



etail is in the midst of an exciting era of change and innovation, but executives were still surprised last year when the online powerhouse Amazon purchased the brick-and-mortar grocery chain Whole Foods.¹ The retail giant also spent hundreds of millions of dollars on the online-only retailers Bonobos, Moosejaw and Modcloth.²

Were these unlikely acquisitions? Not at all. Amazon deftly anticipated a rising trend: While eCommerce and mobile shopping may be growing at an alarming pace, modern consumers across all demographics still enjoy an in-person shopping experience, especially when they have the option to initiate or complete it in-store or online.³

Amidst these pressing challenges comes an opportunity for retail executives across businesses large and small to think differently about serving

customers: How can we design a smooth omnichannel shopping experience for customers who no longer draw a hard line between physical and digital commerce?

Whether a company is integrating an acquisition into an existing ecosystem or merely fleshing out the online version of its brand, merging online and offline payment and logistics is not as simple as it sounds. Retail executives must balance established offline logistics such as supply chain management with new online priorities such as conversion optimization, all while presenting a consistent brand experience to the customer. How well merchants achieve this balance is exposed at the point of sale, where customers expect online and offline functions to integrate seamlessly. Friction here can determine whether a customer completes their purchase or leaves the experience with doubts about whether they will return.⁴



It's common for retailers to feel overwhelmed by the number and complexity of advanced payment options available today, especially considering that those choices keep changing and consumers' demand for them continues to be a moving target. But there is a way through the uncertainty.

As the circuitous modern customer-decision journey shifts from in-person to online and back again throughout the research, consideration and purchase stages, organizations that want to maintain high levels of customer satisfaction and loyalty need to follow consumer demand wherever it leads – no matter how complex the route. Here are five ways global technology payments in the U.S. will likely evolve over the next five years, as well as what organizations can do to be prepared.



EVOLUTION #1: BARRIERS BETWEEN ECOMMERCE AND BRICK-AND-MORTAR EXPERIENCES WILL DISAPPEAR

Arguably the most critical change for retailers to address, the line between online and offline experiences is becoming less and less distinct. It is therefore up to retailers to provide a consistent, seamless brand and customer experience online and offline. According to one study, nearly a third of global consumers believe that brands fail to deliver equal quality of service online and offline. Consequently, the more logistical steps a customer has to take to interact with a brand, the more frustrated they become.

For example, a customer may fill an eCommerce shopping cart but suddenly mix in product from a physical store. For the customer, this is a simple addition, but for the retailer, this can completely shift how they fulfill the order. In a more seamless, frictionless shopping experience, customers won't notice a disconnect between the online experience and the in-store experience. However, brands that manage their online and offline inventories separately will alienate customers and miss out on the enormous opportunity inherent in providing a truly omnichannel experience.



"Historically, brands come out of the retail space and have systems in place for in-store purchases," says Susanne Steidl, Chief Product Officer at Wirecard. "They know how much stock of a specific product is in an individual branch, but then eCommerce comes up as a separate system that stores can't always access. With mobile technology and consumer behavior in stores increasingly merging the online and offline experience, brands need to make room and set up processes to link them."

EVOLUTION #2: GLOBAL PAYMENT OPTIONS WILL BECOME THE NORM

Brands looking to expand globally will learn quickly that succeeding in a global market requires more than boosting website traffic. It also requires organizations to expand and customize payment options beyond the currencies and forms that are standard in their country of origin. In the case of U.S. companies looking to branch out into European and Asian markets, this means understanding how customers in different countries approach payment – and then creating a frictionless experience regardless of payment type.⁷

"With more than 100 alternative payment methods available, brands pursuing global expansion will need to embrace more variation and present payment methods that are relevant to local customer segments," says Deirdre Ives, Chief Executive Officer for Wirecard North America. "It can be new territory for some American companies because payment methods worldwide are so much more diverse than they are in the United States, but it's a critical adjustment to make if you want to be a global player."

Step a little further back in the customer journey, however, and it's clear that offering nimble payment processing with diverse options is critical only if you can get customers to the moment of payment. The true first step in global-friendly payment processing is understanding the diverse markets and their motivations. Customer tastes and loyalty differ from one region to another and may be expressed through product preferences, cultural influences or interactions with a brand.

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Deirdre Ives, Chief Executive Officer, Wirecard North America



This is not at all limited to the moment of payment, but rather is inextricably linked to the customer experience. Everything about a global eCommerce site needs to balance the brand's identity with the tastes of regional consumers - colors, image selection, language and brand voice, direct communications like chatbots, and shopping cart and checkout conventions. These seemingly cosmetic differences can make an enormous impact on your business. And with today's artificial intelligence and design capabilities, much of it can be automated.

EVOLUTION #3: CUSTOMERS WILL EXPECT FRICTIONLESS PAYMENTS ACROSS CHANNELS

In addition to a consistent online and offline shopping experience, customers are also setting a higher standard for the purchase experience at the point of sale. Payment experiences must be designed in a way that builds trust and minimizes risk. Otherwise, customers will go through the work of shopping with a brand online only to close the browser and move on if they have to jump through too many hoops to complete their purchase – a problem that explains how as many as 77.3 percent of all online retail orders in 2017 were abandoned instead of purchased.⁸





"Customers want a completely seamless, secure payment experience," Steidl says. "They are busy, and they don't want to be bothered entering information or passwords, or even having a card on file in case of security concerns. Retailers should be on a quest to make payments invisible – building technologies that take out unnecessary steps and streamlining the process of payment itself. We will increasingly see every step of a customer's journey – whether in a physical store, online or mobile – as an opportunity to click and pay for something, and just be done."

"Customers want a completely **seamless**, **secure payment experience.**"

Susanne Steidl, Chief Product Officer, Wirecard

The most critical factor in creating a frictionless payment experience is simplicity. In the mind of the U.S. consumer, that typically means speed and convenience. The ability to accept debit and credit cards quickly, as well as options for cashless and mobile payments such as Apple Pay, can determine whether a customer completes a purchase. But different countries have different definitions of simplicity and ease of use. Again, knowledge is power: Payment options that are informed by demographics and preferred payment types will be smoother than a one-size-fits-all approach.





EVOLUTION #4: THE ECOMMERCE EXPERIENCE WILL EXPAND INTO NONTRADITIONAL SHOPPING CHANNELS

Over the next few years, customers won't be changing just how they pay for products; they'll also change where and when they buy them, tapping into new consumer technology that creates purchase moments outside the typical browser or brick-and-mortar experience. For example, consider Ford's partnership with Amazon and Starbucks for a "connected car" that can order coffee, pizza and more via an integrated app. There's also the example of Google Home and Amazon Alexa¹⁰ and their role in creating new channels to sell products. In fact, this scenario has been so successful that in 2017, almost one-quarter of Amazon Echo and Google Home owners shopped by voice.¹¹

"Nontraditional shopping channels don't simply merge physical and virtual environments; rather, they create completely new environments for commerce

experiences, like Ford's connected car and in-home digital assistants," lves says. "And it's an experience with many more components besides payment, like service, product selection, logistics management and privacy considerations. Brands that can make it easy, convenient and reliable to make purchases in alternative formats will create loyal customers."

The best preparation for expanding to nontraditional shopping channels begins with a deep understanding of the customer. It's crucial to research what customers are buying, as well as how, when and why, and to look at specific use cases for further insight. The moment when a customer says, "I could really use XYZ," signals a void that an intelligent interactive purchase experience can fill.

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EVOLUTION #5: CONSUMERS WILL FLOCK TO NICHE MARKETPLACES. BRANDS WILL FOLLOW.

As brands make their way into the eCommerce space, savvy ones will not only track their own website traffic but also pay attention to where else consumers buy. Because while mass eCommerce will continue to find ways to entice niche retailers onto their platforms, advancements in technology itself will continue to level the playing field for microbusinesses and enable consumers to connect directly with highly specialized products. American eCommerce companies that want to expand globally will need to look beyond the obvious websites like Alibaba, Amazon and Jet and delve into emerging niche marketplaces where customers can get access to unique, handmade and small-batch products.

"Consumers increasingly want access to special products that aren't mass-produced," Steidl says. "Customer-detailed marketplaces will continue to pop up – we've seen them in Argentina, Finland and Mexico – where consumers can find products based on topics they're interested in specifically. Big brands will want to participate in these marketplaces by exploring their customer base as they expand into new countries."







THE REAL POWER OF A PAYMENT TECHNOLOGY PROVIDER

When eCommerce retailers look into the future, they should see opportunity. Far too often, they instead feel limited or overwhelmed by complexity and options. The power of a payment technology provider can help roll out innovative global payment solutions without a painful and costly trial-and-error process, easing complexity and administrative burden so that brands can grow quickly – and in the right direction from the start.

To put it all into perspective: The need for a seamless omnichannel experience is like any other fundamental change in the retail space – it all comes down to the consumer. Those companies which focus on the evolving needs of the customer, and also understand that payment is a brief yet central part of the equation, will be the most successful now and in the future.

Innovative global payment solutions ease complexity so brands can grow quickly – and in the right direction from the start.

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Wirecard (GER:WDI) is one of the world's fastest growing digital platforms in the area of financial commerce. We provide both corporate clients and consumers with a constantly expanding ecosystem of real-time value-added services built around innovative digital payments by using an integrated B2B2C approach. This ecosystem concentrates on solutions in the areas of payment and risk, retail and transaction banking, loyalty and coupon programs, as well as data analytics and conversion rate enhancement across all sales channels (online, mobile, ePOS). Wirecard operates regulated financial institutions in several key markets, in addition to holding issuing and acquiring licenses from all major payment and card networks. Wirecard AG is listed on the Frankfurt Stock Exchange (DAX and TecDAX, ISIN DE0007472060). Visit us at www.wirecard.com, and follow us on Twitter www.wirecardgroup.

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