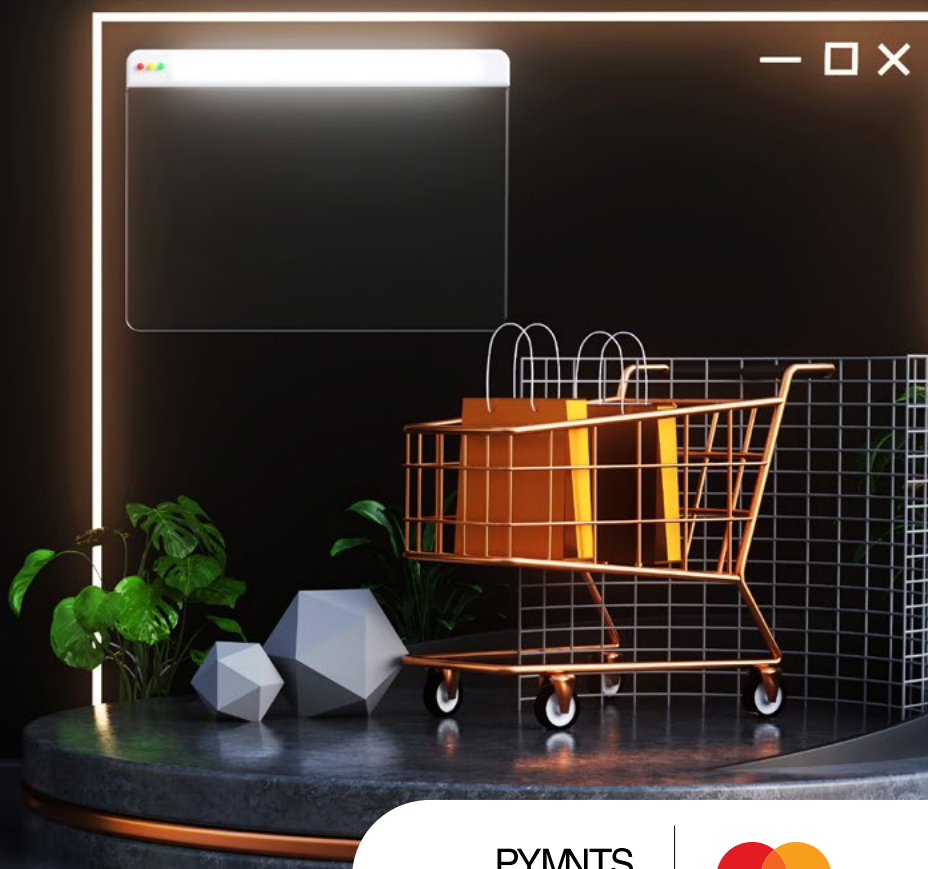


December 2024

The Online Merchant Checkout Innovation Report

2024



PYMNTS
INTELLIGENCE



The Online Merchant Checkout Innovation Report 2024

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The Online Merchant Checkout Innovation Report 2024 was produced in collaboration with Mastercard, and PYMNTS intelligence is grateful for the company’s support and insight. [PYMNTS intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

Few issues impact an online merchant's bottom line as much as friction in the user experience during checkout. This quickly leads to lost sales, hurting conversion rates — and worse, eroded customer loyalty. Most middle-market eCommerce merchants report at least one important problem with the checkout user experience, particularly abandoned carts. Although large shares of merchants also report having trouble with payment processing issues, the user experience during checkout is what they struggle with most often. Remediating user experience concerns at the make-or-break moment of checkout is key to increasing conversion rates.

36%

of merchants report having problems with abandoned carts in the last 12 months.

With so much riding on the user experience during checkout, merchants have a strong appetite for investing in technology that improves it. PYMNTS Intelligence's latest research finds that nearly all merchants express strong interest in at least one innovation promising smoother checkouts, led by one-click technologies, at 80%. However, our research shows that most mid-sized eCommerce businesses do not have a clear understanding of the different one-click checkout solutions offered by major card networks and other payment providers. This underscores the need for solution providers to educate their merchant customers.

These are just some of the findings detailed in The Online Merchant Checkout Innovation Report 2024, a PYMNTS Intelligence and Mastercard collaboration. This study examines the challenges merchants face in maximizing conversion, with a focus on one-click technologies. It draws on insights from a survey of 300 merchants with strong eCommerce business generating \$10 million to \$1 billion in annual revenue from five countries: Australia, Brazil, the United Arab Emirates, the United Kingdom and the United States. The survey was conducted from Sept. 18 to Oct. 9.

This is what we learned.

The Online Merchant Checkout Innovation Report 2024

WHAT ARE ONE-CLICK AND CLICK TO PAY SOLUTIONS?

One click: This is a generic term that refers to a range of solutions that enable shoppers to complete a transaction with a single click. One-click technologies work by storing a customer's payment information for later use, possibly through methods that use tokenization. This could be through different technologies and solutions developed by a wide variety of digital wallet providers, independent software vendors or different payment service providers that allow a registered card to be used for payment at the click of a button without the need to type in details.

Click to Pay: This is a specific type of one-click technology provided by major credit card networks in accordance with EMVCo's standard. It is specifically designed to deliver a one-click experience for registered customers who are using it at a merchant's guest checkout, removing any need to manually enter card information. Click to Pay is interoperable and device and browser agnostic, setting it apart from other one-click technologies.

KEY FINDINGS

01

CONVERSION PROBLEMS

Most middle-market merchants struggle with at least one aspect of the user experience during checkout.



60%

Share of merchants reporting they have a problem related to elements of user experience in online checkout

02

INNOVATION APPETITE

Merchants show strong interest in innovations that improve conversion, with one-click technologies the most in demand.



80%

Share of merchants that are highly interested in one-click checkout technologies

03

IMPLEMENTATION ROADBLOCKS

A key barrier preventing merchants from adopting one-click solutions is technology integration.



26%

Share of merchants not currently using one-click technologies that cite technology integration as the biggest barrier to doing so

04

EDUCATION NEEDED

Merchants lack a good understanding of checkout solutions and struggle to differentiate them from each other, highlighting the need for education.



9 in 10

Number of merchants interviewed that struggled to explain the differences between various one-click technologies

THE FULL STORY

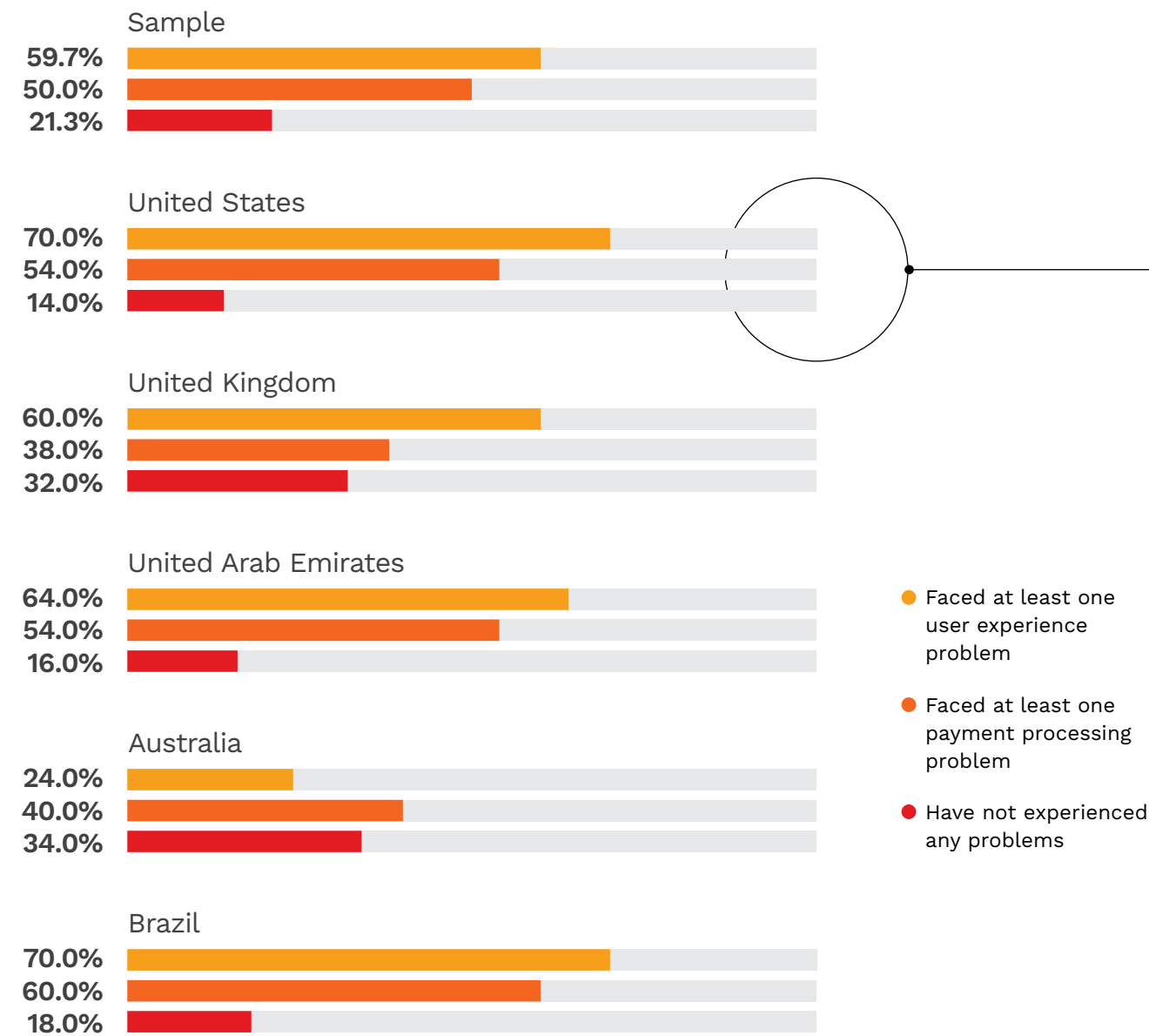
Merchants looking to drive conversions should focus on solutions that improve online checkout user experiences.

Most middle-market merchants struggle with at least one aspect of the user experience during checkout.

For most middle-market merchants, making the user experience during checkout better will likely have a greater impact on conversion than upgrades to back-end payments technology. Sixty percent of middle-market merchants across the five countries we studied report having difficulty in the user experience during the checkout process. Merchants in the U.S. and Brazil are particularly likely to struggle with this side of conversion, each at 70%. In fact, with the exception of merchants in Australia, at least 60% of merchants across markets report user experience difficulties with their checkout processes.

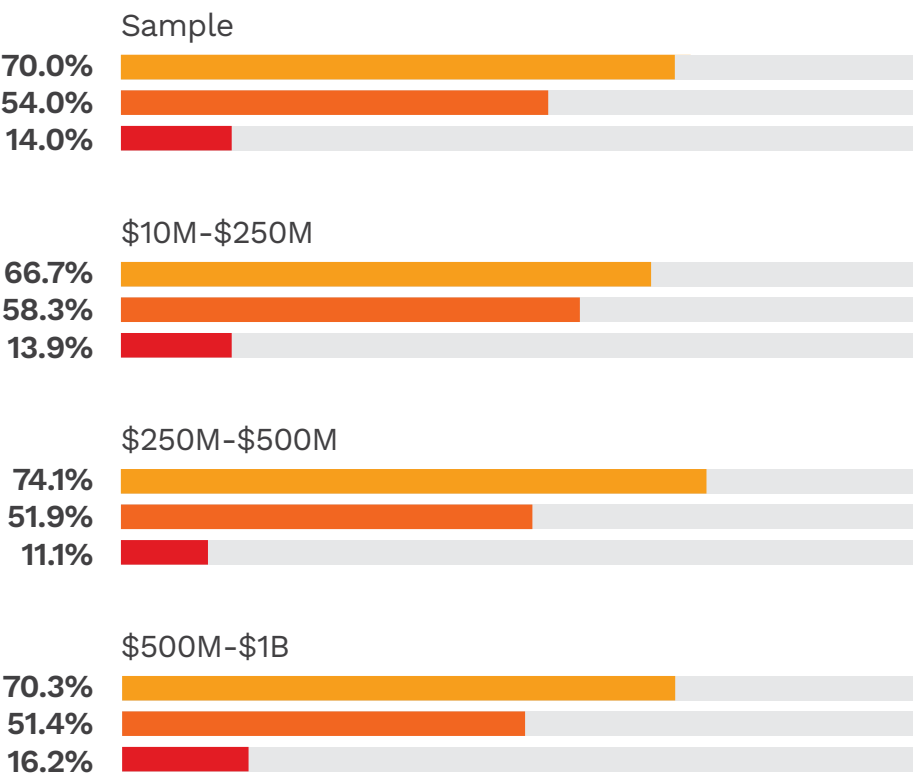
Problems with back-end payment processing — payments-related issues not visible to customers — are also prevalent, but less so. Half of the middle-market merchants surveyed say they have trouble in these areas. These challenges most widely affect merchants in Brazil, at 60%, followed by the U.S. and the UAE, each at 54%.

FIGURE 1:
Friction in the conversion process
Share of merchants reporting select types of problems that affected conversion rates in the last 12 months



Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 300: Whole sample, fielded Sep. 18, 2024 – Oct. 9, 2024

FIGURE 2:
Conversion frictions for U.S. merchants
Share of merchants in the U.S. reporting select types of problems that affected conversion rates in last 12 months, by revenue

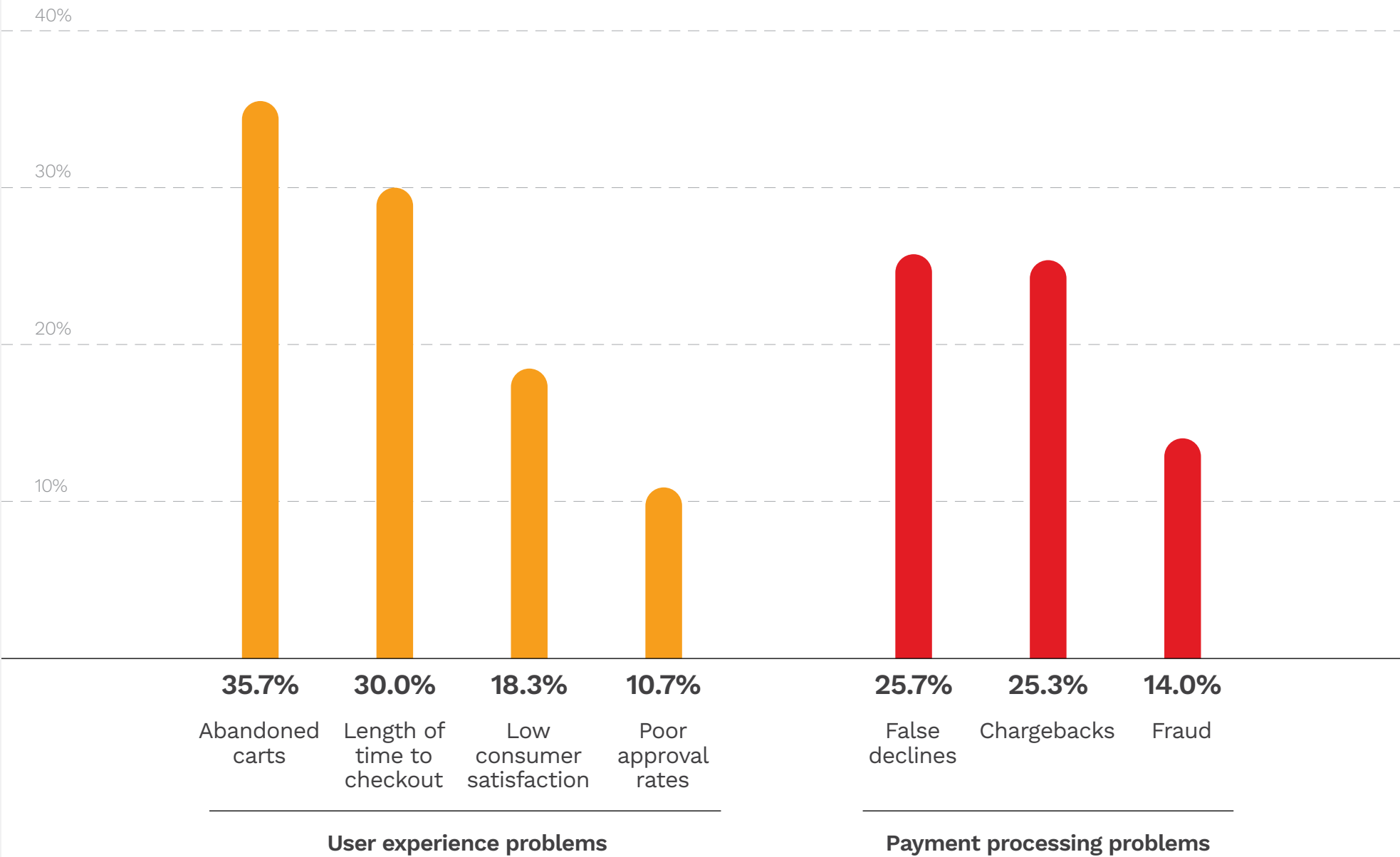


Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 100: U.S. merchants, fielded Sep. 18, 2024 – Oct. 9, 2024

These trends persist across revenue levels as well. For example, among merchants in the U.S., 74% of those generating revenues between \$10 million and \$250 million and 76% of those generating revenues between \$250 million and \$500 million report problems with the user experience during checkout. This drops only slightly, to 67%, for those in the highest revenue bracket in the study — \$500 million to \$1 billion in annual revenue. Back-end payment problems also vary little in frequency across the three groups. These findings highlight how pervasive checkout and payment frictions are even for larger merchants that likely have greater resources to devote to mitigating these issues.

A closer look at the data shows merchants face two key issues as a result of a poor checkout user experience. Abandoned carts top the list, cited by 36% of merchants across the five markets. Lengthy checkout time follows, at 30%. Notably, more merchants cite these issues than the top payment processing challenges, such as false declines and chargebacks, at 26% and 25%, respectively.

FIGURE 3:
Problems with checkout and payment
Share of merchants reporting experiencing select checkout and payment problems in the last 12 months



Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 300: Whole sample, fielded Sep. 18, 2024 – Oct. 9, 2024

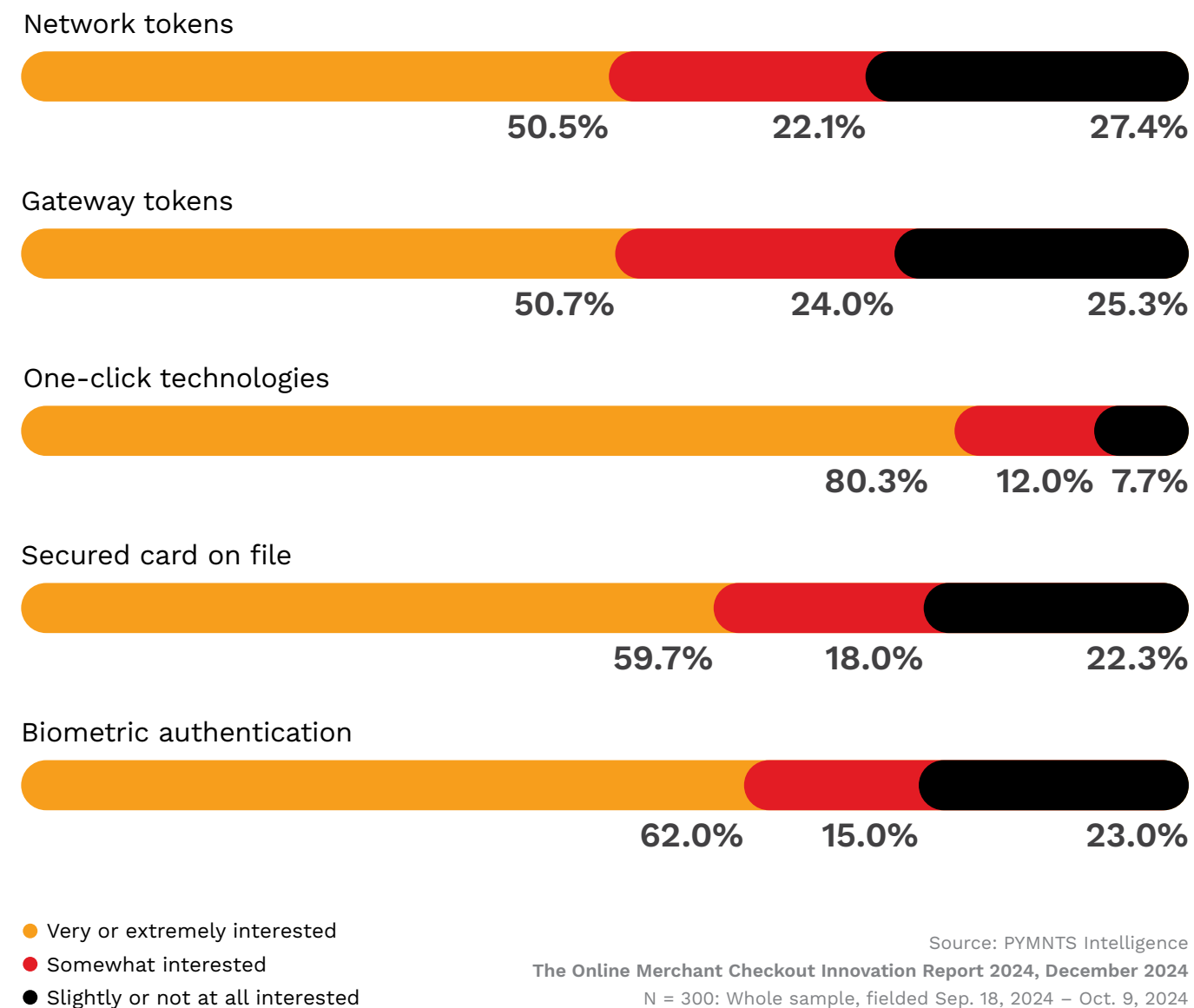
Merchants show strong interest in innovations that improve conversion, with one-click technologies the most in demand.

With so much at stake in conversion, merchants are eager to make necessary upgrades to increase the likelihood that customers complete their transactions. Across the five countries, 94% of merchants are highly interested in at least one innovation related to smoother checkouts and payments. One-click technologies lead, at 80%, followed by biometric authentication, at 62%, and secured card on file, at 60%. Each of these technologies is already widely in use among the merchants surveyed, so these responses mainly reflect a desire to expand application to more consumers beyond those who are currently using them.

FIGURE 4:

Interest in technologies to improve conversion

Share of merchants reporting their interest in select technologies¹



¹ In this report, we refer to tokens that do not originate with the card network as “gateway tokens.” These tokens are also called “payment tokens.”

FIGURE 5:
Interest in technologies to improve conversion
Share of merchants reporting their interest in select technologies, by revenue

Network tokens	\$10M-\$250M	\$250M-\$500M	\$500M-\$1B
Slightly or not at all interested	27.8%	23.5%	28.0%
Somewhat interested	28.6%	17.6%	17.3%
Very or extremely interested	43.7%	58.8%	54.7%

Gateway tokens	\$10M-\$250M	\$250M-\$500M	\$500M-\$1B
Slightly or not at all interested	33.1%	15.3%	22.7%
Somewhat interested	26.0%	25.9%	17.3%
Very or extremely interested	40.9%	58.8%	60.0%

One-click technologies	\$10M-\$250M	\$250M-\$500M	\$500M-\$1B
Slightly or not at all interested	12.6%	3.5%	5.3%
Somewhat interested	15.0%	9.4%	6.7%
Very or extremely interested	72.4%	87.1%	88.0%

Generally, interest is stronger among the merchants that have problems with user experience during checkout or payment processing. For example, 67% of merchants that struggle with the user experience during checkout are highly interested in biometric authentication, versus 52% of those that did not face problems with checkout. However, for one-click solutions, there is almost no difference between segments, with robust interest across the board. This highlights that merchants have a strong desire to simplify and speed up the checkout experience for customers and increase conversion rates.

Secured card on file	\$10M-\$250M	\$250M-\$500M	\$500M-\$1B
Slightly or not at all interested	27.6%	18.8%	14.7%
Somewhat interested	23.6%	12.9%	12.0%
Very or extremely interested	48.8%	68.2%	73.3%

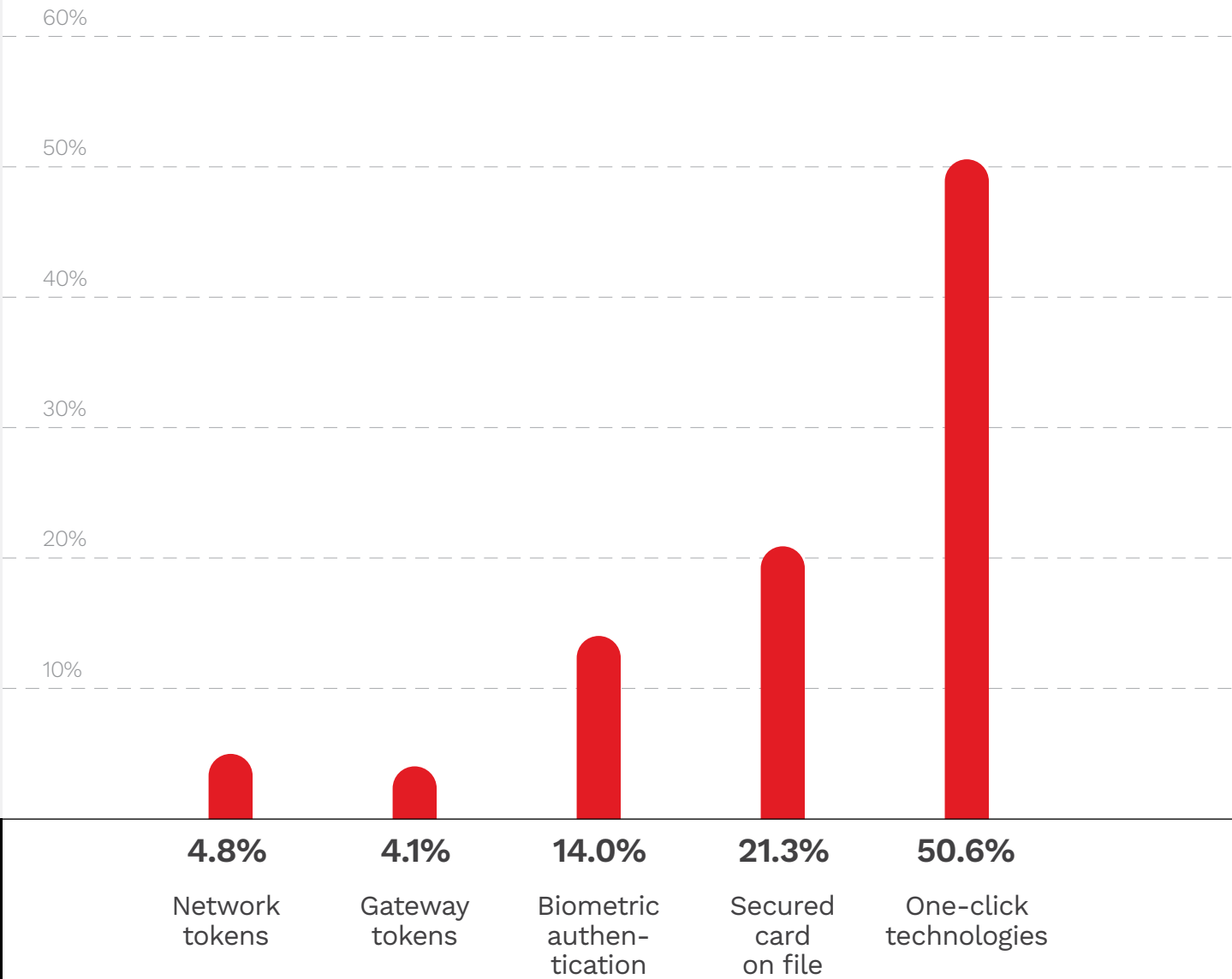
Biometric authentication	\$10M-\$250M	\$250M-\$500M	\$500M-\$1B
Slightly or not at all interested	29.9%	17.6%	17.3%
Somewhat interested	23.6%	7.1%	8.0%
Very or extremely interested	46.5%	75.3%	74.7%

Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 300: Whole sample, fielded Sep. 18, 2024 – Oct. 9, 2024

Merchants generating lower revenues have the strongest interest in one-click solutions. Seventy-two percent of respondents generating \$10 million to \$250 million in annual revenue said they were very or extremely interested, as did 87% of those in the \$250 million to \$500 million band. On the other hand, payment process technologies are less appealing to businesses with smaller revenues. For example, only 41% of smaller revenue firms are interested in gateway tokens and 44% are interested in network tokens. This indicates how much more interest smaller firms have in updating their user experiences during checkout than their payment processes.

Checkout and payment innovations bring a range of key benefits for merchants. To better understand which factors are most impactful, the study asked current users of each technology to name their biggest benefit. For one-click technologies, 51% of current users cite faster checkout as the top draw — a far higher share than for any other technology, with secured card on file coming closest, at 21%. This helps confirm why interest in one-click payments is so strong and can contribute to increasing conversion by eliminating long checkout processes.

FIGURE 6:
Technologies that enable faster checkouts
Share of merchants citing faster checkout as the most important benefit of using select technologies

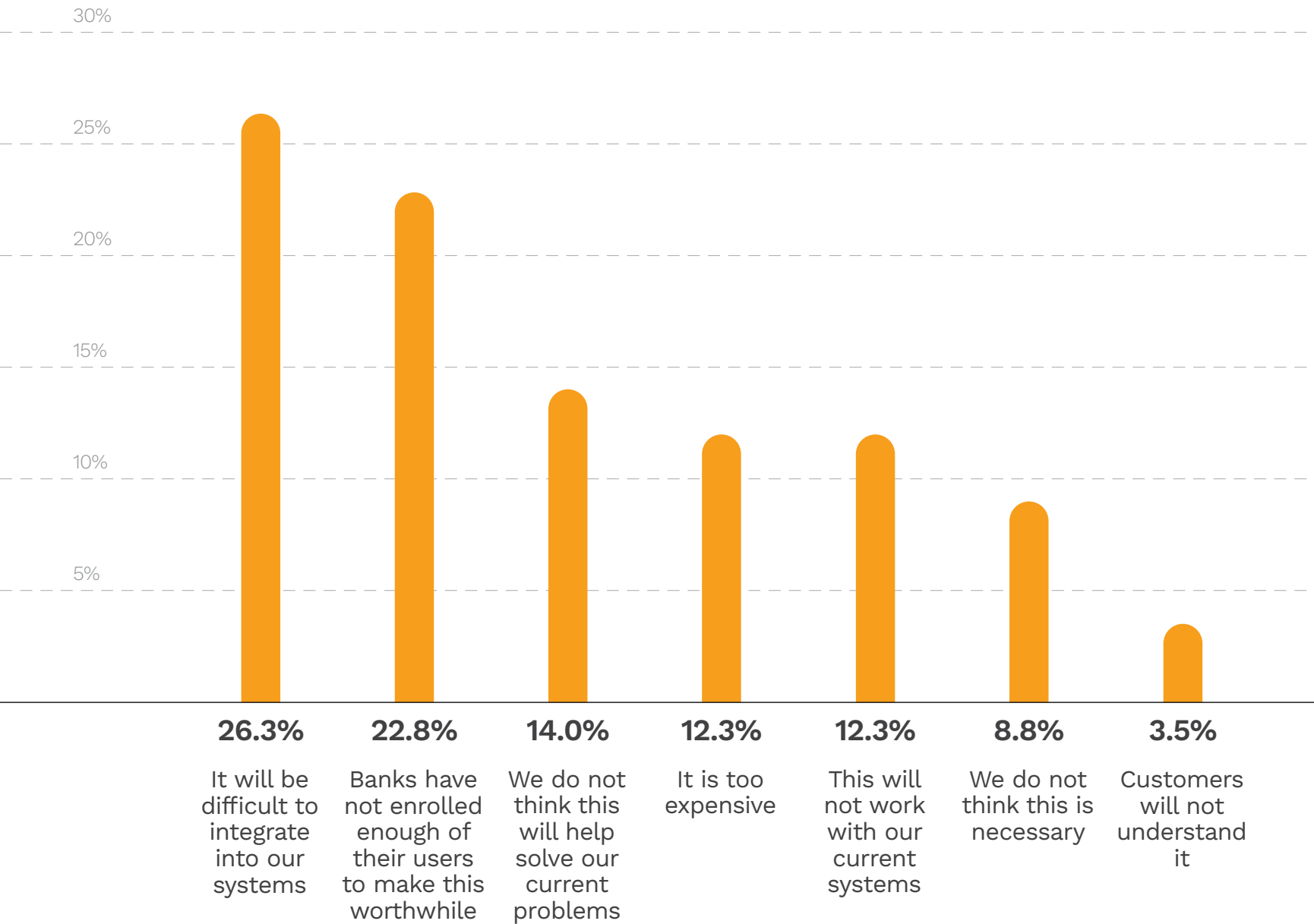


Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N varies based on the number of merchants currently using each technology,
fielded Sep. 18, 2024 – Oct. 9, 2024

A key barrier preventing merchants from adopting one-click solutions is technology integration.

For one-click solutions, the biggest barrier to use is perceived difficulty of integrating the technology, cited by 26% of merchants that do not currently use it. Close behind is lack of enough consumer enrollment to make implementation worthwhile. Other common reasons include that the technology will not solve the merchant’s problems, cost and incompatibility with current systems. To varying degrees, these reasons reflect misperceptions about checkout solution technologies.

FIGURE 7:
Most important reasons for not using one-click solutions
Share of merchants that do not currently use one-click technologies citing the most important reason for not doing so



Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 57: Merchants not currently using one-click technologies, fielded Sep. 18, 2024 – Oct 9., 2024

Providers need to work on educating both merchants and consumers. For example, implementation can be simple and inexpensive depending on merchants' existing systems, and solutions providers offer a range of implementation tools and services to ease the burden on merchants. This is especially true for industrywide standard solutions, like EMVCo's standard, Click to Pay, which allows issuers to automatically enable their customers' cards and make it a default feature, ultimately encouraging more merchants to adopt it.

26%



of merchants not currently using one-click technologies cite **integration difficulties** as the biggest barrier to use.

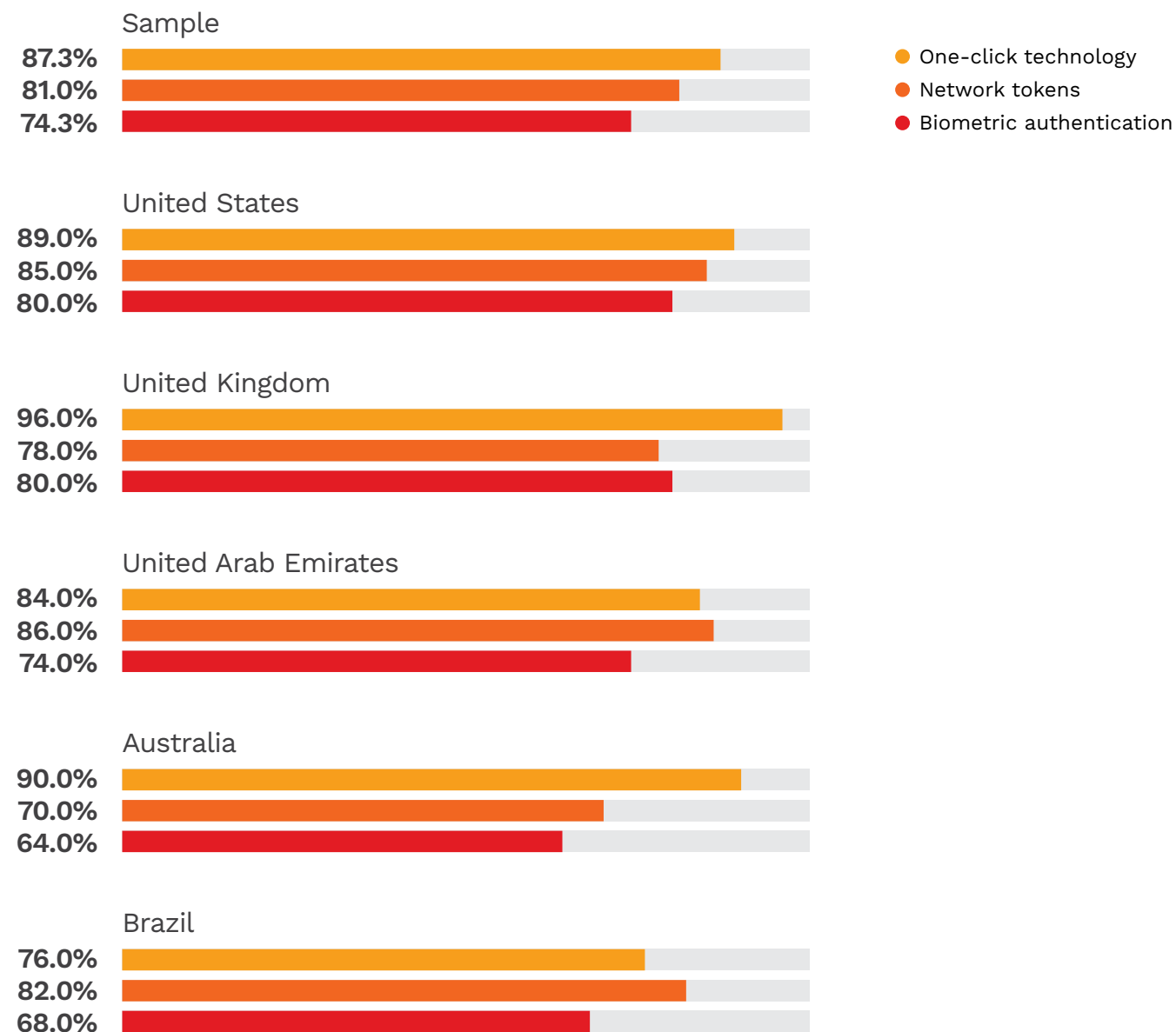
Merchants lack a good understanding of checkout solutions and struggle to differentiate them from each other, highlighting the need for education.

Merchants widely claim to understand one-click checkout, secure card on file, network tokens and biometric authentication technologies. Across the five markets, 87% to 74% of respondents said that they are highly familiar with these solutions. At the country level, this ranged from as high as 96% for one-click technologies in the U.K. to as low as 64% for biometric authentication in Australia.

However, interviews conducted with a subset of respondents show that this familiarity is limited. We found that merchants mostly confuse different technologies that offer one-click payments, such as card on file, digital wallets or Click to Pay. Only a few respondents interviewed correctly explained the basics of a specific one-click technology without confusing it with other solutions.

FIGURE 8:**Familiarity with checkout and payment technologies**

Share of merchants very or extremely familiar with select technologies, by country



Source: PYMNTS Intelligence

The Online Merchant Checkout Innovation Report 2024, December 2024

N = 300: Whole sample, fielded Sep. 18, 2024 – Oct. 9, 2024

Most merchants could not explain

the differences between
various one-click solutions.

These findings underscore the need for providers to educate merchants on the payment solutions they offer. The similarities between generic technology names and specific solutions in this space can easily confuse non-specialist managers and other key stakeholders. Checkout technology solution providers should work to ensure that merchants understand the differences between various checkout solutions. We found that some merchants can explain precisely what one-click technologies are without confusing them with other technologies. This demonstrates that given the right education, merchants will understand how different checkout solutions can meet their needs.







DATA FOCUS

Most merchants in 4 of the 5 countries in the study are currently upgrading their checkout and payment technologies or planning to do so in the next year.

Merchants in the U.S. are more focused than those in other markets on checkout and payment innovations.

Overall, 23% of merchants surveyed are actively upgrading their checkout or payments solutions, and another 31% plan to do so in the next year. Enthusiasm for innovation varies significantly across the five countries, however. The U.S. leads, with 37% of merchants upgrading now and 42% more planning to do so. Brazil also has above average shares of merchants with upgrades underway and planned for the next year, at 26% and 32%, respectively. The other countries trail behind, most notably Australia, where only 4% are actively upgrading now and 14% are planning to do so in the next year.

FIGURE 9:
Plans to innovate checkout and payment solutions
Share of merchants citing select plans to innovate checkout and payment technologies

	Sample					
		United States	United Kingdom	United Arab Emirates	Australia	Brazil
Currently innovating	23.3%	37.0%	16.0%	20.0%	4.0%	26.0%
Plan to start innovating this year	31.3%	41.0%	30.0%	30.0%	14.0%	32.0%
Plan to start innovating within two to three years	18.3%	13.0%	22.0%	20.0%	24.0%	18.0%
Plan to innovate, but not in the next three years	10.0%	2.0%	10.0%	6.0%	34.0%	6.0%
Plan to innovate, but unsure when we will do so	16.7%	6.0%	22.0%	24.0%	24.0%	18.0%
Decided not to innovate in the future	0.3%	1.0%	0.0%	0.0%	0.0%	0.0%

Source: PYMNTS Intelligence
The Online Merchant Checkout Innovation Report 2024, December 2024
N = 300: Whole sample, fielded Sep. 18, 2024 – Oct. 9, 2024

ACTIONABLE INSIGHTS



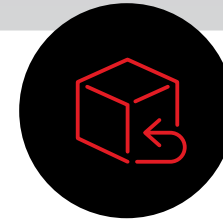
01

Middle-market merchants struggle with a range of user experience and payment processing issues. That said, the key elements visible to the customer that determine the quality of the user experience during checkout prove to be an especially big challenge. This holds across the five markets we studied, underscoring the potential impact of adopting solutions that improve the user experience during checkout.



02

Innovations that can improve the user experience during checkout have strong appeal among middle-market merchants. In all five countries studied, most merchants express interest in innovations that can improve the user experience, with one-click technologies the most frequently cited. Current users of one-click solutions overwhelmingly name speed as the biggest advantage offered by this technology, highlighting its ability to streamline the checkout experience.



03

While merchants show strong demand for new checkout and payment innovations, implementation is no trivial obstacle. The biggest obstacles vary by technology. The perceived difficulty of integration with current systems stands out as a critical impediment, including for one-click technologies. To increase adoption, solutions providers must work to address these concerns.



04

Nearly all merchants claim to understand checkout solutions and technologies, but deeper research revealed only cursory knowledge in most cases. In particular, very few merchants could accurately distinguish between one-click, card on file and Click to Pay offerings. This knowledge gap highlights the need for checkout solution providers to focus on education and messaging to their target merchant base.

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METHODOLOGY

The Online Merchant Checkout Innovation Report 2024, a PYMNTS Intelligence and Mastercard collaboration, is based on a survey of 300 eCommerce merchants with a strong eCommerce platform generating \$10 million to \$1 billion in annual revenue from five countries: Australia, Brazil, the UAE, the U.K. and the U.S. The survey was conducted from Sept. 18 to Oct. 9. In addition, we conducted a follow-up survey from Oct. 29 to Oct. 30 with a random sample of 10 merchants to further gauge understanding of one-click versus Click to Pay technologies.

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ABOUT

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