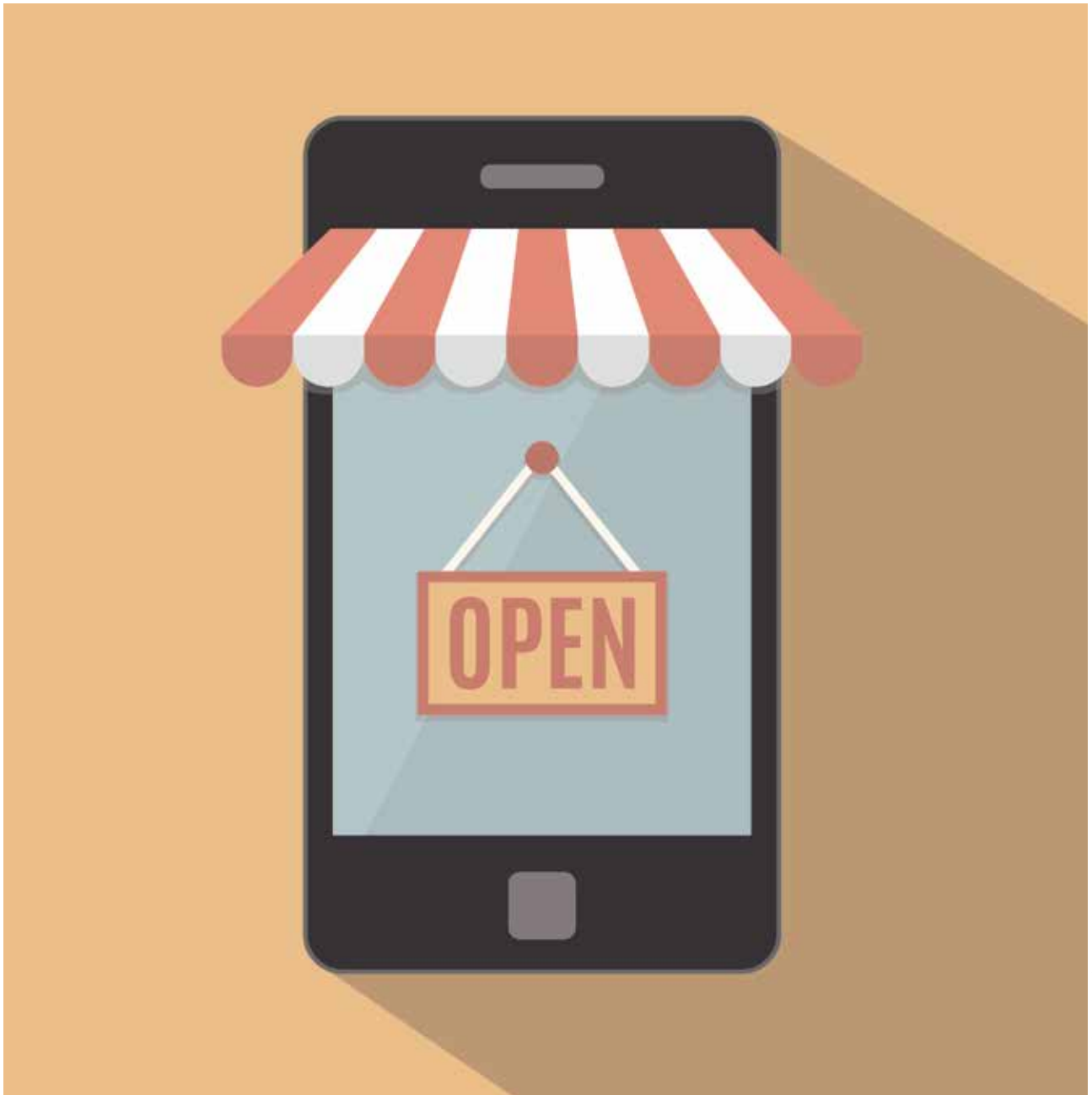


THE ROLE OF THE PAYMENT PROCESS IN BOOSTING SALES CONVERSION RATES

Insights into UK consumer online payment preferences



In the twenty years since the first secure, online purchase, consumers have come a long way in their use of the internet to buy goods and services, with 95 per cent of Britons now shopping online and one in four of us doing it every week¹.

Over this time payment methods have needed to become more sophisticated in order to make purchasing via the internet an easy option and build trust with consumers, to convert their baskets into sales.

Our latest consumer research delves into the role that payment methods play in the online sales cycle, by surveying UK adults who shop online. Unfamiliar payment methods can have a huge impact upon sales and by not giving customers a trusted option, merchants risk losing their share of the online shopping market.

In this paper, we highlight key findings from the research and offer insight into the culture of payments and how merchants can ensure they convert browsers into buyers.

¹ <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11024908/20th-anniversary-of-first-online-sale-how-we-shop-on-the-web.html>

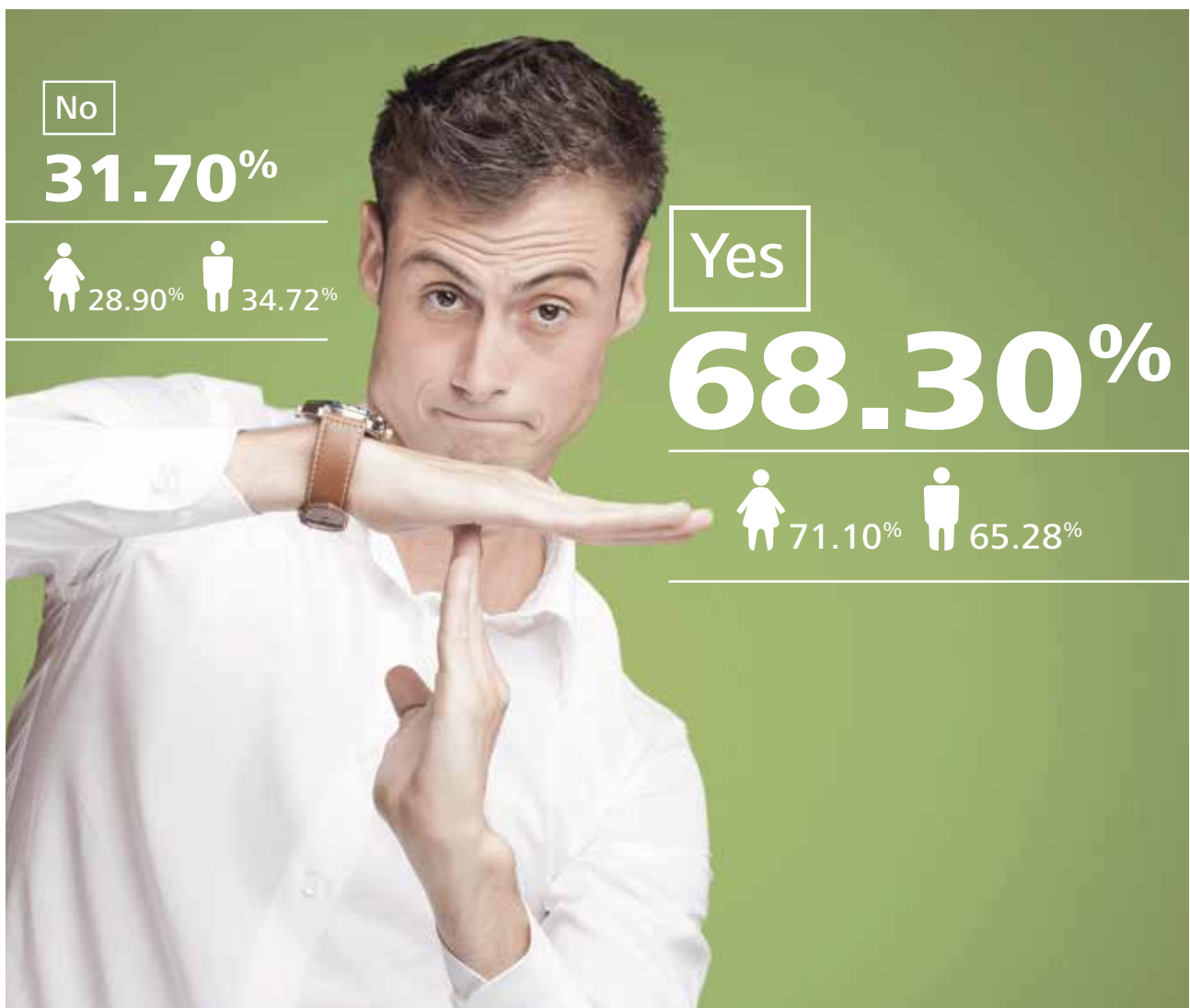
METHODOLOGY

The research was commissioned by The PPRO Group and carried out by One Poll between 24 and 28 July 2014. 1,000 UK adults (519 female, 481 male, aged over 18) (177 18-24 yr olds, 208 25-34 yr olds, 209 35-44 yr olds, 200 45-54 yr olds, 206 55+ yr olds) who

shop online were asked a series of questions about the online payment process, to gauge the impact it can have on eventual sales. The research was carried out via both online and mobile polling methods.

PAYMENT PROCESSES ACT AS A BARRIER TO ONLINE SALES ACCORDING TO OVER TWO THIRDS OF CONSUMERS

Question 1: Have you ever abandoned an online retail site because of the payment process?

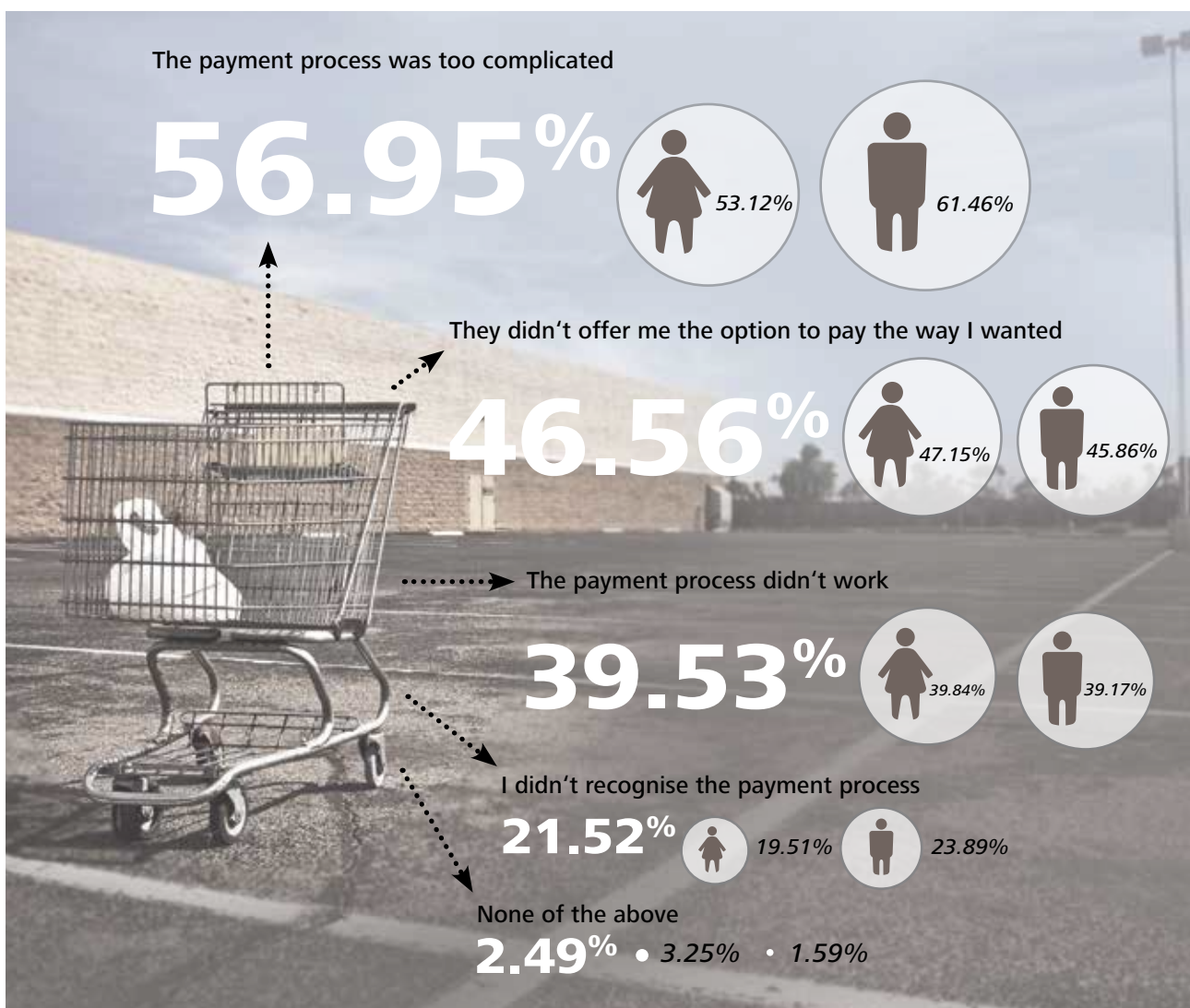


Online retailers could be missing out on potential sales with 68 per cent of UK consumers abandoning an online retail site due to the payment process. This rises to seven in ten (71 per cent) females and nearly two thirds (65 per cent) of males. The younger generation

are more likely to find payment methods a barrier with nearly three quarters (74 per cent) abandoning a sale as a result. The over 55s are less concerned, with only 59 per cent considering it a problem.

COMPLICATED PROCESSES AND A LACK OF OPTIONS CAUSES MANY CONSUMERS TO ABANDON THEIR BASKETS

Question 2: Have you ever abandoned an online retail site because of the payment process? If yes: why did you leave?



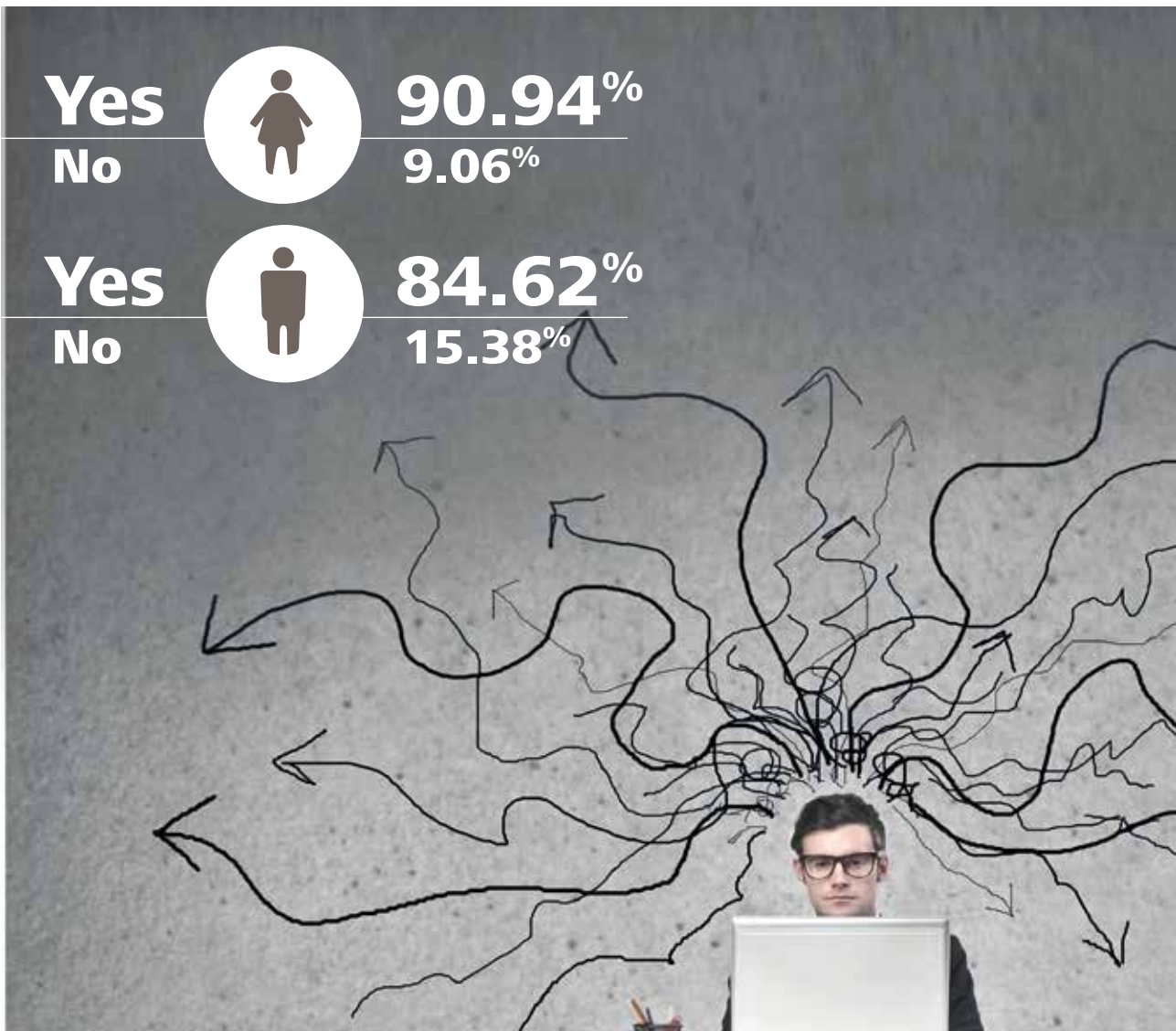
© Straight8Photography/shutterstock.com

For those who cited the payment process as the reason for their failure to buy, over half (57 per cent) blamed the complicated nature of the process and 47 per cent left the purchase as they weren't offered the option

to pay the way they wanted. More men than women abandoned their basket due to the complicated process (61 per cent versus 53 per cent).

CONSUMERS EXPECT A CHOICE WHEN IT COMES TO ONLINE PAYMENT METHODS

Question 3: Do you expect to have the option to pay by a number of means when you shop online?



An overwhelming 91 per cent of women and 85 per cent of men expect to have the option to pay by a number of methods when shopping online, with the older generation being more concerned with the amount of choice available when it comes to checking out (92 per cent of over 55s).

	18-24	25-34	35-44	45-54	55+
Yes	85.31%	82.69%	89.00%	90.00%	92.23%
No	14.69%	17.31%	11.00%	10.00%	7.77%

PAYPAL TOPS THE BILL FOR PREFERRED ONLINE PAYMENTS

Question 4: What is your preferred online payment method?



Nearly half of consumers (45 per cent) cited PayPal as their preferred method of payment when it comes to shopping online. Credit cards and debit cards were the next favoured methods, according to 22 per cent of the respondents in both cases. Whilst men and women alike agreed with the top spot, more men trusted credit cards as their next best payment method (25 per

cent) with women favouring a debit card (22 per cent) for online purchases behind PayPal. Credit cards also hold a position of trust with the older generation with the over 45s preferring it as their secondary method of payment in contrast to the debit card favoured by the under 45's.

UNRECOGNISABLE PAYMENT METHODS STALL ONLINE SALES FOR NEARLY HALF OF UK CONSUMERS

Question 5: If you were about to make an online payment and found they only accepted a method you hadn't heard of, would you still be happy to pay this way?



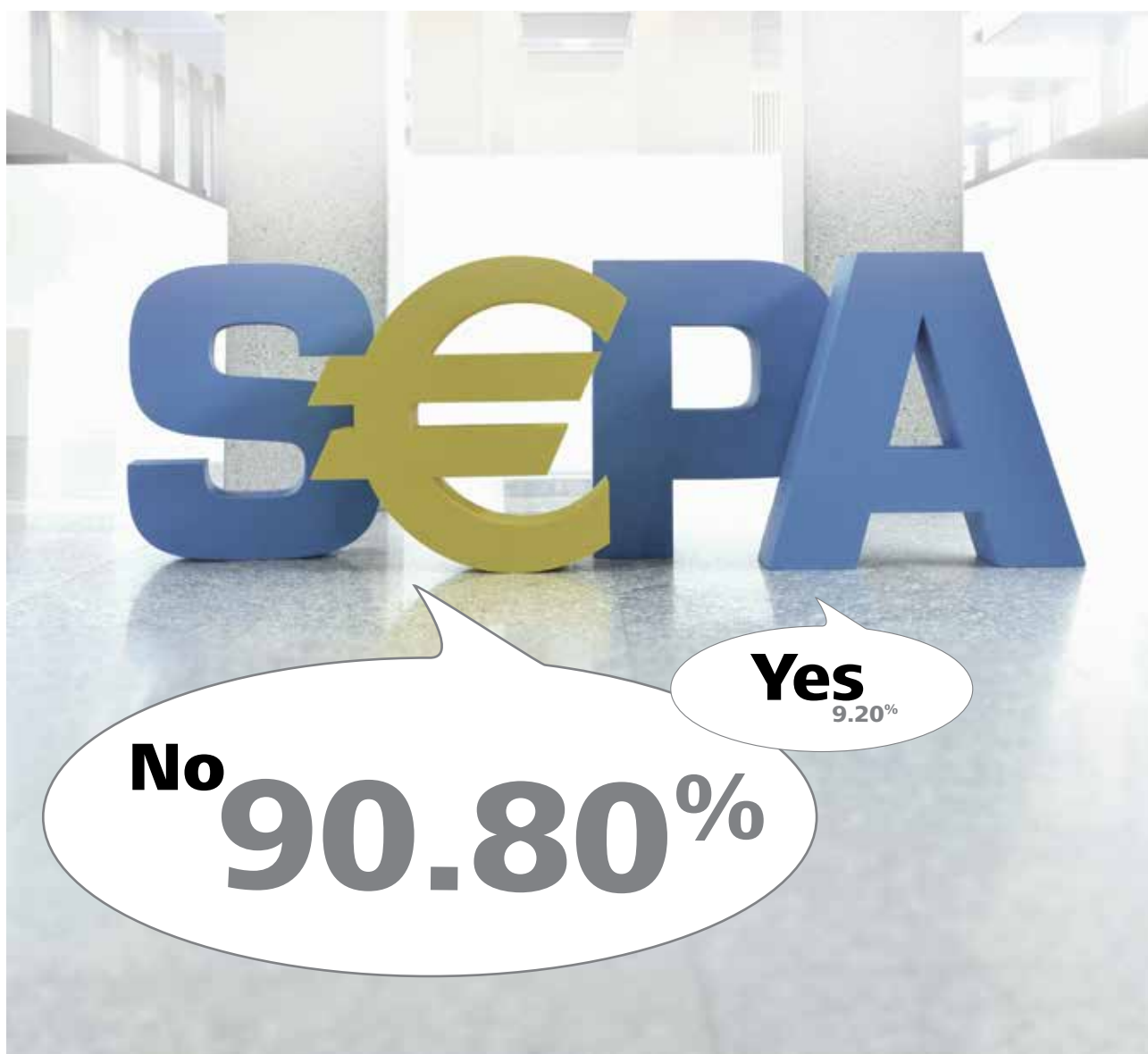
© Olly/shutterstock.com

47 per cent of those surveyed admitted that they would abandon an online sale if faced with a payment method they have never heard of. Trust plays a big part in the process with over one quarter (29 per cent) only willing to pay via a trusted method that they are famili-

ar with. Only 3 per cent would go through the rigmarole of setting up an account for an online payment method they hadn't heard of in order to purchase the goods.

SEPA FAILS TO MAKE AN IMPACT WITH 90 PER CENT OF CONSUMERS

Question 6: Do you know what the payment process SEPA is?



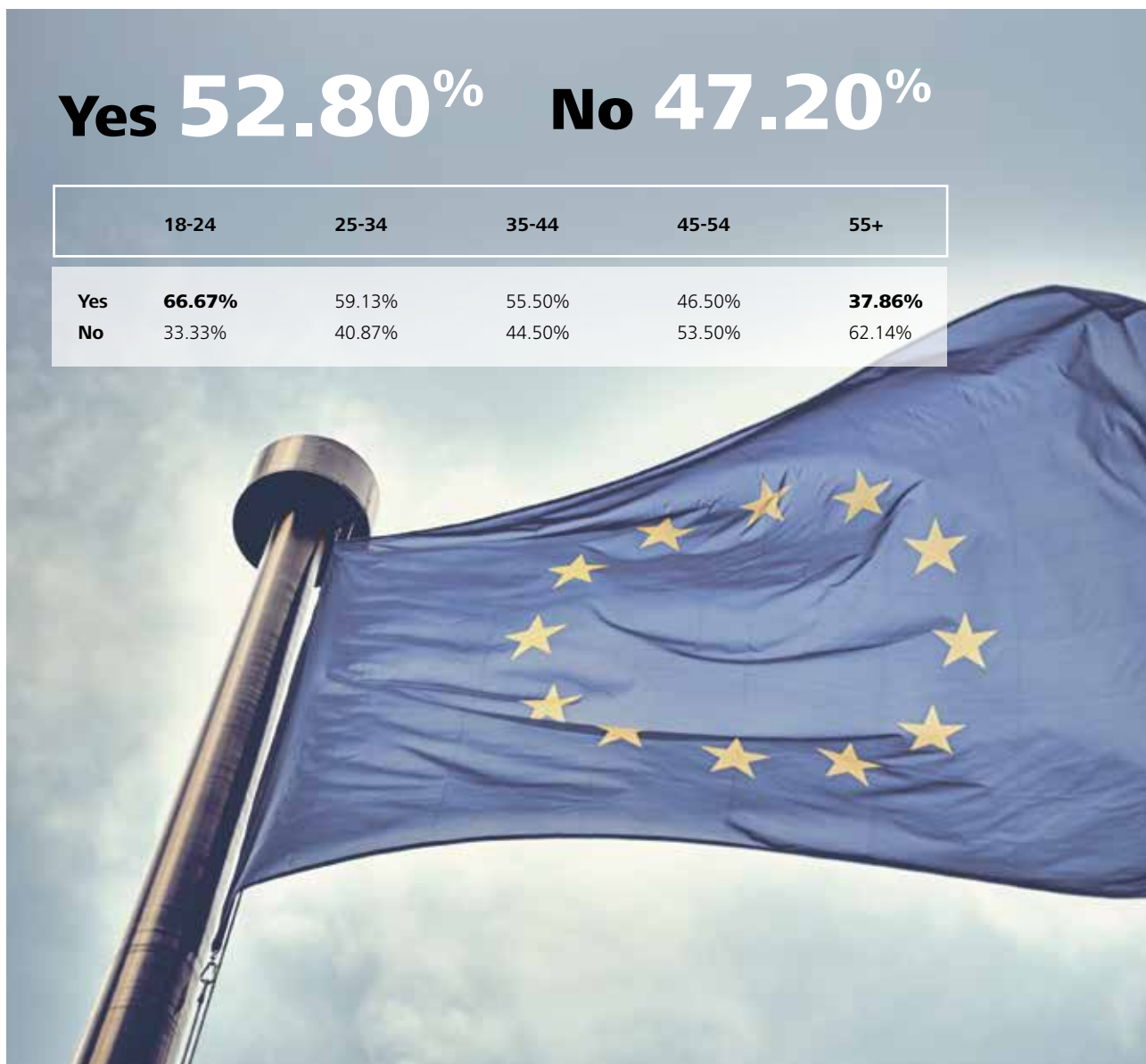
© Dt. Bundesbank/G. Guha

An overwhelming 90 per cent of consumers are unfamiliar with SEPA, despite the process being designed and set-up to make international payments easier and more secure for online shoppers. Merchants need to

make their customers aware of the process and the benefits it can bring before they can reap the benefits of cheaper euro payment transactions themselves.

FAMILIAR PAYMENT METHODS BECOME KEY TO BOOSTING PAN-EUROPEAN SALES

Question 7: Do you think you will buy more goods from Europe if it becomes easier to use familiar payment methods?



Over half (53 per cent) of UK consumers would purchase more goods from Europe if familiar payment methods were available and easy to use. This aspect of purchasing from global websites is extremely pertinent when it comes to 18-24 year olds, with two thirds

(67 per cent) citing they would buy more goods from Europe if payments were made easier. This has little sway with the older generation, with only 38 per cent of over 55s willing to part with their cash online via European retailers.

OVER HALF OF RESPONDENTS HAVE TRIED TO BUY GOODS FROM OVERSEAS RETAILERS

Question 8: Have you ever tried to buy goods online from overseas retailers?



It is clear that consumers are willing to buy goods from retailers based overseas for something they really want. Making payment methods easier will go a long way to increase this propensity to purchase from other territories. Again, the younger generation are more comfortable with inter-territory purchases (66 per cent), with the over 55s more reticent to do so (45 per cent).

	18-24	25-34	35-44	45-54	55+
Yes	66.10%	54.33%	56.94%	56.50%	44.66%
No	33.90%	45.67%	43.06%	43.50%	55.34%

LACK OF USER-FRIENDLY PAYMENT PROCESSES HOLD PEOPLE BACK FROM MAKING OVERSEAS PURCHASES

Question 9: Have you ever tried to buy goods online from overseas retailers? If yes, has the payment process ever stopped you from completing a transaction?



© EDHAR/shutterstock.com

For those who tried to purchase goods from overseas retailers, the payment process has stopped them from completing a transaction in over half of cases (53 per cent). Delving more closely into the reasons, 15 per

cent blamed the lack of their preferred option being available, with 11 per cent finding the whole process too complicated.

CONCLUSION:

Understanding the culture of payments is a key part in getting consumers to see an online purchase through to the end. Our research has highlighted that trust and familiarity of payment processes gives consumers the confidence to buy online – whether through a UK based site or an over-seas retailer.

With online purchases becoming the norm, merchants now need to turn their attention to making the process of buying more straightforward, with the value and desirability of the goods very rarely outweighing any complexities involved in the process of checking out. The customer-facing website can be beautifully designed, with quality products and easy to navigate, but all this is pointless if when the customer reaches the checkout, they refuse to complete a transaction due to a lack of payment options.

A familiar, trusted and consistent payment process – whatever territory you are in – is crucial to improving conversion rates and encouraging global growth.

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.

www.ppro.com / www.viabuy.com /
www.crosscard.com / www.instanttransfer.com



Contact PPRO Group:

PPRO Financial Ltd
20 Hanover Square
London W1S 1JY
United Kingdom
Tel: +44-2030029170
info@ppro.com
www.ppro.com

