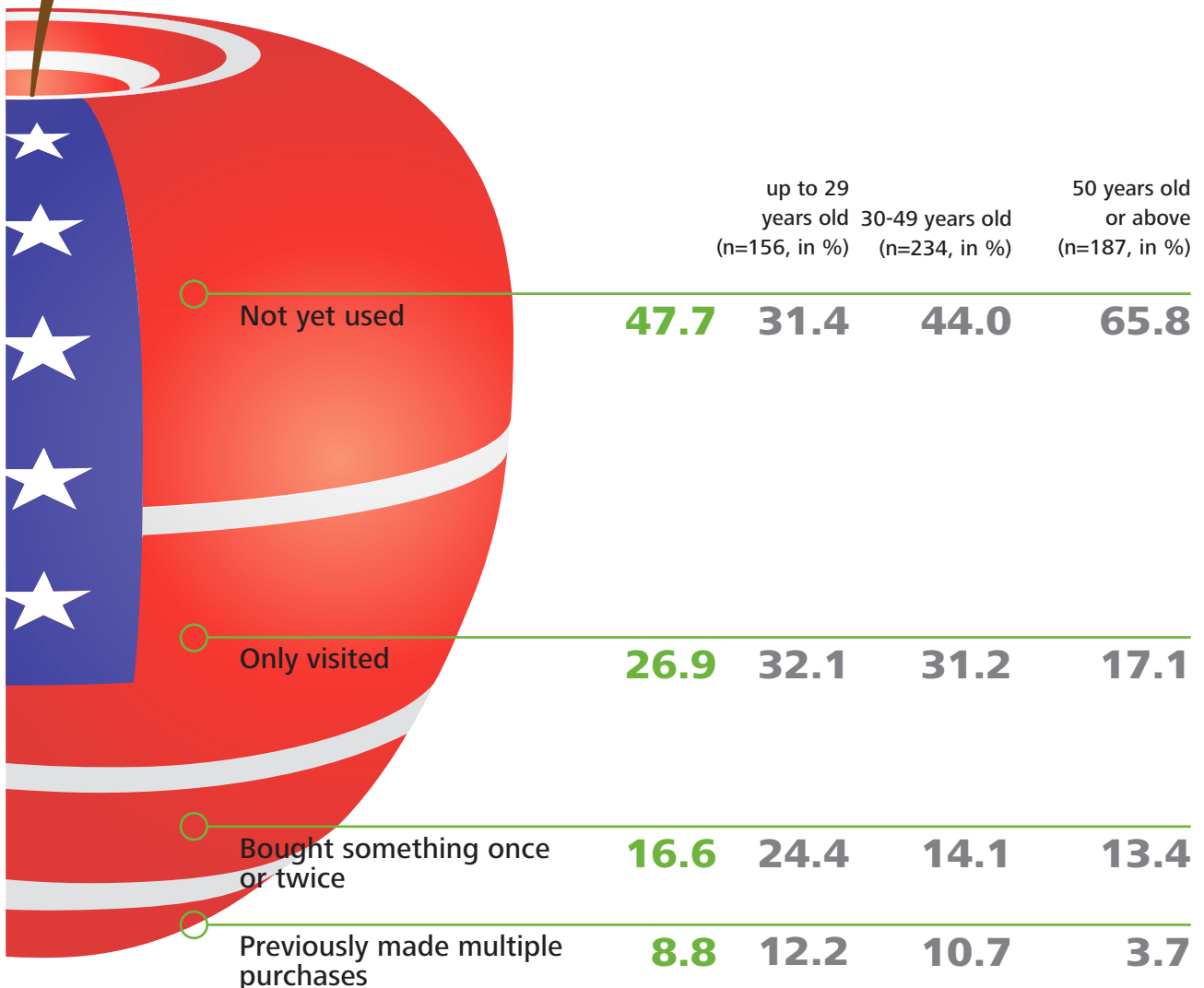
ONE IN FOUR GERMAN INTERNET USERS HAS PREVIOUSLY MADE ONE OR MORE PURCHASES FROM ONLINE STORES BASED IN THE USA.

Which countries' online stores have you previously visited or bought something in? USA:



MORE THAN ONE THIRD OF THOSE UNDER 29 HAS PREVIOUSLY BOUGHT PRODUCTS FROM THE USA VIA THE INTERNET.

Which countries' online stores have you previously visited or bought something in?
USA:

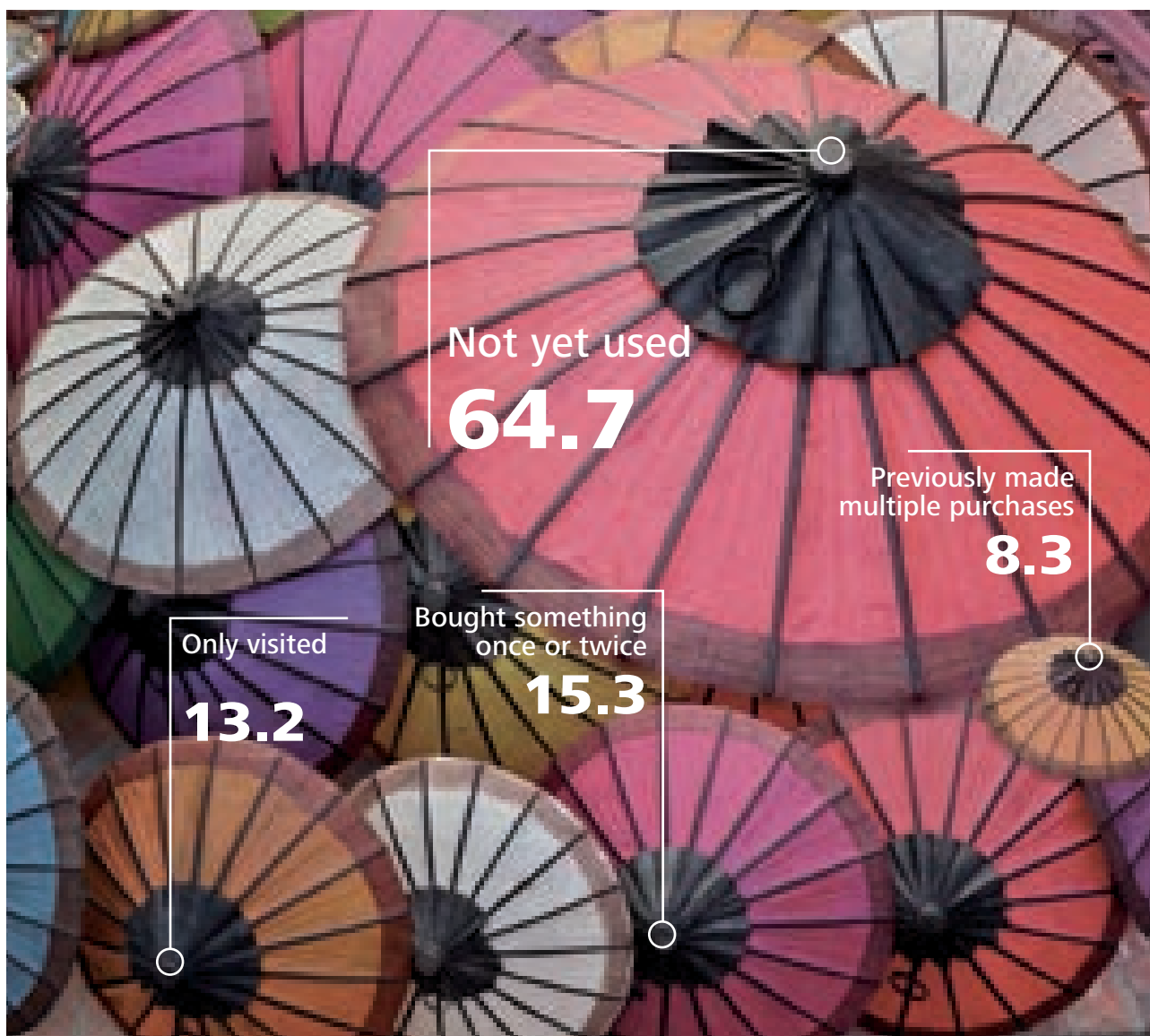


Just as with online shops in other European countries, there is also a clear difference between younger and older users when it comes to making purchases from online stores based in the USA: Whist not even one in

five (17.1%) of those over 50 has made a purchase from a store based in the USA, more than one third (36.6%) of those under 29 has previously bought products from the USA via the Internet.

ALMOST ONE IN FOUR HAS PREVIOUSLY MADE AN ONLINE PURCHASE FROM AN ASIAN STORE.

Which countries' online stores have you previously visited or also bought something in? Asian countries:



Compared with stores in European countries or the USA, interest in online stores based in Asian countries is still somewhat restrained amongst German Internet

users. However, almost one in four has previously made an online purchase from an Asian store.

CONCLUSION: IN ORDER TO INCREASE CUSTOMER NUMBERS AND SALES, MERCHANTS MUST OFFER A WIDE SELECTION OF ONLINE PAYMENT METHODS.

The results show that:

In order to increase customer numbers and sales, merchants must offer a wide selection of online payment methods that meet the needs of users. Particularly for online stores whose customers are located in various countries, a comprehensive range of different payment methods is crucial to their success.

An internationally experienced, certified, and licensed payment service provider is able to provide online merchants with expert advice on the most suitable payment methods for the relevant target groups in each country.

PPRO – NO BORDERS IN E-PAYMENT

The PPRO Group, 'The Payment Professionals', enables integrated electronic payments on a global scale spanning the entire payments value chain from acquiring through issuing and processing. An electronic money institution supervised by the UK Financial Conduct Authority (FCA), PPRO is also a PCI-certified principal member of MasterCard and Visa.

Payment service provider and software platform partners enter a single agreement with PPRO to benefit from access to a full range of international payment schemes. PPRO offers merchants acquiring and payment services as well as PCI DSS certified technical processing solutions via a single integration.

PPRO has developed a fully integrated interactive platform supporting a multitude of national and international payment schemes throughout more than 190 countries, giving payment service providers and software plat-

form partners a single, fast, easy-to-use and customisable interface to the payment methods in PPRO's portfolio.

As an FCA authorised e-money institution, PPRO also offers a full range of issuing services for debit and prepaid cards. Under its own brand name VIABUY, PPRO issues Visa and MasterCard prepaid cards to consumer customers. PPRO also offers comprehensive programmes enabling B2B prepaid solutions either under its own CROSSCARD brand or on a co-brand basis. Cards can be issued both physically and in virtual form (e.g. prepaid voucher products) or as NFC devices (e.g. stickers for contactless payments). As part of its e-fulfilment services, PPRO leverages an extensive partner network to distribute and resell products for commercial third parties in the form of software, mobile phone top-up cards and online vouchers.

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