

When Less is More: Simpler Checkout Can Lead to More Mobile Transactions

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I am an avid shopper who regularly buys in-store and online. I distinctly remember my first e-commerce transaction some 15 years ago. Online shopping was new at the time and cumbersome compared to today's e-commerce experience. Laptops were expensive, Wi-Fi access was limited, and smartphones did not exist. Few merchants offered online ordering options, but after browsing some that did on a desktop with Ethernet connection in the student computer lab, I filled my virtual cart, entered my payment and shipping information, and waited for my items to eventually arrive in the mail.

Fortunately, innovations in technology have significantly improved the e-commerce environment since my college days. Over the past decade, the proliferation of laptops, smartphones, and tablets, and broad access to high speed internet have made it easier for consumers to shop and merchants to sell online. The U.S. Census Bureau estimated U.S. retail e-commerce sales for Q3 2015 at \$87.5 billion and 7.4% of total retail sales, an increase from \$76 billion and 6.5% in Q3 2014.¹ Growth is being driven by the convergence of physical and online retail channels, and people shopping on multiple devices and different mobile platforms.

Payment Process Inhibits Mobile Sales

Mobile commerce still represents only a small portion (15%) of total e-commerce sales in the U.S. and while it continues to grow there are several inhibitors.² Consumers spend over half (59%) of their time retail browsing via mobile compared to desktop (41%), but why do so many transactions result in cart abandonment?³ Security concerns make many people reluctant to provide payment credentials over mobile devices. Smaller smartphone screens cause difficulty for shoppers to input their name, address,

¹ U.S. Census Bureau (2015, November 17). *Quarterly Retail E-commerce Sales, 3rd Quarter 2015*. Retrieved from https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf. The U.S. Census Bureau defines e-commerce sales as sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (mcommerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.

² Lipsman, A. (2015, June 11). *The Mcommerce Gap: Why Dollars Continue to Lag Shopping Behavior on Mobile*. Retrieved from <https://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/The-MCommerce-Gap-Why-Dollars-Continue-to-Lag-Shopping-Behavior-on-Mobile>.

³ Lipsman, A. (2015, June 11). *The Mcommerce Gap: Why Dollars Continue to Lag Shopping Behavior on Mobile*. Retrieved from <https://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/The-MCommerce-Gap-Why-Dollars-Continue-to-Lag-Shopping-Behavior-on-Mobile>.

and payment information during the checkout process, and some sites require users to re-input their personal and payment information for every transaction.

Better Checkout Solutions Available

According to the 2015 *ING International Survey*, consumers tend to favor checkout processes with minimal steps, which could potentially increase mobile transaction volume and improve conversion rates. Sixty-one percent of U.S. mobile shoppers said they are more inclined to shop at stores that save payment details for one-click ordering.⁴ Some e-retailers, such as Amazon, have addressed this issue by enabling customers to complete an online purchase with one-click checkout. The merchant securely stores the customer's address and payment credentials on its server, eliminating the need for the customer to reenter the information each time he shops on that site. Despite its appeal, however, the one-click checkout feature has limitations. Few e-commerce sites offer the capability and it is merchant specific, requiring customers to create separate accounts with each e-retailer.

Digital wallets, such as Visa Checkout and MasterCard MasterPass, have further simplified the online checkout process (especially for mobile shoppers with small screens) with a device-agnostic single sign-in to expedite payment and complete transactions.⁵ Consumers can set up an account directly on the Visa Checkout or MasterPass website, or as part of the purchase process via a retailer's site or app (if the merchant has registered to accept the Visa or MasterCard service). Consumers create a username (e.g., email or mobile number) and password, and enter a major credit/debit card and billing address (which also serves as the default shipping address). During checkout at participating merchant sites, shoppers only need to enter their Visa Checkout or MasterPass username and password to pay. Both digital wallets also offer an optional "remember me" feature that automatically displays the username, requiring only a password, which makes the sign-in and checkout process even easier.

A Streamlined Experience is Key

It is important for retailers to provide a streamlined checkout process that allows customers to complete transactions within the merchant's site as opposed to sending them to a different site to pay. Redirecting customers to an external site for payment adds unnecessary steps, which can result in cart abandonment. Digital wallets, such as Visa Checkout and MasterPass, can be integrated into an existing checkout flow on merchant websites and apps to create a seamless shopping experience from browsing through buying.

⁴ ING (2015, April). *ING International Survey 2015* (Provided by ING).

⁵ See <https://checkout.visa.com> and <https://masterpass.com/>.

Digital Wallets and Bank Branding

Surveys show that many consumers trust their own bank most to provide mobile payment services. This gives issuers an advantage so brand recognition and “top of wallet” card placement are critical. For example, issuers market digital wallets on their webpage with links to the Visa Checkout or MasterPass website for enrollment. Visa and MasterCard display card imagery to help consumers recognize their issuer’s cards stored in the digital wallets. Additionally, issuers that partner with MasterCard can either require their customers to add a card issued by the bank to enroll or allow customers to sign-up for the bank-branded MasterPass wallet via their online banking account.

Takeaways

- Consumers want an efficient e-commerce payment process – a single sign-in capability can serve as a virtual swipe or tap to pay for online purchases via mobile.
- By reducing the number of steps between browsing and buying, digital wallets can potentially help improve mobile commerce conversion rates.⁶
- Shoppers may be more willing to buy from less known retailer websites if they can use a digital wallet that is convenient and protects their credentials from the merchant.
- Unlike guest checkout that requires new customers to enter their name, address and payment information, some digital wallets require far fewer steps to complete an online purchase.

Today’s e-commerce experience is considerably more accessible and convenient than my initial online transaction over a decade ago. Many retailers offer online ordering via websites and mobile apps. Consumers can research and browse products from their smartphones anytime, anywhere, and make a purchase with one click of a button. With continued focus on convenience, security and ubiquity of the customer experience, mobile commerce is likely to reach a tipping point over the next few years.

⁶ Enrolled Visa Checkout customers completed 66% more transactions than with traditional checkout systems. See <https://usa.visa.com/dam/VCOM/Media%20Kits/visa-checkout-whitepaper.pdf>.