

MOBILE PAYMENTS IN eCOMMERCE

TRACKER®

MAY 2022



■ FEATURE STORY

Adyen on leveraging unified commerce to meet consumers where they are

■ PYMNTS INTELLIGENCE

Mobile payments' critical role in eCommerce experiences

PAGE 12



MOBILE PAYMENTS IN eCOMMERCE TRACKER®

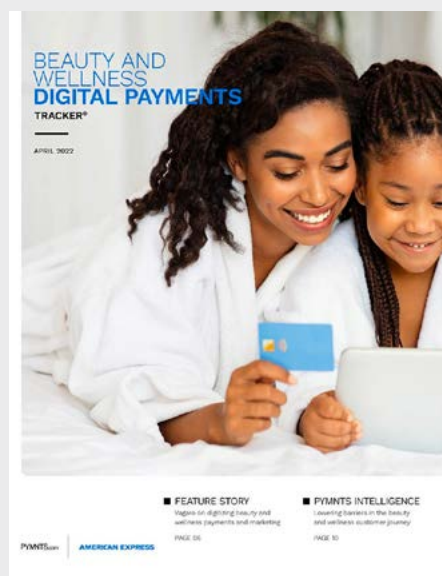
PYMNTS.com

AMERICAN EXPRESS

ACKNOWLEDGMENT

Mobile Payments In eCommerce Tracker® was produced in collaboration with American Express, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

Read the previous edition



■ APRIL 2021

Mobile Payments In
eCommerce Tracker®

TABLE OF CONTENTS



04 EDITOR'S LETTER

PYMNTS' Thought Leadership Team on what retailers must do to convert mobile shoppers into paying customers



10 Q&A

Insights from Chris Mangone, vice president, global partnerships at American Express, on the opportunities for retailers looking to gain mobile shoppers' business and loyalty



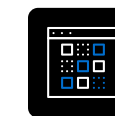
16 NEWS AND TRENDS

The latest headlines from the mobile eCommerce payments space, including how consumers who have grown used to digital shopping habits purchase more products when they enter stores to pick up their online orders and how mCommerce retail is set to hit \$728 billion in 2025



06 FEATURE STORY

An interview with Rehman Baig, vice president of product, data and partnerships for global payments platform Adyen, on the importance of investing in mobile commerce features and reducing shopping frictions to power retail growth



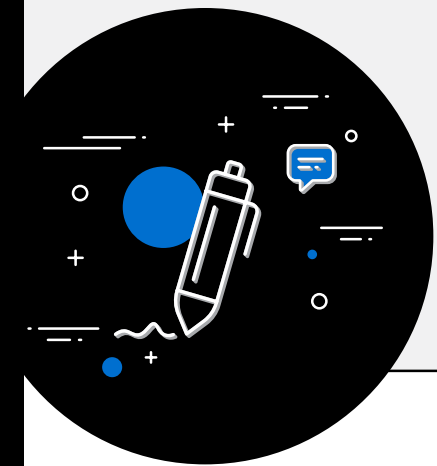
12 PYMNTS INTELLIGENCE

An in-depth look at mobile payments' critical role in creating unified, seamless eCommerce experiences



20 ABOUT

Information on PYMNTS.com and American Express



EDITOR'S LETTER

Consumers are spending more time shopping on digital devices — none more than the ubiquitous smartphone, leading to the coinage of a new term: mCommerce. One recent [report](#) projects that sales made on smartphones will account for almost half of eCommerce dollars spent this year, with mCommerce sales in the United States projected to more than [double](#) to \$728 billion by 2025.

Not just any mobile app will attract and gain the loyalty of these consumers, however. With buying power literally in their hands, consumers are looking for the best shopping experiences they can find and are willing to navigate away from all but the most seamless and secure. Seventy-six percent of consumers [shop](#) on their mobile devices to save time, making convenience paramount. Retailers, however, are not keeping up with their customers on the go, with 90% of mobile shoppers [experiencing](#) problems such as links and pages too small to click on when using their devices as well as insufficient product reviews or advice for informing their buying decisions.

Mobile shoppers also demand the ability to make safe and quick payments both online and in-store. More than one-third of digital shoppers in a United Kingdom survey said their [preferred](#) methods of payment are through chip, PIN or contactless means, and upward of one in five shopping both online and in-store said they would find an alternative retailer if their first payment choice was unavailable.

With almost two-thirds of mCommerce shoppers [saying](#) they like to browse and are open to impulse buys, retailers have a major opportunity to convert shoppers through engaging mobile apps that can personalize experiences to drive purchases. By some [estimates](#), mobile devices are poised to become the preferred shopping method within five years. As fewer customers need to enter stores to make purchases, retailers must do all they can to bring their stores to consumers' fingertips.

The Mobile Payments in eCommerce Tracker®, a PYMNTS and American Express collaboration, examines how and why consumers are increasingly shopping through mobile channels. It also explores how retailers can enhance the mobile shopping experience to attract and retain customers. Merchants looking to capture the mCommerce opportunity must optimize the checkout experience and make it as safe and easy as possible for mobile customers to shop and purchase from the convenience of their digital devices on the move.

THOUGHT LEADERSHIP TEAM
PYMNTS.com

Adyen On Leveraging Unified Commerce To Meet Consumers Where They Are

eCOMMERCE HAS BEEN GROWING FOR YEARS, BUT A RAPIDLY GROWING PIECE OF THAT MARKET IS MOBILE COMMERCE (mCOMMERCE), WHICH REFERS TO CONSUMERS' SHOPPING BEHAVIORS ON THEIR MOBILE DEVICES.

While many retailers have pivoted their sales platforms to meet this demand, there is still much work to do in their digital transformation to not only attract customers but also convince them to return.

“As consumer shopping behaviors continue to change, you’re seeing a rapid shift where mobile-first isn’t just an option anymore. It’s effectively a core requirement,” Rehman Baig, vice president of product, data and partnerships for [Adyen](#), a global payments platform that offers end-to-end financial services, including mobile payments, told PYMNTS in a recent interview. “Today’s tech-savvy shoppers want more than just a sales pitch,” he said. “They want companies to understand them, allow them to shop on several different devices and, most importantly, they expect checkout and payment experiences to be seamless and frictionless, or they may decide to abandon the purchase or go to a competitor.”

THE PATH TO UNIFIED COMMERCE

Consumers today shop using various platforms and devices, and retailers must engage them across multiple channels. Traditionally, if a consumer wanted to buy a shirt, they would have to go into a store and try it on. Now, consumers are engaged through mobile via targeted advertising and social media from brands looking to bring attention to shirts they sell. From there, some consumers may research on their laptops and then visit a brand’s brick-and-mortar location to see if the shirt is the right fit and style for them. Other shoppers may make the purchase right away on mobile. Both are examples of unified commerce. Many consumers now expect that brands provide them with such seamless shopping and check out experiences no matter where they are purchasing.

The problem with this is that a lot can happen from the point of consideration to the point of purchase. Smart retailers give mobile shoppers plenty of opportunities to complete sales along the way before they lose interest or become distracted. That means retailers must make sure their commerce platforms are intuitively using data across multiple devices that can remember consumers' behaviors. Offering alternative payment options, such as Apple Pay and Google Pay, can increase conversion as well by removing barriers, such as forcing consumers to search for their wallets.

“With digital and mobile, you have access to far more data than you ever had in the past in terms of the consumer and how they're shopping,” Baig explained. “Being able to make sense of the data and give value back to the consumer is critically important to win their loyalty and encourage repeat business. A key part of the experience is tokenizing their payment credentials. Being able to keep payment details stored and secure while being able to tailor personalization and loyalty is something that every company needs to be thinking about in terms of optimizing the mobile shopping experience.”

THE FUTURE OF MOBILE COMMERCE

Mobile commerce has grown very quickly, and some [projections](#) indicate that mCommerce will take over as the preferred way to shop in less than five years, with sales doubling by 2025. Many retailers have not yet invested in the proper digital infrastructure to take advantage of this growth, however, mainly because the pace of mCommerce growth overtook their ability to invest and implement changes.

“What would normally take a decade, you've seen in the span of two years,” Baig said. “Smart companies are recognizing the technical and architectural debt they have and have made active investments to meet the customers' needs and serve them for the foreseeable future.”

Another challenge is that fragmented legacy systems, such as enterprise resource planning solutions, point-of-sale platforms and eCommerce systems, are not set up to “talk to each other,” making it difficult for retailers to have a clear view of inventory, individual store performance, customer preferences and other information that can individualize shopping experiences and cut down on friction.

In the future, Baig expects to see retailers reduce friction further, unifying purchasing channels for a seamless buying experience. He believes brick-and-mortar stores will entice shoppers to buy by eliminating the need to purchase at a cashier line. Offerings like mobile checkout enable

cashiers to walk up to customers and complete sales, elevating the checkout experience and reducing the potential for churn. Technologies such as network tokenization are also helpful, as they allow retailers to save payment information that can be used later, making checkout easier and more secure.

“It lowers the barrier for being able to do pop-ups and for being able to meet people in different parts of the store to close the sale, to get creative in terms of interacting with customers,” he said. “These are the types of things that are going to be indicative of merchants that are able to overcome some of the natural inertia or rigidity that happens in large corporations and be able to capitalize on how consumers' preferences or behaviors are changing. ... Payment is the moment of truth in shopping where everything comes to a head. You can have the brand, the appeal, the inventory and all the great taglines, staff, support and everything along the way, but at the end of the day, payment is when you convert the transaction.”

The future of mobile commerce has already arrived, and retailers will need to change the ways in which they meet their customers quickly if they hope to survive the new normal of unified commerce. The initial investments in technology to do so will be costly, but will be worth the long-term customer loyalty in the end.

Q&A

CHRIS MANGONE

Vice president, global partnerships

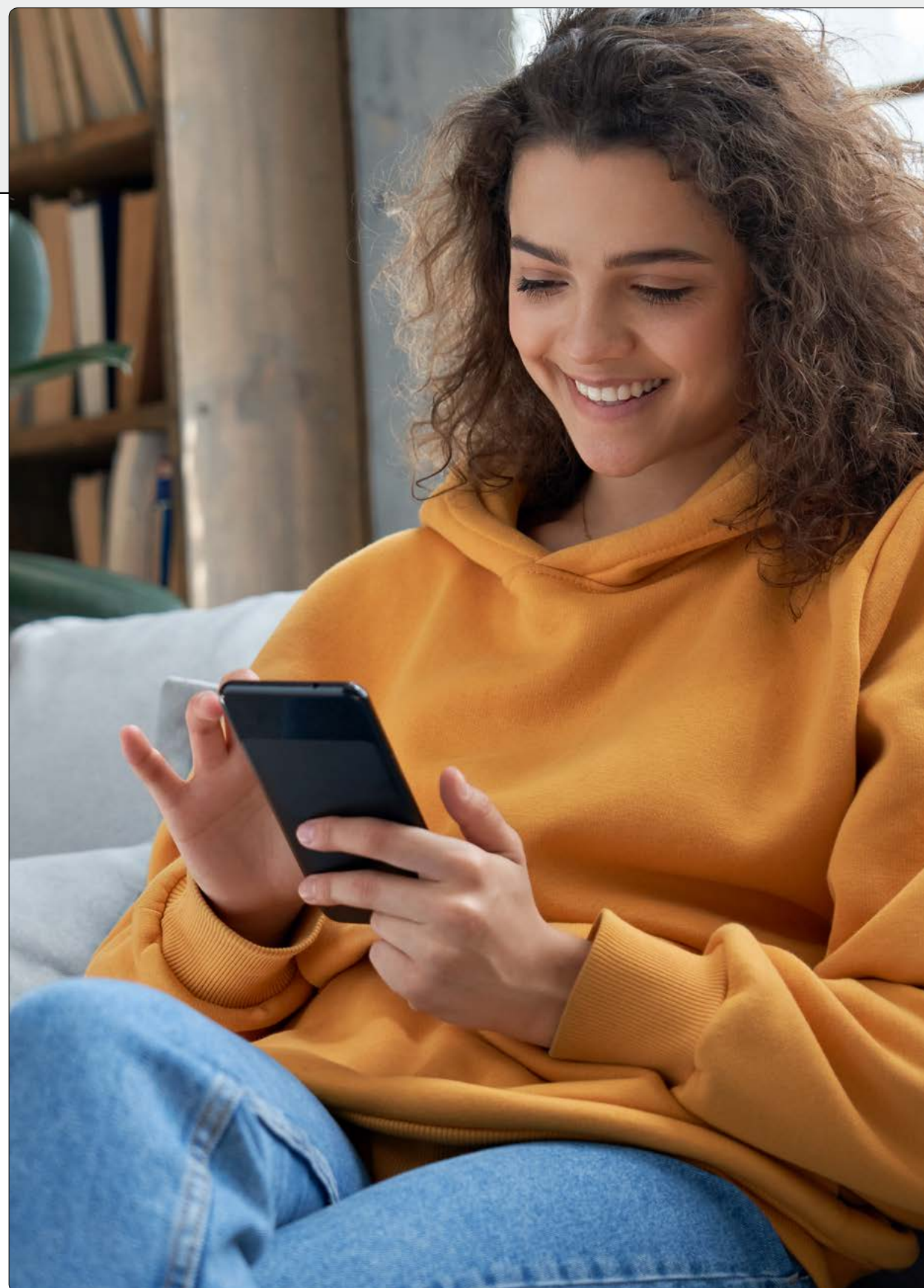
AMERICAN EXPRESS

Research shows that more people are shopping through mobile devices. What are the opportunities for retailers looking to gain their business and loyalty?

I think the question can be broken down into two distinct parts: One, how do you get a new customer? And two, how do you get repeat customers?

[To get] new customers, it's critical that retailers have a mobile-compatible online presence and that they're featuring their products at the different points of discovery online. For example, social media sites allow retailers to reach a targeted audience at a point of discovery where people are spending more and more time, especially millennials and Gen Z consumers, where we've seen spend increase 56% year over year with our card member base. There are also now embedded payments within these sites to increase conversion from discovery to checkout.

In terms of getting a repeat customer, obviously it's essential to have a great product, but customer experience is also key. Having a seamless checkout experience that includes the customer's preferred payment method is critical. By doing this, retailers can reduce shopping cart abandonment. Upon checkout, it's also important to send order confirmations and delivery status updates. This creates an experience that gets customers excited and helps build their trust before the product even arrives. Do this, and you're well on your way to building brand loyalty.



Mobile Payments' Critical Role In Unified, Seamless eCommerce

ONLINE AND MOBILE SHOPPING TRENDS HAVE ENSCONCED THEMSELVES AS THE PREFERRED METHOD FOR MANY CONSUMERS WHO EITHER HAVE GROWN ACCUSTOMED TO DIGITAL SHOPPING OR PREFER THE HYBRID OF PURCHASING ONLINE AND CURBSIDE PICKUP.

Consumers are spending more time on digital devices — none more than the ubiquitous smartphone. One recent [report](#) projects that sales made on smartphones will account for almost half of eCommerce dollars spent this year. The mobile-device shopping trend has even earned its own moniker: mCommerce, a submarket in which smartphones are expected to generate around 85% of sales in 2022.

With control literally in the palm of their hands, consumers are looking for the best shopping experiences they can find and are willing to walk away from all but the most seamless and secure. PYMNTS' [research](#) shows that two-thirds of online retail shoppers look for ease of shopping when picking a digital merchant, and 59% say they would be unlikely to trust a merchant with whom they have had an unsavory experience.

This prerequisite places the onus of customers' digital shopping experiences

squarely on merchants' shoulders. To attract customers and retain loyalty, retailers must tailor the shopping experience to consumers who choose to visit digitally, and they must make paying directly from mobile devices easy and secure. This month, PYMNTS Intelligence takes a close look at the importance of a unified, seamless eCommerce experience and how mobile payments form a crucial part of that experience.

MERCHANTS' MISSED MOBILE PAYMENT OPPORTUNITIES

Consumers enjoy the convenience of shopping on their mobile devices, with 76% doing so to save time, according to one [report](#). Retailers, however, may not be keeping their end of the bargain, as their mobile shopping apps apparently need some improvement. Up to 90% of mobile shoppers [report](#) experiencing problems such as links and pages too small to click on when using their devices. They also complain of security issues and insufficient product reviews or advice to help inform buying decisions.

Another area in which retailers may be missing the mark is in making the most of mobile shoppers' tendency to browse. Almost two-thirds of mCommerce shoppers say they are [looking](#) for a specific item but are open to impulse buys, and only 20% say they need any one item right away when they are shopping on a mobile device. This represents a major opportunity for retailers to convert shoppers through engaging mobile apps that can

help make recommendations based on previous shopping habits, demographic information or through targeted ads that can drive purchases.

Payment frictions can also change the game when it comes to converting mobile shoppers into paying customers. More than one-third of digital shoppers in a U.K. survey said their [preferred](#) methods of payment are through chip, PIN or contactless means, and one in five shopping online said they would find an alternative retailer if their first payment choice was unavailable. Similarly, 21% shopping in-store said an unavailable payment method would send them to another retailer. PYMNTS' [research](#) found that 32% of shoppers said the inability to use preferred payment methods would be an important factor likely harming their trust and comfort in a given merchant. Furthermore, 41% of online retail shoppers and 40% of online grocery shoppers would likely switch if they lost trust in their merchants.

USING DIGITAL EXPERIENCE TO WIN CONSUMER TRUST

With consumers relying on their mobile devices for shopping, retailers should look to meet potential customers where they are most comfortable. By some [estimates](#), mobile devices could become the preferred shopping method within five years. mCommerce sales are forecast to double by 2025 to more than \$728 billion and will make up about 44% of total eCommerce sales in the U.S.

To tap into this market and convert these shoppers into customers, retailers must work to optimize their apps to make it as easy as possible for mobile consumers to find and pay for purchases quickly and seamlessly. An important yardstick will be social media platforms such as Facebook, Twitter and Pinterest, which make it simple to purchase and check out with one-click buy buttons connected to consumers' payment information.

With mobile devices placing buyers' power directly into their hands, more and more customers will never need to enter a store to make a purchase. To succeed in an increasingly mobile eCommerce future, retailers must do all they can to bring their stores to consumers.



NEWS & TRENDS

MOBILE PAYMENTS IN eCOMMERCE

NEARLY HALF OF CONSUMERS BUY MORE PRODUCTS WHEN PICKING UP DIGITAL ORDERS IN-STORE, STUDY FINDS

U.S. consumers have grown accustomed to the digital shopping habits developed during the pandemic, but as shoppers have returned to stores, they are more likely to want to continue using mobile shopping options, according to a new PYMNTS [study](#). A survey of approximately 13,000 consumers and 3,100 businesses in six nations found that businesses benefited from continuing to offer options such as curbside and in-store pickup, with 47% of consumers purchasing more products when they entered the stores to pick up their orders.

More than 5 million U.S. consumers said they “sometimes,” “often” or “always” buy extra items when they pick up their online orders in-store, giving those stores an opportunity for added revenue. Given that 28% of U.S. consumers used their smartphones when they last shopped in physical stores — up 24% from the previous year — the report suggested that businesses should prompt customers with discounts and coupons, product information or inspiration for impulse purchases. Further, the report recommended that merchants should optimize mobile apps and websites to create blended shopping opportunities when customers are in-store.



MOBILE GROCERY ADOPTION RISES AS CONSUMERS EXPECT GREATER PERSONALIZATION, STUDY FINDS

U.S. consumers have increasingly used digital methods to buy their groceries. Recent PYMNTS [research](#) found that these consumers also want their local grocers to know their habits and offer recommendations to make their shopping experiences easier and save them time.

A survey of more than 3,000 consumers found that 4.8% used mobile devices to buy groceries in February, and 5.5% did the same in March, indicating the rising popularity of digital shopping for groceries. One-third of digital grocery shoppers said they purchased from a single merchant, indicating consumers’ frequent loyalty to one online grocer. The research also suggested that consumers are looking for more than simply being able to “hit the reorder button,” instead wishing their grocers to understand their needs and make recommendations catered to their shopping habits. The report noted that the average amount spent on groceries is also growing, as 30-day spending increased from \$99 in February to \$110 in March.



MOBILE eCOMMERCE ON THE RISE AS DIGITAL DEVICES PROLIFERATE

The days of online shopping via home computer are waning as consumers do more shopping through mobile devices, according to a recent [report](#) that gave a nod to the term “mCommerce.” Contributing to the trend are younger and tech-savvier shoppers who spend much of their time on mobile devices. In addition, many retailers and social media platforms have added features that allow shoppers to make purchases quickly without leaving the sites by offering one-click checkout.

The report predicted that the share of U.S. retail purchases made through mCommerce will more than double between 2020 and 2025. mCommerce retail sales topped \$359 billion in 2021, up 15% from the previous year, and current projections estimate that they will reach more than \$728 billion in 2025, representing more than 44% of total U.S. digital retail sales.

DIGITAL PAYMENT DEVELOPMENTS

SECURITY, CONVENIENCE TOP DEMANDS FOR DIGITAL PAYMENT EXPERIENCES IN RETAIL, REPORT FINDS

Consumers more often prefer to rely on digital means of making payments both online and at the point of sale (POS), but a recent [report](#) revealed that they continue to have concerns about safety and convenience. Specifically, 38% of consumers indicated they most often use contactless, chip or PIN as their preferred payment methods. The report advised retailers to ensure that POS solutions allow customers to make frictionless payments to avoid churn.

Security of personal information is another top concern for digital payment users, with 58% of respondents indicating it as one of their biggest worries with using electronic payments. Interestingly, more than one-third of consumers believed that the responsibility for digital payments’ security falls on retailers’ shoulders and not on the POS platform itself or their card-issuing banks.

AMERICAN EXPRESS, BILLTRUST JOIN FORCES TO OFFER VIRTUAL CARD PAYMENTS, REAL-TIME CASH FLOW VISIBILITY

In an effort to help streamline supplier acceptance of virtual credit cards, American Express has recently [entered](#) a partnership with Billtrust, which specializes in automated business-to-business (B2B) accounts receivable (AR) and integrated payments. The integration will allow suppliers to accept and process virtual card payments while also providing real-time visibility into outstanding invoices and cash flow processes. The company’s order-to-cash AR platform also offers services such as credit decisioning, invoicing, payments, cash application and collections in one solution.

Colleen Taylor, president of U.S. merchant services for American Express, said the decision to team up was due to businesses backing away from traditional paper-based payment methods in favor of electronic payments and more robust AR solutions that offer improved visibility into cash flow. Users of the new system can access Billtrust’s Business Payments Network, connecting suppliers to buyer portals and automating B2B commerce.

MOBILE PAYMENTS IN eCOMMERCE

TRACKER®

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

ABOUT

AMERICAN EXPRESS

American Express is a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. Learn more at americanexpress.com, and connect with us on [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

Key links to products, services and corporate responsibility information: [charge and credit cards](#), [Business Class for Merchants](#), [business credit cards](#), [travel services](#), [gift cards](#), [prepaid cards](#), [merchant services](#), [Accertify](#), [InAuth](#), [corporate card](#), [business travel](#) and [corporate responsibility](#).

DISCLAIMER ■

Mobile Payments In eCommerce Tracker® may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

Mobile Payments In eCommerce Tracker® is a registered trademark of What’s Next Media & Analytics, LLC (“PYMNTS.com”)

We are interested in your feedback on this report. If you have questions or comments, or if you would like to subscribe to this report, please email us at feedback@pymnts.com.