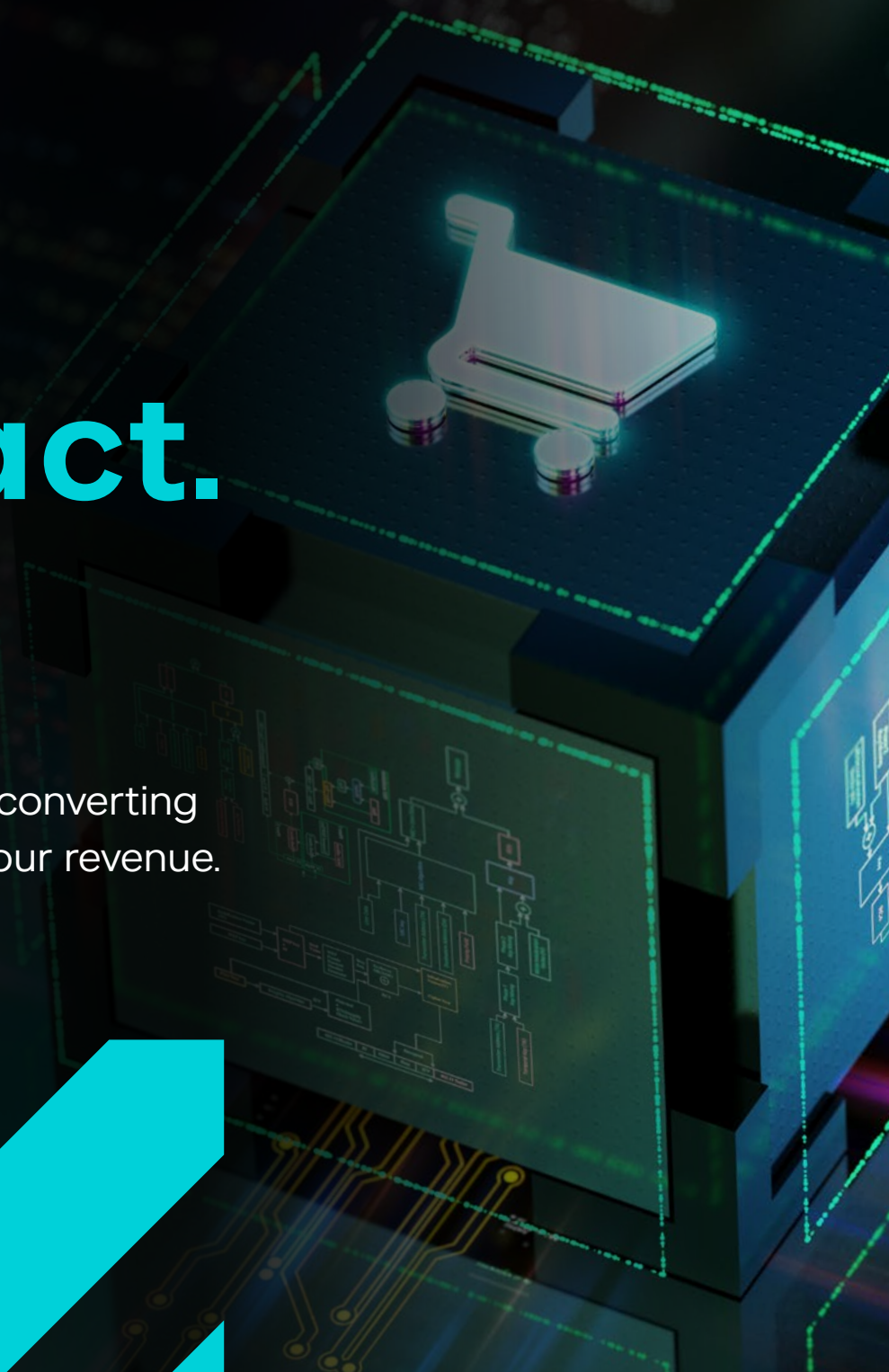# VML stripe

Hard to attract. Easy to lose.

Why friction-free experiences are non-negotiable in converting your hard-earned website visitors and maximizing your revenue.

Fast checkout is a priority!

Online shopping is scheduled to grow to 64% of all purchasing over the next 10 years.

At the same time, the number of online retailers, direct-to-consumer (D2C) brands and marketplaces is rising. New channels are popping up seemingly on a daily basis – aggregators, social media platforms and even the metaverse are trying to steal market share.

In this ever-more competitive market, driving consumers to your sites becomes even more challenging and expensive; the average customer acquisition cost can range from $20 – $150. In B2B it can be several multiples of this.

COST OF ACQUISITION (CAC) FOR ONLINE RETAILERS RANGES FROM $20–$150.

So once consumers get to your sites, you want to do everything you reasonably can to ensure they don't leave without converting – which ultimately means hitting Buy Now.

But what can online businesses do? What consumer, industry and tech trends do they need to navigate? And where is the evidence to support the need for a strategic focus to be placed on an efficient, fast and customer-friendly checkout?

Online brands aren't always getting this right

The online purchase journey is made up of several interconnected stages with a variety of different dynamics and requirements, each tracking through from awareness, to consideration, to acquisition, to service, to advocacy and loyalty.

Each stage represents an opportunity to convert and win, but also a threat to lose that all important sale. And increasingly it's a digital process – our latest research found that 64% of inspiration is from online sources, while 71% of the search process also happens online.

Our independent research also highlighted that converting interest and visits was a major issue for D2C brands in 2022. Our data indicated that they were losing almost half of their visitors when it came to the purchase. Encouragingly, this trend of alarming attrition has now been addressed by many D2C brands in 2023 (as confirmed by our research), but work is still required if brands are to continue the improvement in conversion and increase their share of online wallet.
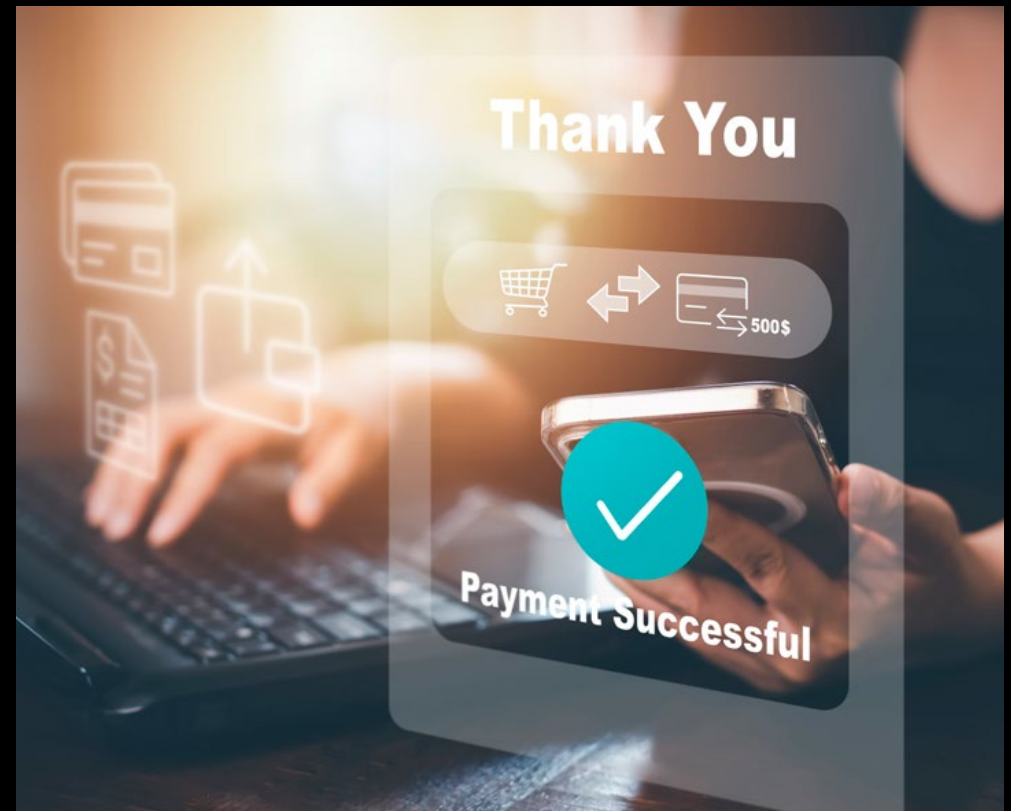
We're entering into an (even more) omni-channel world

Losing consumers across this journey is even more challenging given the rise of omni-channel. Historically, brands and retailers were always told to "be where your customers are". But with so many channels, customers are looking to engage with brands and retailers in myriad online channels.

This is posing huge challenges to brands and retailers. While 94% of business leaders are adopting omni-channel strategies, 47% admitted that they struggle to effectively sell through all the channels. Not only is this an issue of multiple channels, but also multiple devices, disconnected data and limited insight to support smarter decision-making.

To put it simply, getting consumers to buy from you, no matter what channel they are in, or where they want to buy, has never been more competitive and challenging.
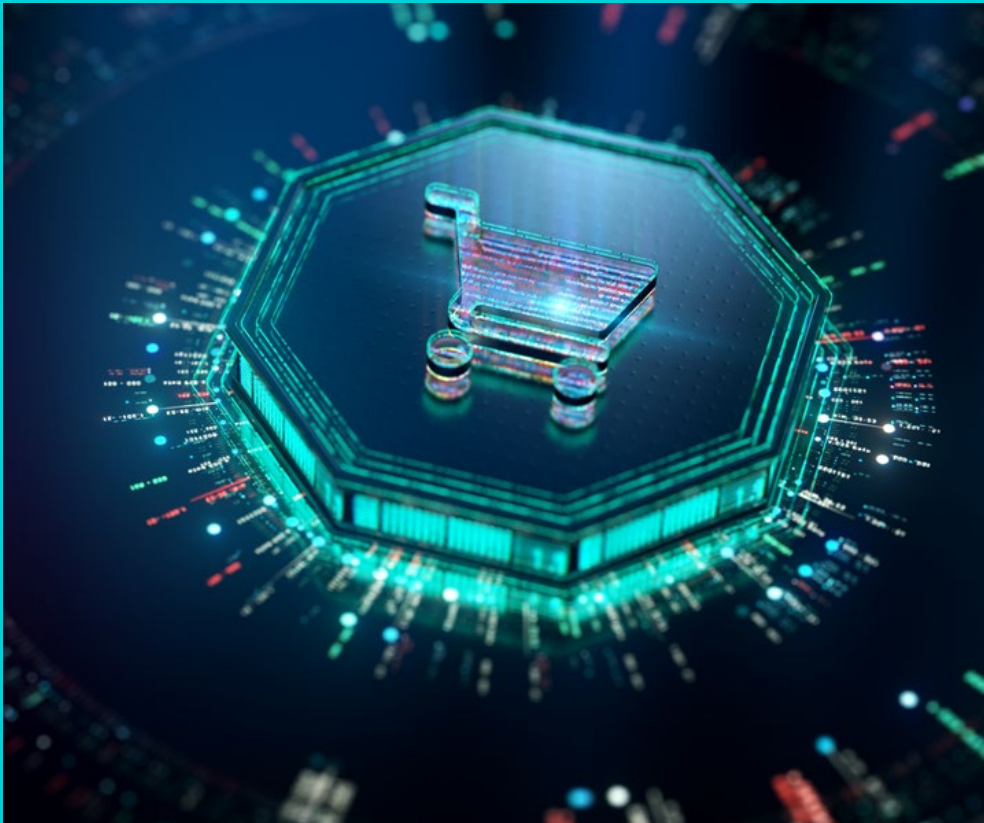
Expert opinion:

Why omni-channel is such an opportunity, but also a challenge, for brands and retailers looking to convert consumers

Brands and retailers that have invested their precious marketing budgets to driving shoppers into an environment where they can experience and buy their products should be seeking to capitalize on that opportunity to engage, delight and ideally convert all browsers into customers.

So why is it such a challenge? Well, both physical and digital shelves are packed with competitor brands, all vying for the attention of potential customers – standing out in this competitive environment is tough! Alongside that, ensuring the consumer is given enough confidence to buy through relevant and detailed product information and reassurance around delivery and returns is key to driving conversion.

Let's not forget that we're in the middle of a cost-of-living crisis. So, pricing and promotions may just be the deciding factor for many shoppers as to which – if any – products they buy, so having a clear pricing and promotional plan is core to positively influencing them.


Shalina Ganatra
Head Of Ecommerce Consultancy

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The need for "compressed commerce"

Now let's assume for a minute that you've attracted a shopper to your site or triggered their interest in one of your products. What can be done to make sure that all the hard work to get them there doesn't go to waste?

"Compressed commerce" is what consumers crave. It's a fairly simple, yet crucial phenomenon that means getting from inspiration to purchase as quickly as possible. The consumer preference for a fast shopping experience is more than a nice-to-have, since shortening the shopping journey actually leads to higher conversion rates.

61% OF CONSUMERS WANT TO GET FROM INSPIRATION TO PURCHASE AS QUICKLY AS POSSIBLE. WE CALL THIS "COMPRESSED COMMERCE".
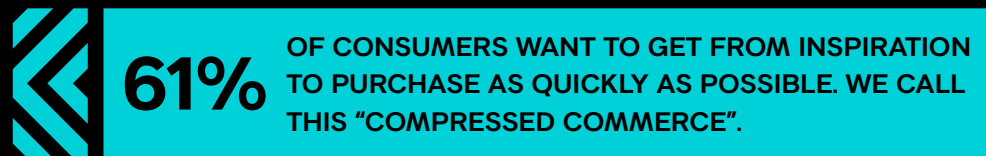
Notably, this trend isn't attributed to just younger generations of digital natives. While 68% of shoppers aged 25 to 34 prefer buying journeys to be as short as possible, 48% of over-55s were in agreement.

Taking mobile page load speeds as an example, optimum load time is three seconds max – anything higher and bounce rates start to rise!

Getting the experience right is vital

It's therefore vital that consumers' expectations are met – 61% say that retailers must get better at offering them the products, services and experiences they want when shopping online.

We asked consumers to rank the different online channels according to their overall experience. Marketplaces came top with 51% of consumers claiming they offered the best experience. Retailer sites were chosen by 10% and branded sites by 9%.

9% OF CONSUMERS SAY THAT BRAND SITES OFFER THEM THE BEST ONLINE EXPERIENCE.

Marketplaces like Amazon are the masters of compressed commerce, and they continue to hold the largest share of consumers' online wallets, accounting for over a third of online sales globally (35%-40% depending on sources). One of their key strategic aims is to drive the visitor through easy search and easy purchase. Before you know it, you've bought… action leading to transaction in other words.

Marketplaces present the gold standard in these rapid, transaction-based experiences, and retailers and brands need to look and learn. So what exactly can they do?
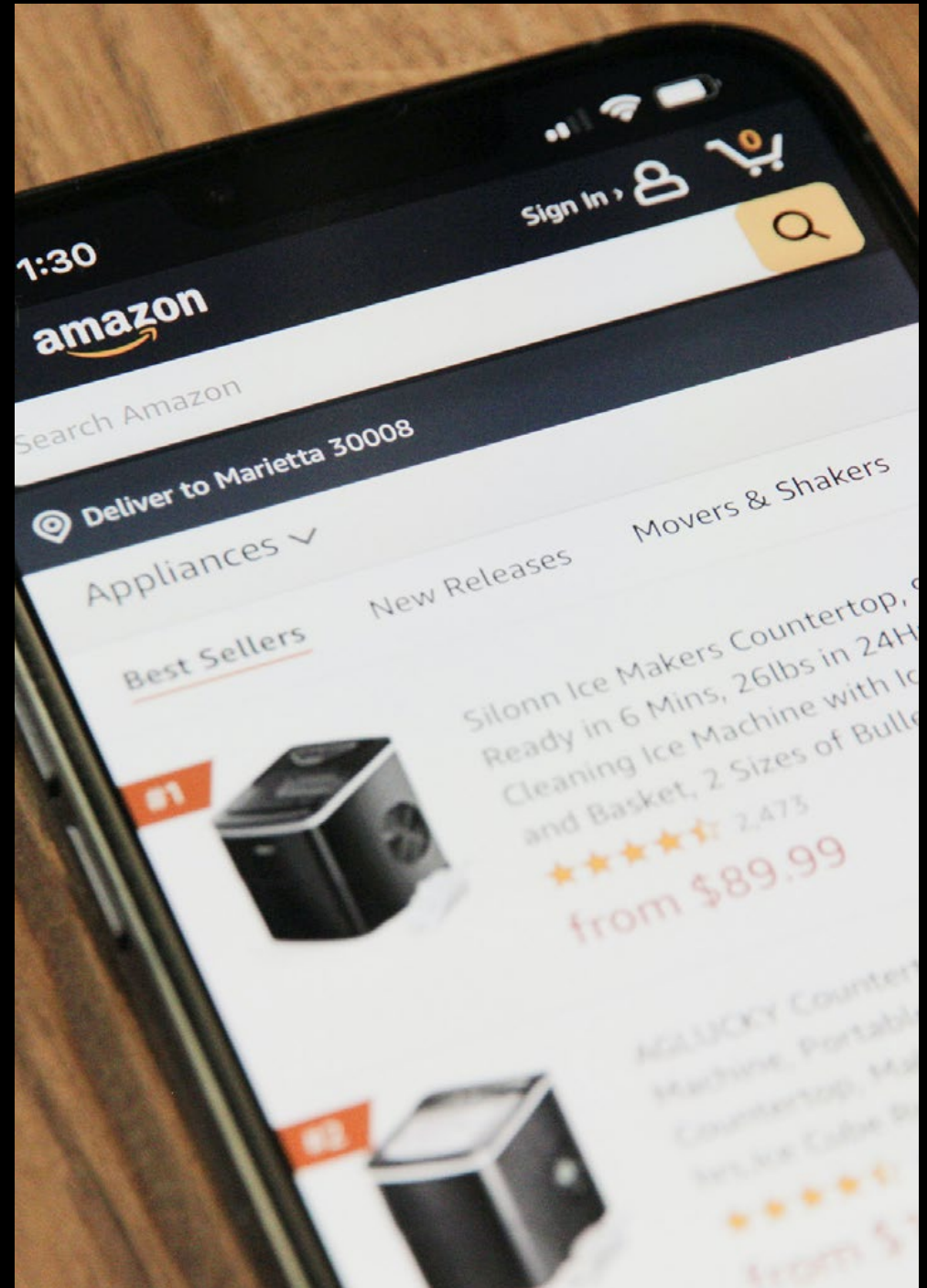
The checkout process as the key battleground

Checkout is a vital element. In fact, 60% of online shoppers say they would abandon a checkout that requires more than two minutes to complete. This is a frightening stat given the average checkout takes more than three minutes. This means that many businesses are losing more than half of all online customers who intend to make a purchase.

60% OF CONSUMERS WOULD ABANDON A CHECKOUT THAT REQUIRES MORE THAN TWO MINUTES TO COMPLETE.
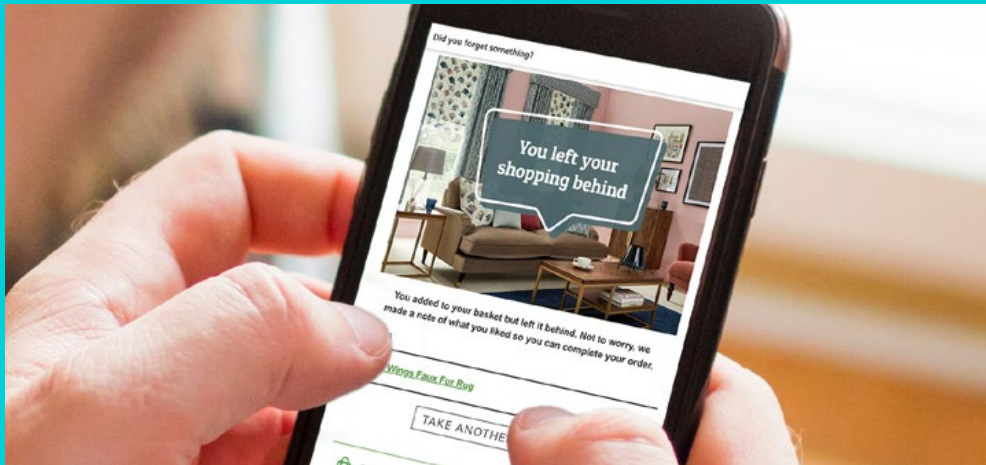
Despite the need for quick and easy transactions, we consistently see the same mistakes being made by online retailers and brands. In fact, Stripe research found that 99% of the leading eCommerce sites make five or more basic errors in their checkout. These are:

1. Not following up with customers who had abandoned their carts (87%)

2. Not recommending a higher-end version of a product or service through upselling (79%)

3. Not displaying security logos on the checkout page, jeopardizing customer trust (74%)

4. Not allowing customers to save their payment method for future purchases (60%)

5. Not recommending related products or services through cross-selling (33%)

Expert opinion:
Why nailing checkout is a key weapon in conversion

Checkout forms often seem simple at the outset, but they can easily snowball in complexity for global merchants looking to optimize their conversion. We've seen time and time again that changes which seem trivial – like adding shipping address validations into your form, or presenting 1-click checkout options to your buyers, can have material impact to your top line. With Stripe's optimized checkout suite we've been able to reduce the checkout time of our customers to under six seconds with our 1-click option Link.

In many cases, adding the right payment methods can help you reach entirely new buyers – whether it's customers that are loyal to buy now, pay later solutions in the US; or popular bank-based methods in Europe. Investing in the correct checkout UX using tools like Stripe is often one of the highest leverage activities you can invest in.

Sophie Sakellariadis
Global Payment Methods Product Lead at Stripe

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And key to a fast and personalized checkout is payment methods

One area of huge advancement in the checkout space is payment methods. The volume of payment options has proliferated enormously in the last few years and, as a consequence, online retailers and brands need to get this part of the checkout process right too.

THERE'S BEEN AN EXPLOSION OF PAYMENT METHODS
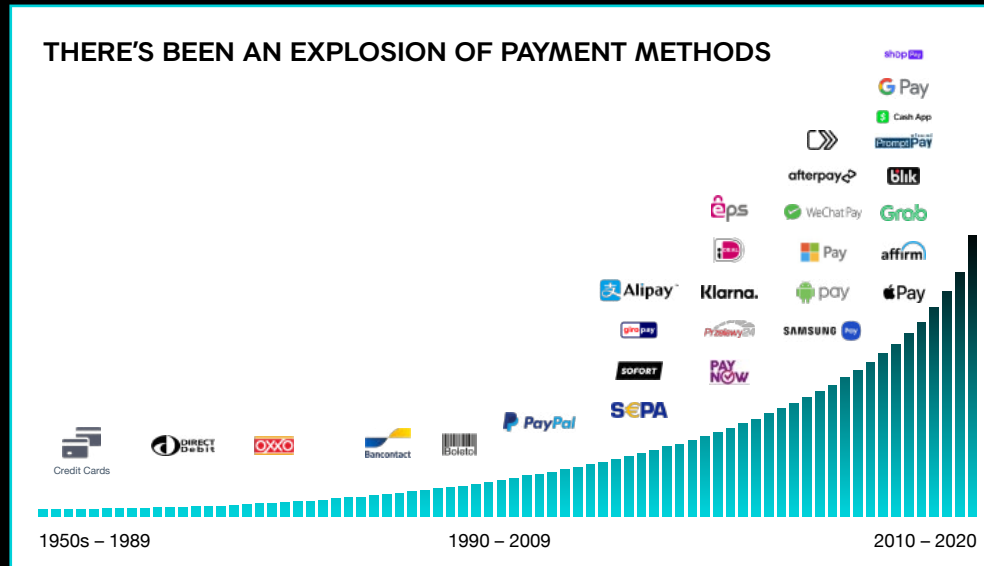
Sources: Techcrunch, RetailBrew, Creditcards, Crunchbase, Stripe

But it's not just about increasing the number of payment options – businesses also need to ensure that they're surfacing the right options, at the right time, in the right place, and presenting them to consumers in a simple and understandable interface.

And if online businesses don't get their payment options right, the outcome is simple – consumers will go elsewhere, with 81% of consumers saying they would abandon their cart if their preferred payment method wasn't available.

81% OF CONSUMERS WILL ABANDON THEIR CART IF THEIR PREFERRED PAYMENT METHOD IS NOT AVAILABLE.

Make transaction lightning fast with express checkout

As mentioned before, speed is of the essence to consumers. 1-click or express checkout options with embedded buttons get customers to make a purchase faster.

For example, OpenAI used Stripe's 1-click checkout, Link, to save and autofill payment and shipping information, making the checkout process 40% faster on average. Other popular global wallets like Apple Pay, Google Pay and PayPal should be added to enable faster checkout too, and merchants should show recognizable logos from Google and Apple early in the purchase journey – even outside the checkout page to let customers know that this option is available.

79% OF CONSUMERS ARE MORE LIKELY TO PURCHASE IF 1-CLICK CHECKOUT OPTIONS ARE OFFERED.
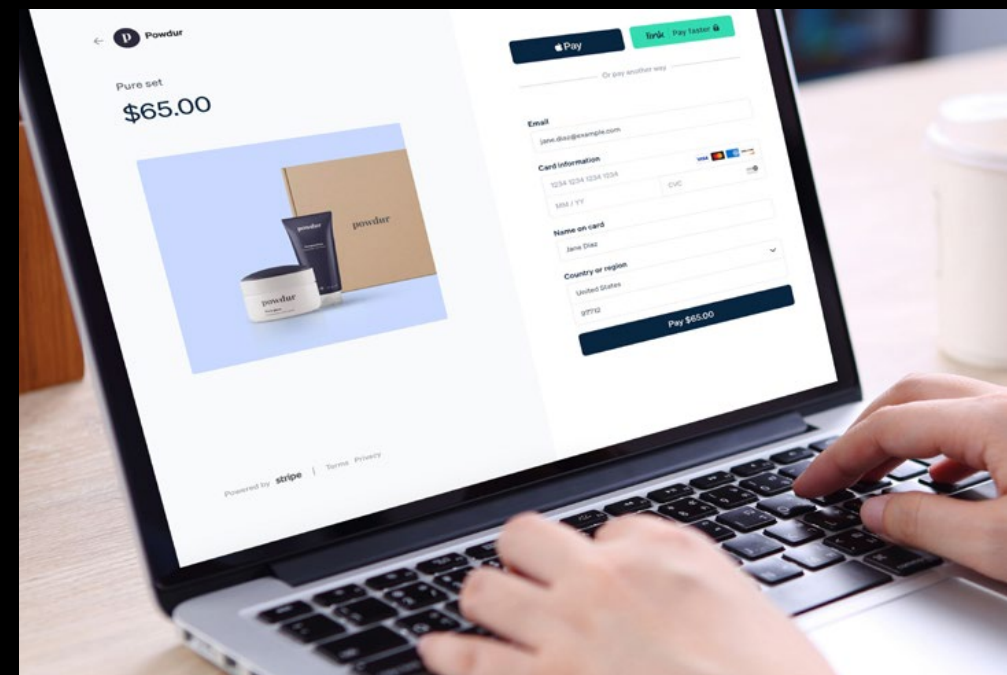
Payments must be localized

Payment options also need to be localized – something that is important in the increasingly global world in which we live and shop. For instance, 93% of consumers said it was important for a website to provide the most common payment methods in their country.

93% OF CONSUMERS SAY THAT IT IS IMPORTANT FOR A WEBSITE TO PROVIDE THE MOST COMMON PAYMENT METHOD IN THEIR COUNTRY.
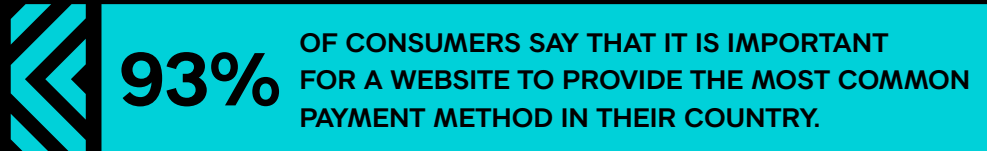
So what can online retailers and brands do to ensure that they are optimizing the checkout experience locally?

1. **Language and currency:** Identify the top countries in which you want to sell, and make sure you localize the checkout experience by translating the page and displaying local currencies.

2. **Local payment methods:** Dynamically surface the right payment methods in your checkout depending on where your customers are located or which device they're using.

3. **Dynamic fields:** Change the payment fields to capture the right information for each country. For example, if your form recognizes a Canadian card, you should dynamically add a field for postal code.

4. **Installments:** Consider offering buy now, pay later services if they're popular where your customers are based, and you have a high average order value.
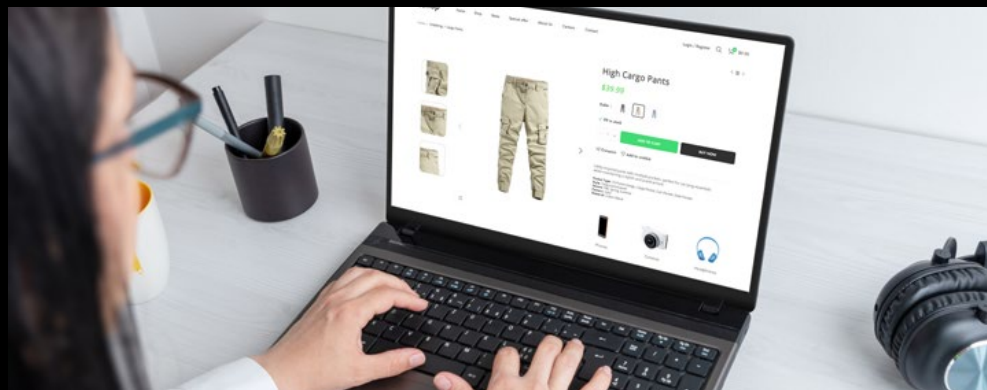
Expert opinion:

Why thinking globally when it comes to checkout is the key to unlocking consumer conversion on a global scale

Even in card-centric economies like the US or the UK, there is a large, often untapped conversion opportunity in deploying buy now, pay later and emerging wallet solutions. And, as you expand to more countries, more often than not, cards aren't the preferred method.

Using tools like Stripe's optimized checkout, you will want to support and surface the most locally relevant cards and non-card methods in an optimized way, to drive sales and build consumer trust.

For example, half of online transactions in the Netherlands are made using the bank redirect iDEAL, and this is a must-have, but there are other hyper-local options too: BLIK in Poland, Swish in Sweden, Mobile Pay in Denmark.

Sophie Sakellariadis
Global Payment Methods Product Lead at Stripe

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Top 5 eCommerce payment methods by country

US	CA	UK	FR	DE	IT	NL	ES	AU	JP
CARD 64%	CARD 62%	CARD 58%	CARD 53% (MAINLY CARTES BANCAIRES)	BNPL 33%	CARD 42%	BANK REDIRECTS 46% (MAINLY IDEAL)	CARD 48%	CARD 46%	CARD 70%
WALLET 22%	WALLET 19%	WALLET 20%	WALLET 22%	WALLET 26% (MAINLY PAYPAL)	WALLET 28%	CARD 19%	WALLET 29%	WALLET 22%	CASH VOUCHER 15% (KONBINI)
BANK TRANSFER 6%	BANK TRANSFER 8%	BANK DEBITS 7%	BANK TRANSFER 10%	BANK DEBIT 18%	PREPAID CARD / VOUCHER 11% (MAINLY POSTEPAY)	BNPL 8%	BANK TRANSFER 5%	BNPL 13%	OTHER 7%
BNPL 4%	BANK DEBITS 5%	BNPL 5%	OTHER 5%	CARD 12% (MAINLY GIROCARD)	BANK TRANSFER 8%	WALLET 8%	BNPL 5%	BANK DEBIT 9%	BANK TRANSFER 5%
OTHER 3%	BNPL 3%	OTHER 4%	BNPL 4%	BANK TRANSFER 7%	BNPL 4%	BANK TRANSFER 5%	BANK DEBITS 5%	OTHER 5%	WALLET 3%

- **Wallets:** Apple Pay, Google Pay, PayPal

- **BNPLs:** Klarna, Affirm, Afterpay (AU NZ)

- **Bank Redirects:** iDeal (Netherlands), Giropay (DE)

- **Bank Transfers / Bank Debits:** ACH (US), Becs (AU), Bacs (UK), SEPA (EU)

- **Cash Voucher:** Commonly used in Japan. Orders take place online, but payment is completed at a convenience store by scanning the voucher code and paying in cash or card.

Don't ignore what's happening behind the scenes

While there is a tendency to view checkout optimization from a front-end perspective, there are a number of issues, not visible to the consumer, that may impact both speed of the transaction, or even the transaction itself.

Payments can fail for a variety of reasons, anything from incorrect card information to suspicion of fraud. While declines do help merchants to filter out fraudulent transactions, they can also result in the loss of legitimate payments from legitimate customers. It's vital therefore to ensure that these don't harm consumers' ability to purchase.

Take online card payments for instance. The authorization rate – the percentage of transactions that you submit and are accepted by the cardholder's bank – can be 10% lower for online transactions compared to in person because issuing banks use more conservative logic to approve or deny an online transaction.

But even small improvements can have a big impact. If a merchant processes $100M in online sales a year, just a 1% increase in their authorization rate would yield $1M in additional revenue.

While there is no way to completely eliminate network declines there are some key steps that can be taken to improve authorization rates:

1 **Gather additional billing information:** include as much information as possible in the charge requests, in order to give banks more details to verify legitimate transactions. Specifically, the ZIP code or postal code and the card's CVC number can help improve authorization rates for businesses in the US and UK.

2 **Implement fraud protection tools:** Merchants with high chargeback rates – the number of customers who dispute a payment with their bank – tend to see more declines. Use a machine learning fraud solution, in order to choose how aggressively you want to block suspicious payments depending on your appetite for risk.

3 **Accept digital wallets:** Apple Pay and Google Pay lead to higher acceptance rates thanks to two-factor authentication, where customers enter a password, use a fingerprint or their face ID.

4 **Authenticate payments as needed:** If your customer's bank supports 3D Secure, you may have to authenticate certain payments (like requiring customers to use their fingerprint or enter a password).

5 **Enable a card account updater:** Make sure your payments provider or processor offers card account updater, which automatically updates your customers' expired or renewed card numbers and reduces declines.

6 **Enable network tokens:** Network tokens are payment credentials that are specific to a card-merchant pair that can substitute the primary account number (i.e the credit or debit card number) for online purchases. Network tokens help deliver higher authorization rates by ensuring that the latest credential is used for your payments – if the underlying card number associated with a network token changes or expires, the token will remain current and usable. This reduces the number of charges declined due to outdated credentials, increasing authorization rates.

Don't forget mobile

Despite it being the "year of mobile" seemingly every year for the last decade according to the marketing press, it really is imperative that retailers and brands think about how consumers transact on mobile. Data from our Future Shopper report tells us that mobile is the main channel through which consumers transact online – accounting for 32% of online sales. And yet much of the experience, and the checkout is sub-optimal when it comes to buying via mobile.

32% OF ONLINE SHOPPING IS VIA MOBILE, MAKING IT THE LEADING CHANNEL THROUGH WHICH CONSUMERS TRANSACT ONLINE.
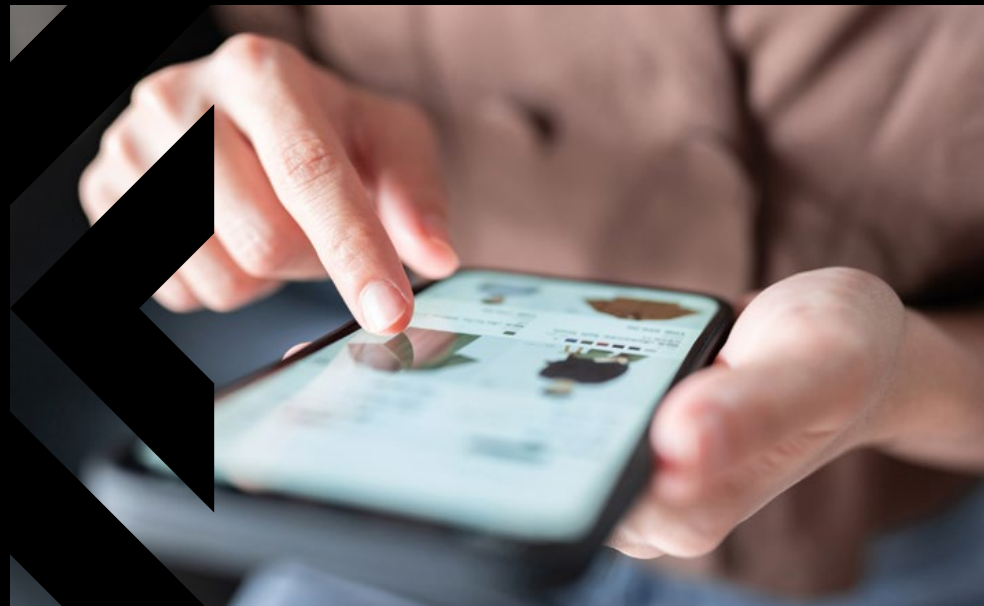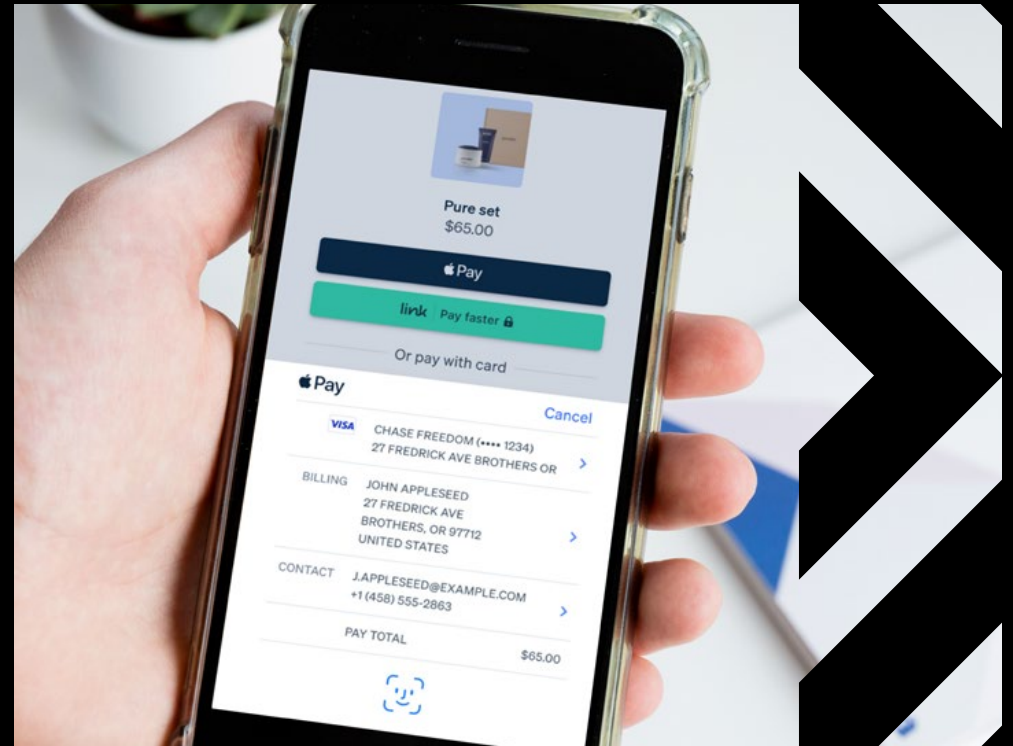
So what are the biggest mistakes when it comes to checkout via mobile?

- **93%** of checkouts do not support Google Pay.

- **86%** of checkouts do not support Apple Pay.

- **60%** don't provide the ability to save payment information for future purchases via 1-click checkout.

- **17%** fail to surface a numeric keypad to help with entering card information.

Is it really too much to expect that in 2024 mobile transactions are seamless, efficient and quick?

The holy grail of omni-channel, checkout and unified commerce

Despite a drive towards online shopping, the message from consumers is loud and clear… they want and demand omni-channel shopping experiences. Regardless of the negative press around high street retail, 60% of consumers say they prefer to shop with retailers that have digital and physical stores.

The challenge of course is that consumers today expect these omni-channel experiences to be seamlessly integrated – something that 56% of them claim is important.

The reality is that, too often, the channels are not fully integrated. An omni-channel strategy typically depends on multiple technology platforms that are integrated to varying degrees. For example, a business may have eCommerce and brick-and-mortar stores, but customers may not be able to do things like:

1 **Accessing purchase history or customer support across all channels with a single account.** For example, a customer's in-app and online purchase history may only be viewed in those respective channels, while their in-store transaction history wouldn't be available online or in-app.

2 **Engaging across multiple channels throughout the buying journey.** For example, a customer might not be able to return online purchases in-store or ask a store associate to ship an out-of-stock item to their home address.

3 **Accruing rewards points across all channels.** For example, loyalty points may only be awarded for online or in-app purchases, meaning in-store purchases are not connected to a customer's loyalty account and do not accrue points.

The nirvana is to move to a connected and unified commerce experience with a personalized customer experience and unified data. Unified commerce is effectively a centralized platform connecting back-end systems (such as order fulfillment, inventory management and CRM) with customer-facing channels. It creates a unified view of shopper interactions, products, and management systems. And without this set-up, pursuing an omni-channel approach to support customer journeys is effectively a non-starter!

Merchants should consider investing in modern terminal devices which are tightly integrated with their payments provider so that the online and offline transactions and experience can be unified.

Conclusion

The message is clear… consumers will not put up with an experience or a checkout that is not up to their expectations. And neither should they! With a few simple tweaks, online retailers and brands can prevent their acquisition spend going to waste with a poor online experience, and can ensure that they maximize conversion on their sites.

So what's next, and how can we help?

Next steps

→ Start by undertaking a full review of your online commerce experience from inspiration, to search, to transaction, assessing the number of steps it takes to pass from start to finish and identifying any friction points that delay or obstruct getting to the transaction point.

→ Focus on the checkout and on reducing the time it takes to transact.

→ Implement key practices (such as the ability to store payment methods) to reduce checkout time for returning customers.

→ Localize your payment and checkout – think and act globally so as not to deter international customers.

→ Think (and invest in) mobile – and ensure that payment is fast, efficient and easy.

→ Approach checkout design with an omni-channel perspective, allowing consumers to seamlessly find inspiration, search and purchase across all channels, be they digital or physical.

→ Review your tech infrastructure. Does your commerce platform offer the agility, scalability and features to support the expectations of your customers today and in the future? Talk to us about migrating your current commerce platform to a decoupled architecture (i.e. microservices, agile, cloud-first and/or headless) to create the foundations for building more flexible, responsive customer experiences.

About VML

VML is a leading creative company that combines brand experience, customer experience, and commerce, creating connected brands to drive growth. VML is celebrated for its innovative and award-winning work for blue chip client partners including AstraZeneca, Colgate-Palmolive, Dell, Ford, Intel, Microsoft, Nestlé, The Coca-Cola Company, and Wendy's. The agency is recognized by the Forrester Wave™ Reports, which name WPP as a "Leader" in Commerce Services, Global Digital Experience Services, Global Marketing Services and, most recently, Marketing Measurement & Optimization. In addition, VML's specialist health network, VML Health, is one of the world's largest and most awarded health agencies. VML's global network is powered by 30,000 talented people across 60-plus markets, with principal offices in Kansas City, New York, Detroit, London, São Paulo, Shanghai, Singapore, and Sydney.

VML is a WPP agency (NYSE: WPP). For more information, please visit **www.vml.com**, and follow along on **Instagram**, **LinkedIn**, and **X. #WeAreVML**

About Stripe

Stripe is a financial infrastructure platform for businesses. Millions of companies – from the world's largest enterprises to the most ambitious startups – use Stripe to accept payments, grow their revenue, and accelerate new business opportunities. Headquartered in San Francisco and Dublin, the company aims to increase the GDP of the internet.

Talk to an expert

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