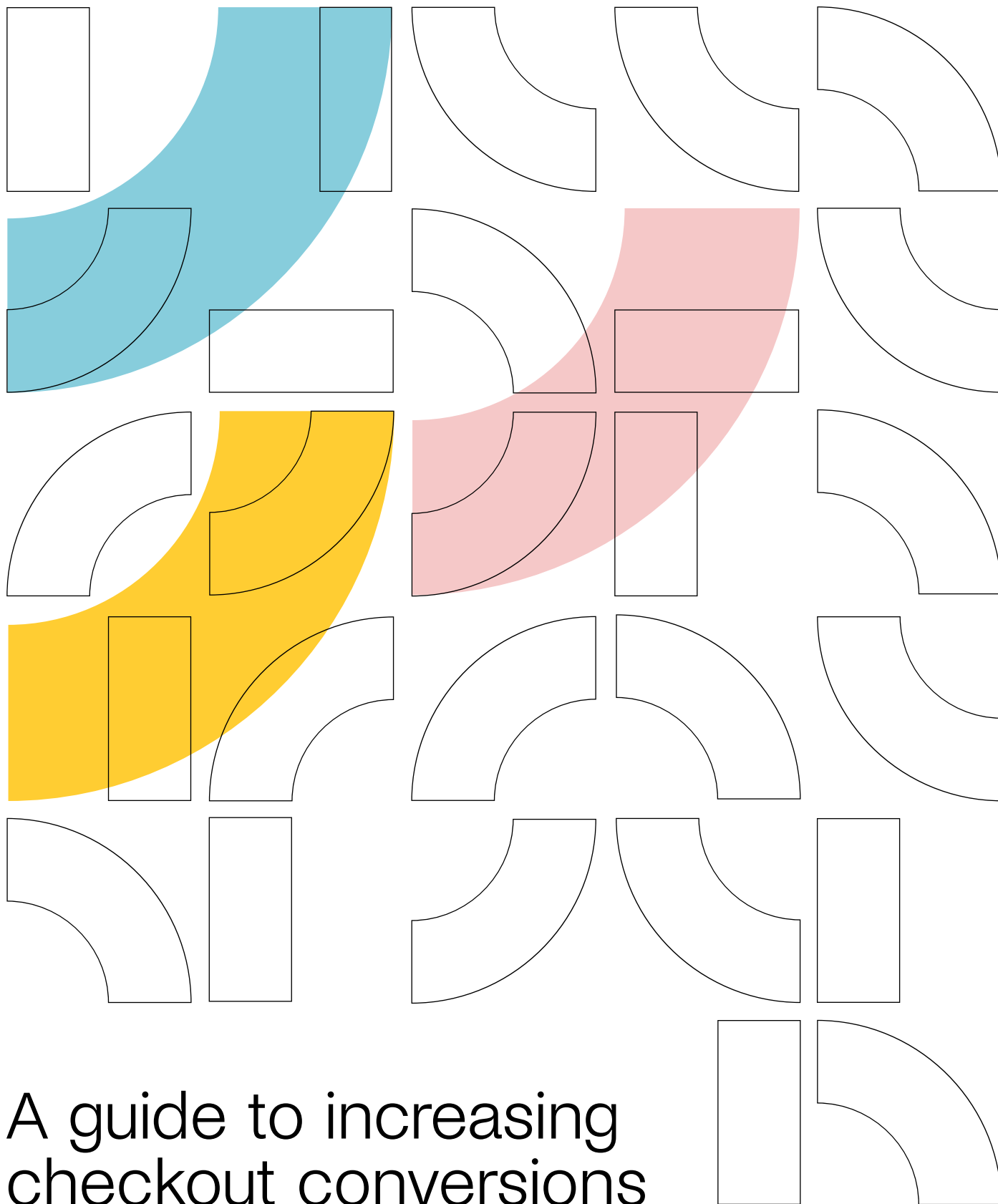


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A guide to increasing checkout conversions

Top tips from the payments pros on how to boost sales in markets around the world

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The global e-commerce opportunity

In the wake of the pandemic, US e-commerce experienced ten years of growth in just three months [1]. In Latin America, transaction volumes doubled [2]. As you know, the story in Asia, Europe, and other parts of the world was much the same.

This great digital shift is permanent, with 53% of people surveyed by UNCTAD saying they would prefer online shopping after the pandemic ends [3].

For e-commerce businesses — payment providers, enterprises, merchants, banks, and others — the post-pandemic changes represent a huge opportunity.

Despite the changed world we live in, one thing remains unchanged. Put simply, if we don't give shoppers the experience they want, they will shop elsewhere. Nowhere is that more critical than at the checkout.

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The conversion conundrum

With more people shopping online more often than ever before, you'd think checkout conversion rates would improve. However, global conversion rates fell from 2.37% in the third quarter of 2019 to 2.17% in the third quarter of 2020 [4], which means that more shoppers may not necessarily mean more sales.

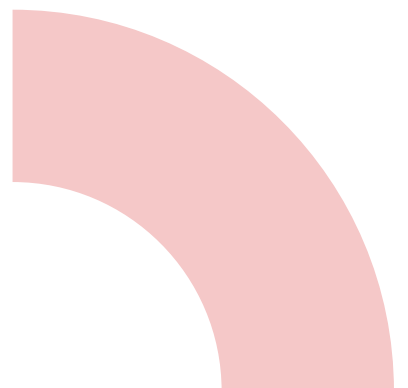
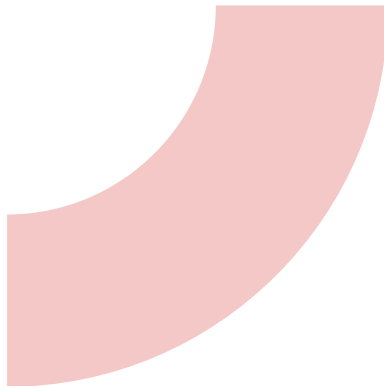
Effort and investment in earlier stages of the customer journey is wasted if payment pages are not optimised.

If we think about a simple e-commerce customer journey with five touchpoints — online advertisement, landing page, product page, checkout, and payment — the probability of conversion increases at each touchpoint.

- For a typical digital display ad, the mobile conversion rate is: **0.72%** [5].
- For a landing page, it's: **2.35%** [6].
- For a product page, conversion rates rise to between **9% and 16%** [7], depending on country and category.
- At checkout, average conversion rates can be **45%+** [8], depending on context.
- When customers get to the payment page, the conversion rate can be **80%+**.

From the payment page on, your conversion rate should be 100%. If someone has selected items, entered their details, and clicked "pay," there's not a lot that should go wrong... Right? Well, that's the theory. In practice, too many transactions fail at this point.

That's why optimising the checkout and payment process is so important. Any increase in the conversion rate at the payment page is far more likely to translate into extra revenue than the same effort and investment in optimisation at an earlier stage in the customer journey.





First things first: offer the preferred ways to pay

- Picture this: You live in China, and you're shopping online.
- You find the thing you want to buy on an American website. CLICK. 
- You add it to your cart and decide that's all you need. So you continue to the checkout. CLICK. 
- You enter the usual stuff (name, address, etcetera). TYPE. TYPE. TYPE. 
- You think to yourself, "Wow, this website is great. It's so easy." CLICK. 
- You arrive at the payment page. You see plenty of credit card options, but your preferred payment method, Alipay, isn't there. 



You close the window and take your business elsewhere.

If you're not offering the right payment method for the countries or regions you sell in, there is a good chance your customers will bounce before finalising the purchase.

In fact, almost half [9] of all shoppers surveyed in the US and UK said they would abandon a purchase at checkout if their preferred way to pay isn't accepted.

That means lower checkout conversions and, ultimately, less revenue.

At this point, you may be thinking: All we need to do is add more payment options to our checkout page, and we'll boost our sales.

Spoiler alert: it's not that simple.

A global look at local payment methods (LPMs)

In most of the world, the payment methods that the payment industry has historically classified as "alternative" are actually the norm. Over 500 local payment methods around the world can be classified into a few major types.

// 77% of all online purchases in 2021 were made using a local payment method. **//**

Source: Statista [10]



Bank transfers

These account-to-account payment methods debit funds from the customer's bank account and credit them to the merchant's account. A good example is BLIK (Poland).



Local cards

These credit or debit cards usually only work within one country or region. A prominent example is Elo (Brazil).



Cash-based payment methods

The customer pays in cash at a local convenience store using a code generated at checkout. See OXXO in Mexico.



E-wallets

Customers can load digital e-wallets in various ways – bank transfer, payment cards, or cash – and pay. An emerging example is Grabpay (Southeast Asia).



Buy now pay later

A growing number of younger consumers rely on these payment types, preferring to pay invoices either in full or in instalments. See Klarna across the US and Europe.

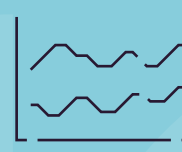
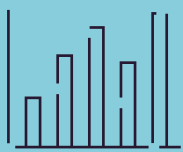


These are just some of the wide variety of local payment methods available. Others include everything from mobile money, which works even on simple-feature phones with SMS functionality, right through to virtual credit cards.

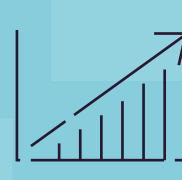
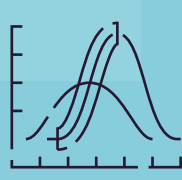
LPMs are not confined to small markets. In China, shoppers use e-wallets in over 56% of all purchases. In the Netherlands, consumers pay for over 65% of online purchases using iDEAL, a bank-transfer app.

And in Nigeria, half of the entire e-commerce market is split evenly between bank-transfer apps and cash, with e-wallets accounting for a further 10%.

If you go into a market without the payment methods that locals know and trust, you risk catastrophic abandonment rates no matter what else you do to localise your site and app.



Explore all the ways the world pays.
Visit: ppro.com



A behind-the-scenes look at conversion quality

Powering local payment methods isn't easy. It can be incredibly costly, complex, and time-consuming.

Firstly, it can take anywhere between 6 to 12 months or more to integrate a single local payment method onto your platform. And that single LPM can cost over \$1 million in integration and maintenance costs for a single year.

After a local payment method has been integrated, the quality of that integration will be critical to checkout conversion rates.

What's more, each LPM brings with it unique funds flows, punctuated by various operational, regulatory, and legal complexities along the way.

And even if a payment company successfully integrates with a new payment method, they'll have to manage the new funds flows and continuously operate, update, monitor, and optimise local payment flows the connection to that LPM.

Unsurprisingly, to avoid all the costs and complexities of LPMs, many payment companies look to third-party aggregators to boost their payments offering.

However, while aggregators may claim to have a dizzying array of LPMs, they often don't have the network, expertise, or quality integrations to achieve good conversion rates.

There is a solution. It's having local payments infrastructure in place.



Infrastructure, not integrations

When brick-and-mortar businesses began to rethink their IT operations about ten years ago, the question for those businesses was whether to build infrastructure in-house or outsource it from cloud-computing providers that could do the heavy-lifting for them.

Fast forward to 2021, and it's fair to say that "buy" won, with more and more businesses tapping into infrastructures such as Amazon Web Services, Microsoft Azure, and Google Cloud.

When it comes to payment methods and checkout conversions, e-commerce has reached its build-or buy moment.

As we've seen, building infrastructure is too big a burden to bear for most companies.

And while larger PSPs may have more muscle, they will still encounter time- and money-sapping distractions.

Therefore, leveraging local payments infrastructure is the most efficient way to integrate LPMs, break into markets faster, and boosting checkout conversion rates.



We've built our local payments infrastructure to:

- 1 Offer deep integrations with the best local payment methods for a particular market
- 2 Manage the entire funds flow for each LPM on behalf of the business tapping into it
- 3 Monitor and continuously optimise checkout conversion rates for each LPM



A checkout checklist from the conversion experts



There are many ways for businesses to avoid cart abandonment and increase conversion rates. To help you identify quick fixes to your checkout experience, our team of conversion quality experts have shared their top ten tips from their troubleshooting checklist.

1 Display your accepted payment types in the correct order

Tell your customers how they can pay before they click through to the payment page, and make sure you're not prioritising a German LPM for a Belgian consumer, for example.

2 Speak their language

Make sure the language on your payment method page matches the language your customer has been shopping in.

3 Keep it region-relevant

For example, don't prioritise offering Chinese payment methods for Indonesian consumers.

4 Provide info snippets

Including a short description of each payment method will help your customer make the right choice.

5 Use up-to-date logos

Old payment method logos could leave customers wondering if they can trust your site.

6 Show your trading name

Consumers won't be familiar with your legal name. So make sure you display your trading name wherever the customer might encounter it.

7 Avoid unwelcome surprises

Do not save additional charges for later. Display the total, including all extras, clearly visible.

8 Explain any redirections

Safeguard trust with a brief note on your payment page to tell customers what's happening.

9 Dig into integration details

Are the right options and settings checked in the configuration of your payment integration? Even a tiny error can cause problems.

10 Understand error codes

With complex integrations and different partners, the meaning of error codes gets sometimes lost, which can significantly complicate troubleshooting.

Meet your conversion quality team

Simply adding a payment method to your platform won't boost your checkout conversions. If you really want to convert, you'll need to keep a close eye on each integration. The good news is that our conversions rates team monitors every payment method on our platform.

So you don't have to.

With the help of our automated test centre, our team of TechOps and payments experts can track and fix bugs and lags so that you can look forward to fewer failed transactions.

What's more, they will carry out monthly analyses of your main PPRO-powered payment methods and work with you to develop a conversion optimisation plan.



There's no time like the present

Get in touch, and we'll provide the payment methods, services, and network you need to unlock higher checkout conversions.

ppro.com/contact/#sales



About us

We're PPRO (pronounced "p-pro"). We globalise payment platforms for businesses so they can offer more choice at the checkout and boost cross-border sales.

Payment service providers, enterprises, and banks that run on our infrastructure are able to launch payment methods faster, optimise checkout conversions, and reduce the costs and complexities of managing multiple fund flows.

Citi, PayPal, and Stripe are just some of the names who depend on us to expand their platforms beyond borders. In 2020 alone, we processed US\$8.84 billion for our partners. And with a growing global team of over 350 people, it's no wonder why we're considered the go-to local payments infrastructure.







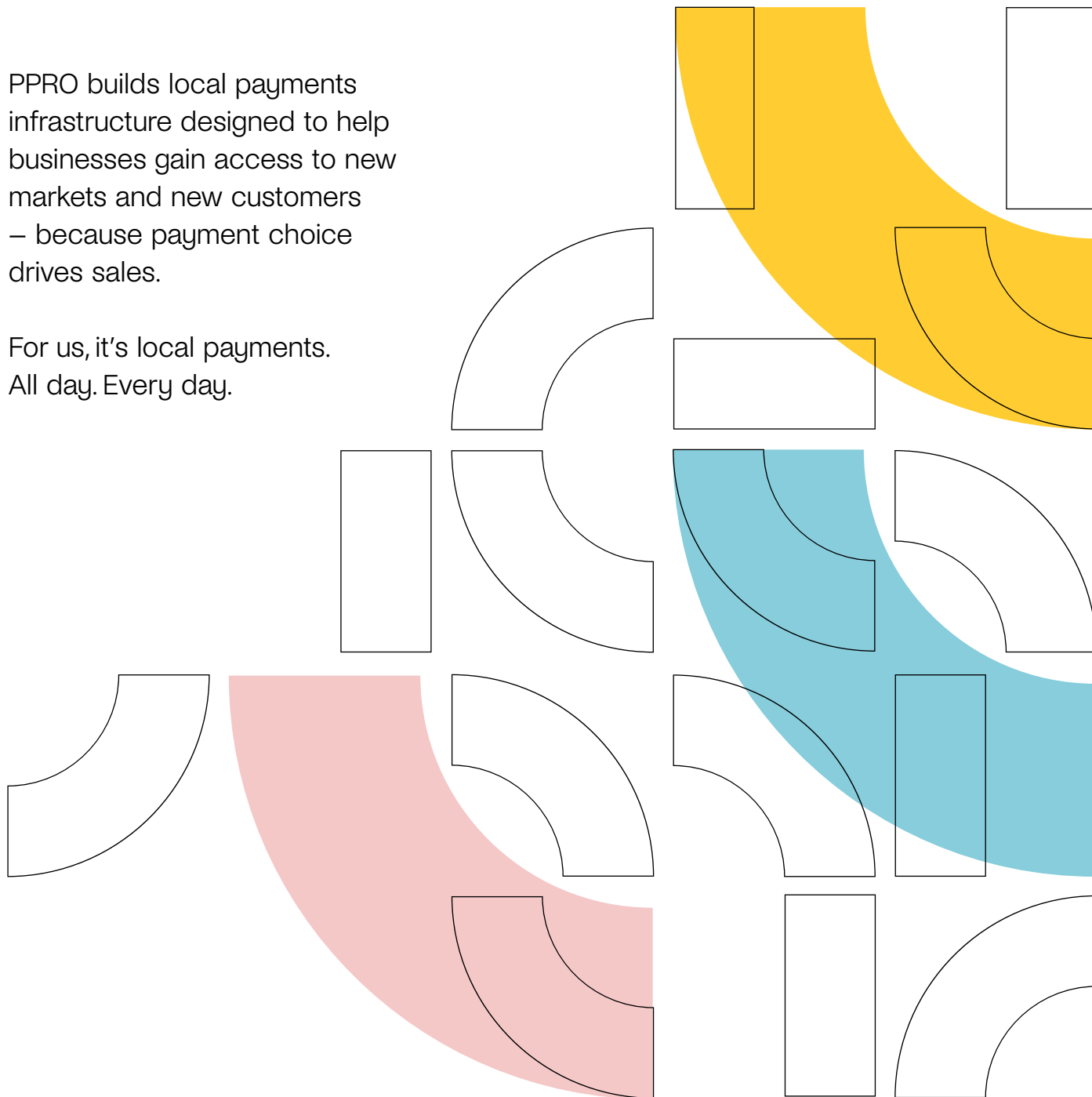
Footnotes

- [1]. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-fifty-the-quickening>
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PPRO builds local payments infrastructure designed to help businesses gain access to new markets and new customers – because payment choice drives sales.

For us, it's local payments.
All day. Every day.



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