



OPTIMIZING CUSTOMER EXPERIENCE
WITH PAYMENT PRESENTMENT

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INTRODUCTION

Customer experience isn't just a buzzword. It's a differentiator. With 2.041 billion digital global buyers, the reach has never been higher.¹

Despite the rise of digital buyers, **ecommerce conversion is only 2.72% across the industry.**²

The average conversion rate for desktop is 4%, which drops to 3.5% on tablet and just 1.8% on mobile.³

Research has found that **80% of shoppers stop transacting on sites with a poor experience,**⁴ **and 47% of customers trust a seller with a good payments process.**⁵

As the last step in the ecommerce process, payments can too easily define the perception of your customer experience.

In this eBook, we'll cover specific tactics on **how to help improve ecommerce flows with payment presentment.** These strategies can remove barriers to purchase, help increase sales, and above all create a more positive customer experience.

YOU'LL LEARN

- Why optimizing payment presentment is critical to help capture more customers and revenue.
- Key success metrics enabled by payment presentment optimization.
- Optimal payment presentment placements in ecommerce flows.
- Tips for ecommerce optimization beyond payment presentment.
- How some well-known brands benefitted from optimizing payment presentment.

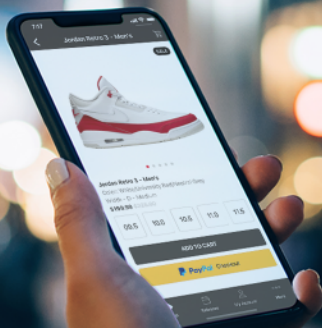
1. eMarketer. (May 2019. Digital Buyers, by Country 2019, millions. [Graph]. In eMarketer. Retrieved September 25, 2019.

2. Worldwide; Monetate; Conversion rate of online shoppers worldwide as of 1st quarter 2019, Q1 2018 to Q1 2019 via Statista.

3. Monetate. (August 13, 2019). Conversion rate of online shoppers worldwide as of 1st quarter 2019, by device [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/918503/worldwide-online-shopper-conversion-rate-by-device/>

4. The Hard Truth About Acquisition Costs (and How Your Customers Can Save You), updated March 2019.

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.



WHY PAYMENT PRESENTMENT OPTIMIZATION IS CRITICAL

You already know the opportunities in ecommerce are massive. In 2019, **e-retail sales accounted for 14.1% of all retail sales worldwide.**⁶ This figure is expected to reach 22% in 2023.⁶

Imagine an online shopper is looking for a pair of hiking boots for an upcoming trip. An effective lead generation strategy brings him to an online retailer. He shops online frequently and has a way he prefers to pay.

He doesn't see any payment options on the homepage or product page. Maybe he sees a payment option but it's not the one he prefers. Even though the merchant does take his preferred payment platform, that information just isn't revealed until checkout.

Frustrated and in a hurry, the potential buyer leaves to search for boots on another site that clearly offers his preferred payment method.

While this may sound extreme, **30% of shoppers will abandon if they don't find their preferred payment method.**⁵

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.

6. eMarketer. (June 27, 2019). E-commerce share of total global retail sales from 2015 to 2023 [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/>

E-Retail Sales Worldwide



OPTIMIZATION DRIVES BENEFITS

Optimizing how and where payment options are presented in ecommerce, including mobile app, is critical. Busy, distracted consumers demand frictionless checkout.

Optimized payment positioning drives:

- Improved conversion⁵
- Increased sales⁵

In addition to possible revenue gains, you help improve the customer experience when shoppers get the information they need to confidently proceed with purchases, when they need it.

The average global cart abandonment rate in 2019 is a staggering 69.57%.⁷ Help capture those sales with strategic payment presentment.

Another online shopper is gearing up to launch a new podcast. She's checking out audiovisual sites for recording supplies.

She knows her payment and shipping information is already stored in a payment platform's system.

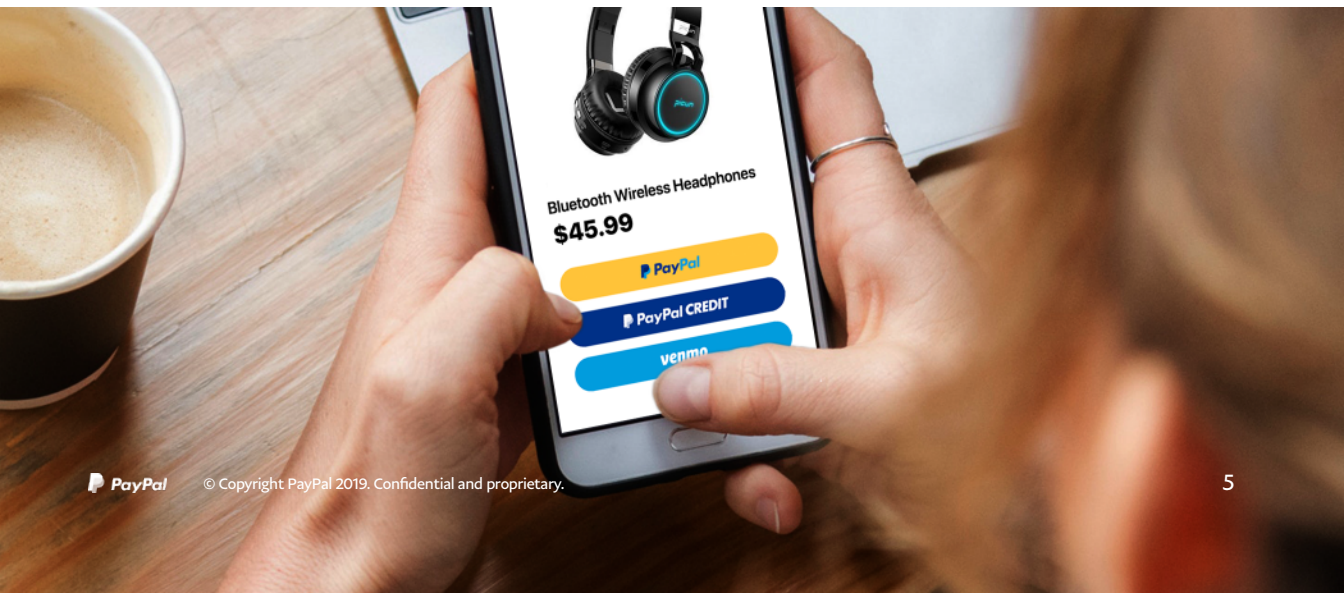
On the first or second page, she sees the site will allow her to pay using that payment method.

Reassured, she loads up her cart with the gear she needs and even selects a few extra unplanned purchases. She doesn't have to slog through a long checkout unnecessarily re-entering payment and shipping information. In fact, **almost 50% of surveyed customers are more likely to trust a seller if they have a good payments process.⁵**

A good payments experience **helps remove barriers that create reconsideration** and also lets customers stay excited about what they're purchasing instead of overthinking payments and potentially abandoning.

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.

7. Baymard Institute. (March 28, 2019). Online shopping cart abandonment rate worldwide from 2006 to 2019 [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/477804/online-shopping-cart-abandonment-rate-worldwide/>



TERMS TO KNOW

WHAT IS CONVERSION RATE?

Conversion rate typically refers to the percentage of people who make a purchase on a website. Conversion can also measure any action you want a user to take, such as button clicks.

Conversion rate measures the effectiveness of ecommerce flows. You can—and should—measure conversion across the funnel to identify points of drop-off.

The average e-commerce conversion cross-device is 2.72%.² That means fewer than 3 out of 100 customers are purchasing.

2. Worldwide; Monetate; Conversion rate of online shoppers worldwide as of 1st quarter 2019, Q1 2018 to Q1 2019 via Statista.

7. Baymard Institute. (March 28, 2019). Online shopping cart abandonment rate worldwide from 2006 to 2019 [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/477804/online-shopping-cart-abandonment-rate-worldwide/>

Some tactics to help improve conversion include:

- Payment presentment optimization is typically low-hanging fruit; the average online cart abandonment rate is 69.57%.⁷
- Conversion rate optimization (CRO), which is the discipline of digital marketing dedicated to testing and improving websites.
- Identifying points of drop-off in the sales funnel.
- Customer journey analysis.
- Cart abandonment retargeting
- Live chat.
- Personalization.
- Referral programs.



WHAT IS AVERAGE ORDER VALUE?

Average Order Value (AOV) tells you how much customers are spending on your site on a per order basis. AOV is calculated by dividing total revenue by the number of orders received.

AOV varies widely based on a site's product mix. For example, car parts typically cost more than clothes. **Across ecommerce, AOV is \$118.66 on desktop followed by \$90.13 on tablet and \$77.71 on mobile.**³

Growing AOV should always be a goal. Once a customer is on your site, you want to encourage them to not just convert, but to spend as much as possible. A higher AOV indicates higher revenue relative to traffic and likely higher profit margins.

Some tactics to help improve AOV include:

- Offering relevant payment options
- Subscription offerings
- Upselling
- Cross-selling
- Promotions
- Offering free shipping
- Bundling products at a discount
- Rewards programs

3. Monetate. (August 13, 2019). Average value of global online shopping orders as of 1st quarter 2019, by device (in U.S. dollars) [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/239247/global-online-shopping-order-values-by-device/>





WHAT IS REVENUE PER VISITOR?

RPV is the total revenue earned in a time period divided by the total number of visits in the same time period.

RPV helps you validate that what you're doing is positively impacting both conversion and AOV.

Tactics to improve RPV include any tactics that would improve CR and AOV.

WHAT IS PAYMENT PRESENTMENT?

Payment presentment is how payment options are offered to online shoppers.

Payments presentment refers to where payment options show up in the buying journey, and how they look from a design, branding, and functionality standpoint.

WHAT IS PARITY?

Parity addresses the degree to which a payment option is presented to online shoppers equally and comparably.

WHAT IS UPSTREAM?

Upstream is the earlier stages of the online shopper buying process before checkout.

The payment page is downstream, whereas a product page would be upstream.

THE PAYMENT PLACEMENT STREAM

Upstream payment presentment can drive positive benefits by helping merchants:

- Increase sales⁵
- Improve Conversion⁵
- Some of our largest merchants have seen increase in new customers!⁸

Lets explore each one in more detail.

PAYPAL PRESENTMENT HELPS IMPROVE CONVERSION⁵

Once a prospective buyer is on your site, you need to keep forward momentum towards purchase completion.

A strong payment presentment strategy helps drive conversion momentum. Given **online ecommerce conversion is only 2.72%**,

most shoppers never even see your checkout flow.² Therefore, upstream PayPal placement is relevant as **52% of surveyed online shoppers were more likely to purchase if PayPal is visible?**⁵

With 300 million accounts and 23 million merchants globally, PayPal is the preferred digital wallet.⁹

Don't isolate payment methods to checkout. Most customers don't make it that far.² If customers know PayPal is an option upstream, then they can tap into that preferred funding source.

2. Worldwide; Monetate; Conversion rate of online shoppers worldwide as of 1st quarter 2019, Q1 2018 to Q1 2019 via Statista.

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.

8. Results are based on an eight-month analysis, 2017 with Crate and Barrel. These results are not necessarily representative for all businesses.

9. PayPal internal data, 2019.



CUSTOMERS

300M+

Customer Accts
39 txns /acct on avg

100+

Different
Currencies

~3B

PayPal Txns
43% on Mobile



MERCHANTS

23M

Merchants
Worldwide

88.7%

Checkout
Conversion

200+

Global
Markets

Product Details Placement

2019 has been rife with security breaches, including the three worst to date.

Making PayPal visible early also lets shoppers know there's a way to shop securely. In fact, **63% of shoppers are more willing to buy from a site they aren't familiar with if PayPal is present.**⁵

The presence of a PayPal button on a mobile product page can let shoppers know they have a fast path to checkout. **About half of browsing is now done on mobile, but mobile conversion rates are still lower than desktop or tablet.**¹⁰

Crutchfield is an electronics retailer that specializes in audio and video for cars. **Adding PayPal to their product pages helped drive a significant increase in order completion.**

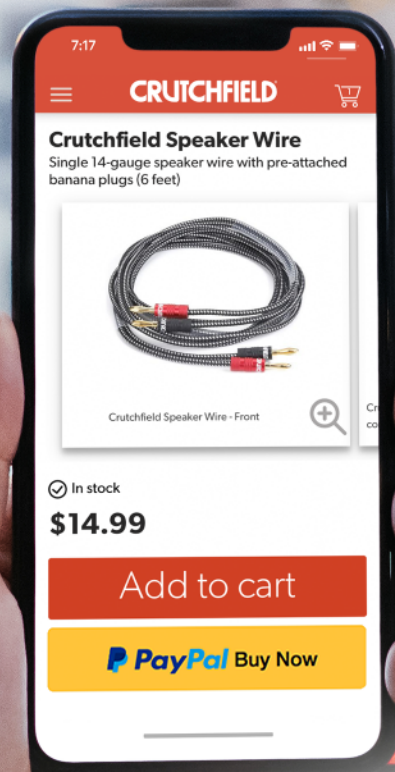
Leverage PayPal to help compete more effectively and help drive sales on mobile web and app.

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.
10. StatCounter. (September 9, 2019). Percentage of mobile device website traffic worldwide from 1st quarter 2015 to 2nd quarter 2019 [Graph]. In Statista. Retrieved September 23, 2019, from <https://www.statista.com/statistics/277125/share-of-web-site-traffic-coming-from-mobile-devices/>

“ PayPal represents 32% of Crutchfield's mobile orders. Putting PayPal's Buy Now button on the product page gives our customers an even faster checkout experience.

We now see 6.5% of mobile customers checking out directly from the product page with PayPal. Adding a PayPal Buy Now button is one more way for Crutchfield to facilitate a great shopping experience. ”

**ZACHARY ZIMET, CMO
CRUTCHFIELD**



Cart Page Placement

In addition to the product page, **PayPal should also be visible on the mini-cart (if applicable) and the cart page.** Customers are excited to buy your product or service, not slog through online checkout.

That's why minimizing the steps to convert is critical. A third-party study with A/B testing platform HiConversion found that across 40 different small and medium retailers, **total site revenue rose 4% when PayPal was presented upstream on the cart page.**¹¹

11. HiConversion Mobile Optimization ongoing study (2019). These results reflect the average findings of all participating merchants and are not guaranteed for all users.



“ One of the ways that PayPal's been so instrumental for us is it allows people to **overcome one of the frictions, which is payment, when they're in the moment of being excited about what they're buying.** ”

SAURIN SHAH, HEAD OF PRODUCT

RUE GILT
GROUPE

PAYPAL PRESENTMENT HELPS INCREASE SALES⁵

PayPal is much more than a button to facilitate an easy checkout.

We've all made impulse purchases as shoppers, and as merchants, we want to enable consumers to buy.

A payment presentment strategy that makes payments as fast and frictionless as possible helps facilitate all purchases, including impulse shopping.

PayPal's fast, secure checkout makes it easy for your customers to complete their purchase on your site without pausing to reconsider during a longer online checkout.

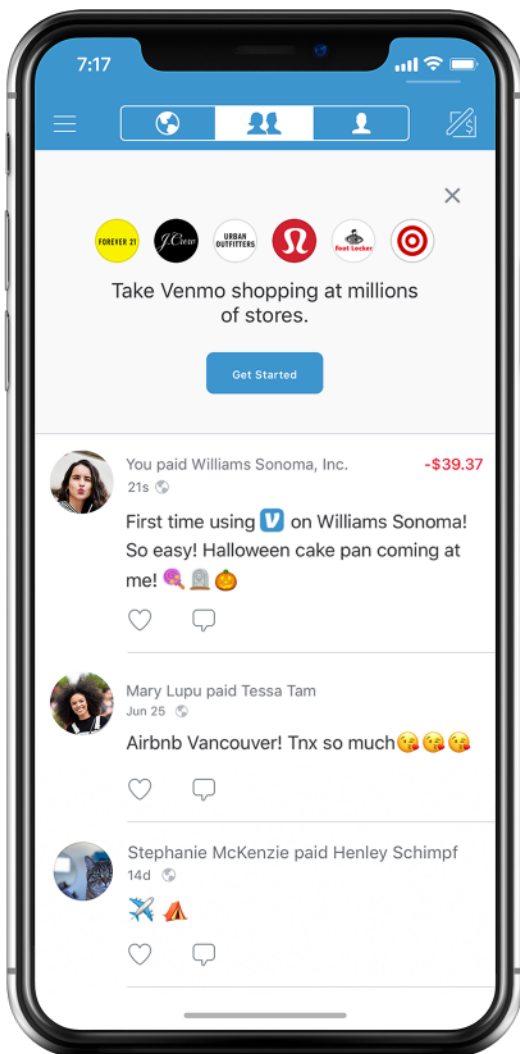
When PayPal is presented as a clear option on product details and cart pages, **1 out of every 2 shoppers spends more at checkout, leading to a 23% increase in incremental sales on both desktop and mobile.**¹²

Leverage easy competitive differentiators by making it obvious to consumers, especially on mobile, that they can use PayPal.

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.

12. Forrester TEI Q1, 2018.





Venmo

Millennials are a highly desirable buying population. To help attract them, merchants are offering Venmo¹³ as a payment option.

Given Venmo is still primarily used for peer-to-peer transactions, consumers often have available funds in their Venmo accounts.¹⁴

By messaging the option to use Venmo as a payment method, merchants can tap into that cash reserve. In fact, **65% Venmo users use their Venmo balance for shopping online and 31% Venmo users are holding a balance in a Venmo account.**¹⁴

Consumers consider their Venmo balance to be an extra cash reserve, which can drive incremental purchasing.

Venmo also encourages users to share their purchases, creating merchant exposure via social sharing.

¹³. Venmo account required to send or receive payments

¹⁴. Digital Trends Impacting Commerce, Kelton Research as commissioned by PayPal; online survey.

PayPal Credit

Price is an objection that stalls sales. Help counter that with PayPal Credit.¹⁵

Offering easy financing that allows consumers to pay over time is an attractive way to drive sales using payment presentment as a lever. PayPal Credit offers No Interest if paid in full in 6 months on purchases of \$99 or more.

Consumers can only be influenced when they have the necessary information to influence decision making. **Pairing a PayPal Credit upstream message on a product page with**

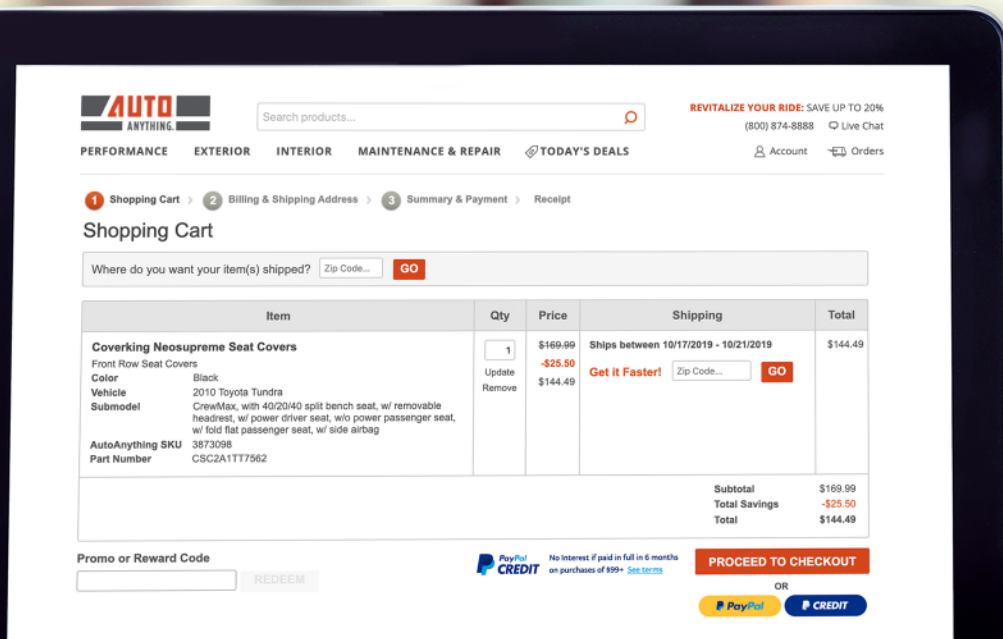
a PayPal Credit button on the cart page could deliver 15% incremental sales.¹⁶

For enterprise merchant AutoAnything, featuring PayPal Credit banners and a PayPal Credit button led to a 30% growth in PayPal Credit share of wallet in just one month.¹⁷

15. Subject to consumer credit Approval.

16. Average incremental sales based on PayPal's analysis of internal data amount middle market merchants with annual sales above \$5MM against similar control population between January 2013 and March 2018.

17. Based on a month-long analysis of PayPal internal data between April and May 2019. The results are not representative of results for all businesses.



PayPal Credit Messaging

Messaging PayPal Credit is easy. Just add a line of JavaScript to your site and choose where to place the message on the page.

PayPal Credit messaging can immediately help counter objections to price by reminding customers they can leverage 6 months special financing on purchases of \$99 or more.

Best of all, merchants are paid up front. There's no additional merchant cost for PayPal Credit. It's a true win-win.

Consumers can use PayPal Credit at any merchant that accepts PayPal. As a merchant, there's no additional integration or fee to use PayPal Credit.

1-800-Flowers is the world's largest floral retailer. They've grown by consistently innovating. They were one of the first businesses to use 1-800 numbers, and they were pioneers in using the internet to sell their products. They've also been long-time PayPal merchants.



“ What sets PayPal apart is the commitment to innovate and provide an experience which increases checkout volume. **Whether it's through PayPal Credit, Marketing Insights, or the PayPal button, PayPal helps serve our customer's needs.** The proof is in the products, and they speak for themselves. ”

SUMANTRO DAS, SENIOR DIRECTOR OF PRODUCT

1-800-flowers.com

PAYPAL PRESENTMENT HELPS GAIN NEW CUSTOMERS

It's risky to assume customers will convert using the payment methods you present to them. As with all things, customers like choice.

According to an Ipsos survey, **26% of customers abandon at the payment stage because preferred payment method was not available.**⁵

After launching an upstream PayPal checkout button on desktop and mobile for their sites, Home Chef saw a **5-6% growth in new customer signups** in just 1 month with PayPal.¹⁷

While you may not be thinking of it this way, payment presentment can drive new customer acquisition.

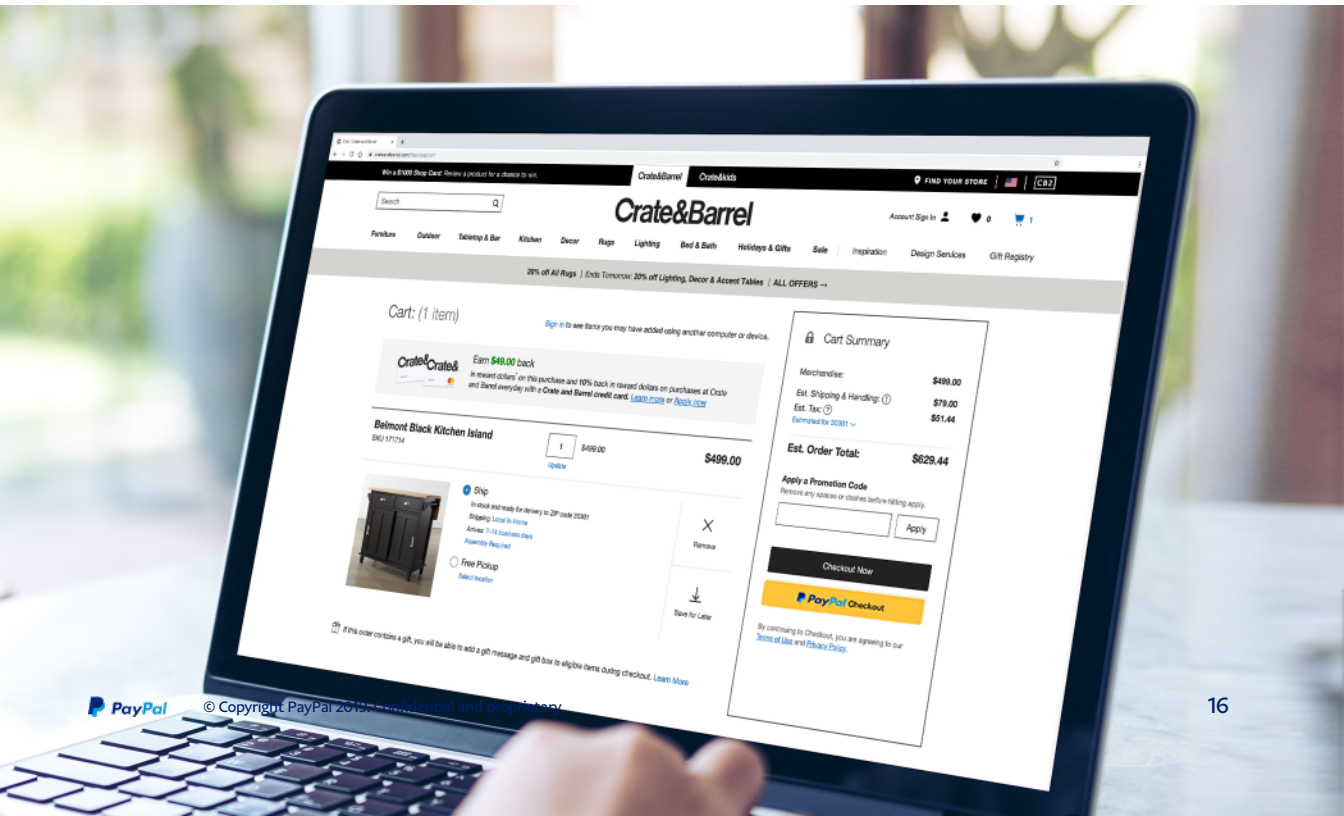
Crate & Barrel was inspired to participate in a case study after they saw positive growth in net new customers after implementing PayPal. Choosing to display PayPal on the cart page could help drive new customers for your business too.

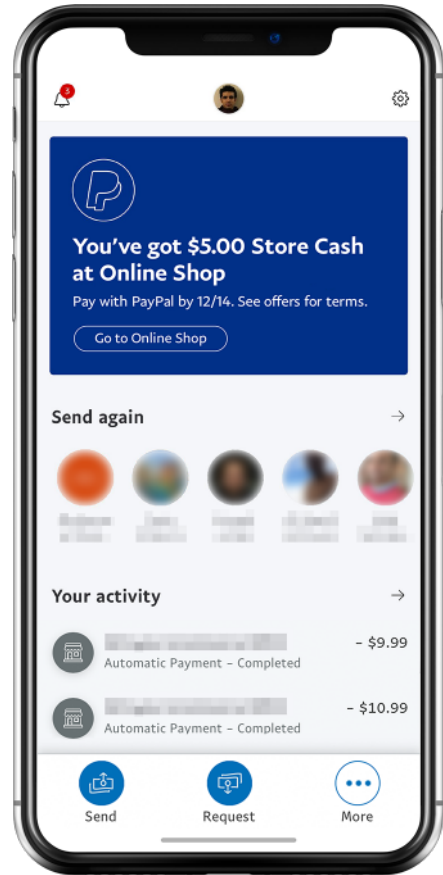
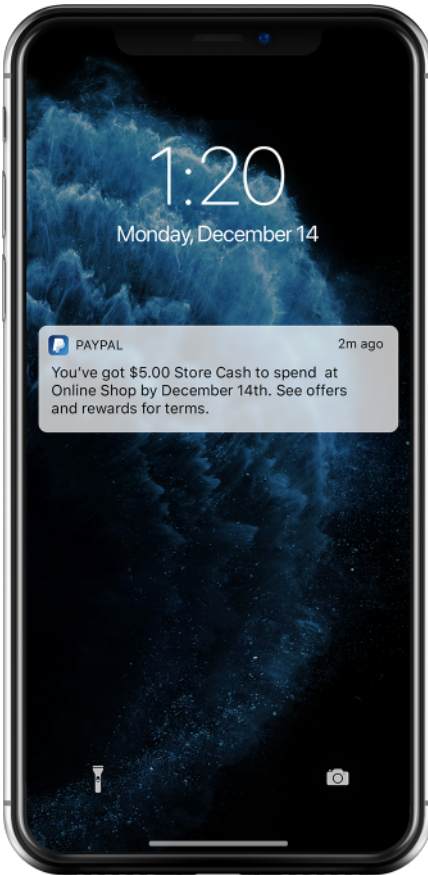
Almost immediately after launching a PayPal Checkout button, Crate and Barrel and CB2 saw nearly **10% of consumers opting to check out with PayPal and led to almost a 5% growth in new customers** for Crate & Barrel & CB2 brands.⁸

5. Ipsos MORI Conjoint Research (US respondents). Methodology: Online survey conducted across seven markets (UK, Germany, Italy, Spain, US, Australia, Brazil) with 1,500 respondents per market/10,500 total respondents (boost in Brazil to ensure 500 PayPal users), including 6,930 PayPal users. Respondents were online shoppers who have made a purchase in the last month, 2018.

8. Results are based on an eight-month analysis, 2017 with Crate & Barrel. These results are not necessarily representative for all businesses.

17. Results are based on a month-long analysis between March and April 2019. The results are not necessarily representative for all businesses.





PayPal Store Cash

PayPal Store Cash is another product that can help re-engage new customers. PayPal's Store Cash product uses targeted notifications to encourage customers who browsed and abandoned to return to the site and convert.

Store Cash can help to identify, on average, **40% of high intent customers** who visit your website and can drive an **incremental**

6% TPV lift in sales.¹⁹

Competition is fierce in today's ecommerce environment. Once you've done the hard (and costly) work of getting a user to your site, you need to turn that browser into a buyer.

19. Internal PayPal analysis of Store Cash product, 2019. These results are not necessarily representative of results for all businesses.

OVERALL SITE OPTIMIZATION

While payment presentment is critical and often low-hanging fruit, optimization goes far beyond this topic. Use your analytics tools to both identify parts of your funnel with drop-off and figure out what products to promote.

3 quick wins to consider:

- Devote homepage real estate to making your most popular products and categories highly visible and discoverable.
- If you notice a high bounce rate on your category pages, consider adding filters that will let customers home in on the SKUs that are most relevant to them. For example, can customers sort by all size options?
- A robust internal search tool is critical. No search query should ever return empty. You want to keep customers on your site to purchase, not drive them elsewhere when they have a poor customer experience.

Consider A/B testing your site.

A testing platform tool randomizes site traffic into different experiences you create. The tool tracks which version drives the most conversion. It's a data-driven way to make business decisions that drive tangible value.

Confirm eligibility to participate in the Mobile Optimization Initiative.

If you're using Magento or BigCommerce, you could be eligible to participate in A/B testing with HiConversion via the Mobile Optimization Initiative. Learn more at mobileoptimized.org. If you're not using one of those partners, there are lots of tools in the marketplace that will help you run A/B tests.

Check out online groups to collect user feedback.

If you don't have enough site traffic to get a statistically significant sample size for an A/B test, consider online user groups or sites like usertesting.com that let you gather feedback from individuals. These tools also make nice qualitative additions to testing.

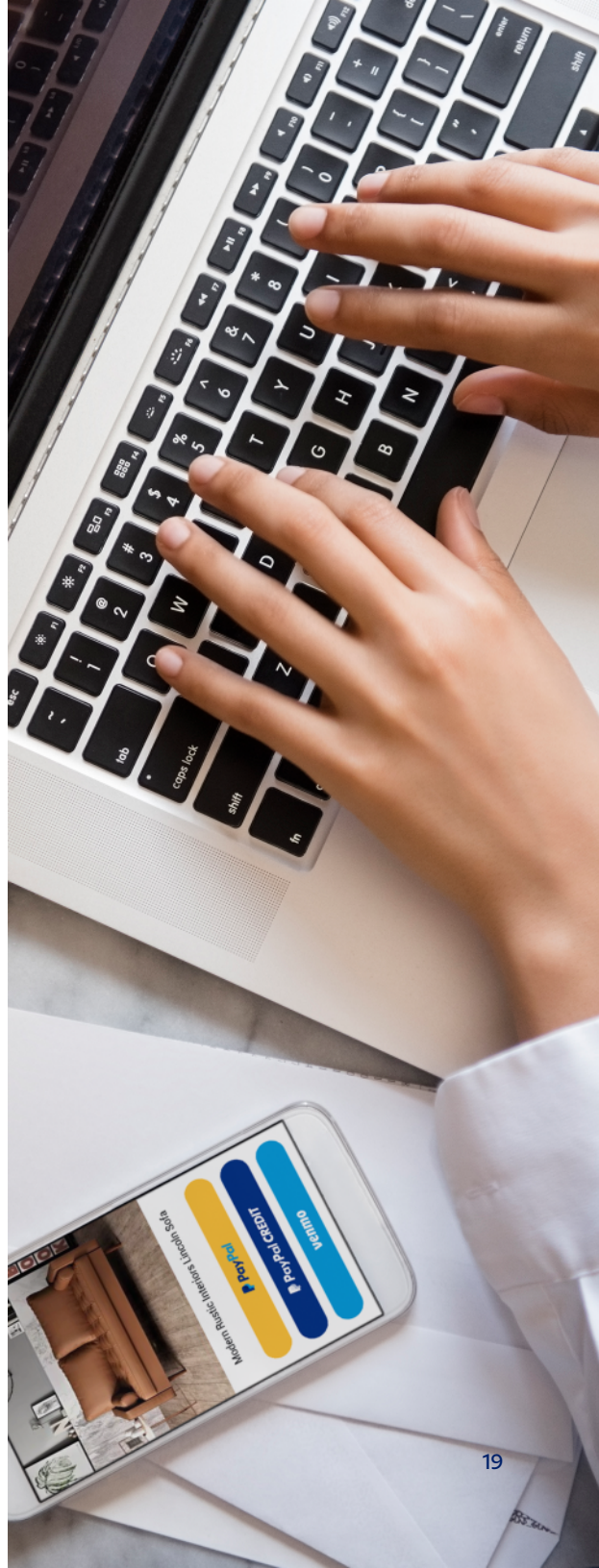


PAYMENT PRESENTMENT TAKEAWAYS

Implementing upstream PayPal presentment can be a great way to optimize your site.

Help increase conversion and sales by leveraging PayPal to:

- Create upstream awareness, as early as the homepage, that PayPal is available.
- Present the PayPal button on product details and cart pages in addition to the payment page.
- Present PayPal Credit messaging on product pages + the PayPal Credit button on the cart page to help drive sales.
- Present upstream Venmo messaging + Venmo on the payment page to tap into millennial spending power.
- Layer PayPal messaging into abandonment emails to drive cart return.



ADDITIONAL INFORMATION

PAYMENT PARTNER USER AGREEMENT COMPLIANCE

When online merchants become users of various payment platform services, a User Agreement is agreed upon and implemented between the two parties. This document details the terms of what the payment solution partner will provide and how the platform is to be used in the merchant's online shopping environment.

These agreements vary but will most likely include terms on presentment and parity with other payment solution platforms. The goal is to create a best-in-class customer experience by providing shoppers with equal, immediate and clear information about the payment options available to them.

The point is not competition between the payment solution providers or having rules just for the sake of having rules. Tactics around when and how to show payment options to shoppers

have been studied thoroughly, as illustrated here. mProviders have tested and tweaked to learn what does and does not positively effect merchant revenue in online stores. Parity, proper presentment, and providing options upstream are factors that have been shown to capture missed revenue opportunities and improve customer experience.

Most merchants are heads-down and focused on conducting their business. Consequently, they may be unfamiliar with their User Agreement terms and unaware they are actually in violation.

It's worth taking the time to learn what's called for regarding parity and presentment. Again, this is not so much an obligation as an opportunity to optimize for greater success.

That being said, an agreement is an agreement. If merchants are aware of the terms but deliberately remain out of compliance, this could lead to higher rates from the payment provider.



PRESENTATION OF PAYPAL & PAY WITH VENMO

This is an example of parity & presentment clauses from PayPal's User Agreement.

You must treat PayPal and/or Venmo as payment methods or marks at least on par with any other payment methods offered at your points of sale, including your websites or mobile applications. This includes at least equal or substantially similar: logo placement, position within any point of sale, and treatment in terms of payment flow, terms, conditions, restrictions, or fees, in each case as compared to other marks and payment methods at your points of sale. In representations to your customers or in public communications, you must

not mischaracterize PayPal or Venmo as a payment method or exhibit a preference for other payment methods over PayPal or Venmo. Within all of your points of sale, you agree not to try to dissuade or inhibit your customers from using PayPal or Venmo or encourage the customer to use an alternate payment method. If you enable your customers to pay you with PayPal or Venmo, whenever you display or exhibit the payment methods that you accept (either within any point of sale or in your marketing materials, advertising and other customer communications) you agree to display the PayPal or Venmo payment marks at least as prominently, and in at least as positive a manner, as you do for all other payment methods.

