

Checkoutless commerce:
How switched on are UK retailers
to mobile payment innovation?



December 2018 /



The first annual report into the take-up of digital wallets and resulting consumer experience from Gene Commerce

01.

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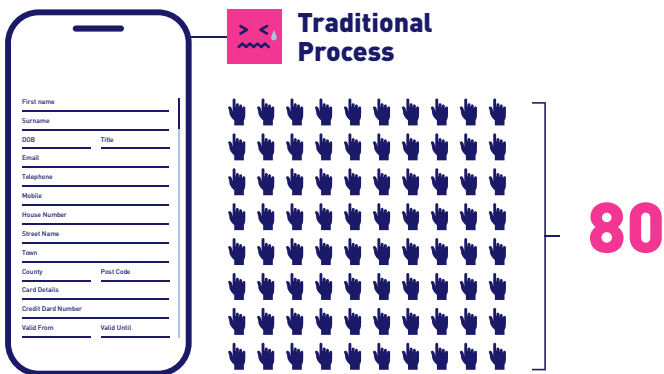


02.

Don't leave mobile payment innovations in the basket

Traffic to ecommerce websites has flipped onto mobile - **71% of all visits** in the UK are from a mobile device, according to IMRG - yet conversion rates and sales aren't keeping pace. We are seeing a monumental shift in how people transact online, so why do many retailers make it such hard work to purchase an item in this way?

People have become accustomed to the likes of Uber, Airbnb and Deliveroo. Slick, frictionless customer experiences make it easy to buy. When we shop on mobile and need to type in our address and bank details on fiddly forms, an inevitable sense of frustration follows.

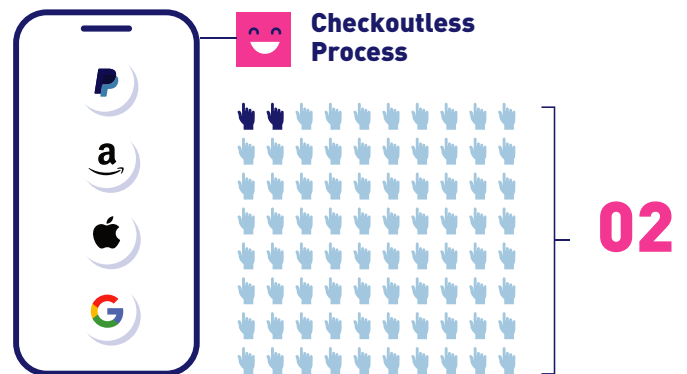


It doesn't have to be like this. Technology exists for retailers to make shopping on mobile simple and convenient, where consumers can transact before the conventional checkout stage. Integrating digital wallets such as PayPal Express, Amazon Pay, Apple Pay and Google Pay on the product detail and basket pages removes the need for customers to enter their details each time. This checkoutless process also reduces the average number of touches required to complete a mobile transaction from **eighty to two**.

Our first annual report into the checkoutless commerce landscape examines take-up of the most popular digital wallets and resulting consumer experience. It aims to shine a smartphone torch on where UK retailers are with this technology right now.

Digital wallets available on mobile websites of the top 250 retailers were analysed, and we looked at how the top brands perform in specific sectors: grocery, fashion, sport and homewares. The research was conducted in August 2018.

Matt Parkinson
CEO, Gene Commerce

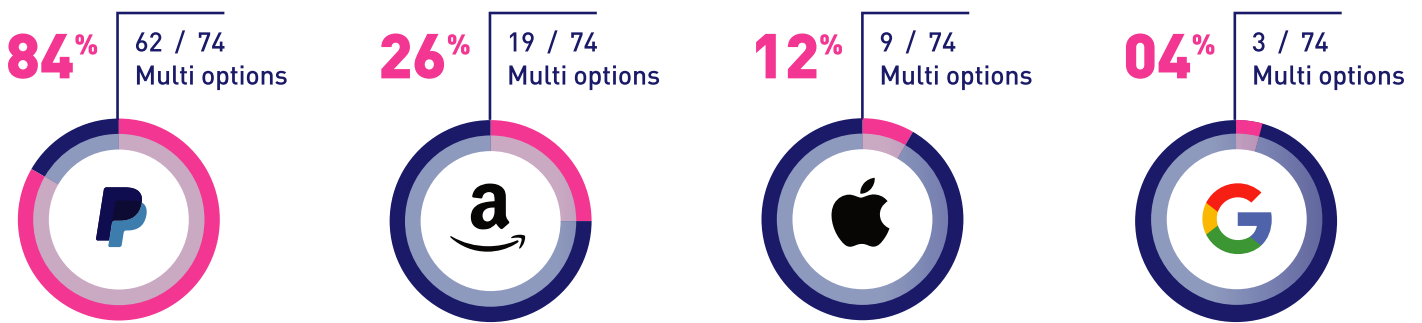


03.

Take-up of checkoutless mobile payment methods

Our inaugural research shows the UK retail industry is in the early stages of adopting checkoutless commerce. Only 30% of the top 250 online retailers studied give mobile shoppers an option to transact before the conventional checkout stage.

CHECKOUTLESS PAYMENT METHODS



PayPal Express is by far the most popular checkoutless payment method, offered by 84% of these retailers. This high level of integration is revealing. Merchants may choose to provide PayPal Express as they know it enables conversion - consumers feel confident with a familiar, trusted brand that operates a simple redress service.

The same rationale could apply to Amazon Pay, which is the second most popular choice. By contrast, both Apple Pay and Google Pay are relative newcomers to the digital wallet market and some banks have been slow to integrate the technology, which is reflected in the low take-up by retailers.



04.

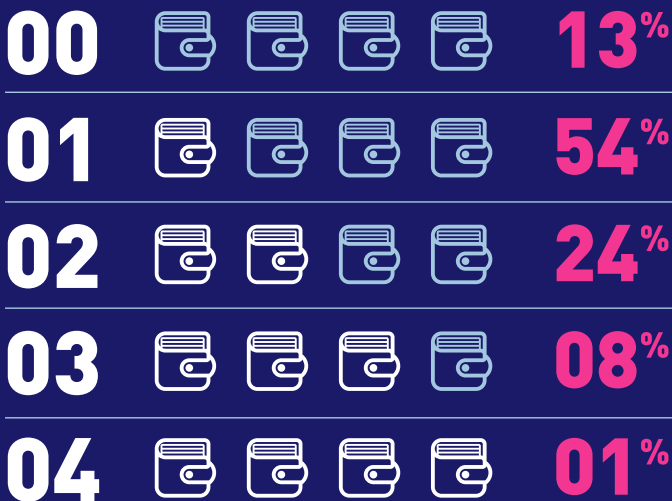
Overall use of digital wallets

Looking at the availability of digital wallets at any stage of the payment process, we found Paypal to be the most popular - 86% of retailers offer this option. Despite its extensive use, only 29% of these are using its checkoutless Express function on the product or basket page.

How many do you need?

Reluctance by retailers to provide a suite of payment methods became apparent when we examined how many digital wallets are offered either as a checkoutless option or at the traditional checkout stage. Only one retailer provided all four options and, remarkably, 13% had none.

NUMBER OF DIGITAL WALLET OPTIONS



05.

Sector specific checkoutless findings

Our study included a review of checkoutless commerce in key sectors. As the number of sector-specific retailers in the top 250 varies, we carried out a like-for-like comparison of the top 25 fashion, sportswear and homewares sectors plus the eight major online supermarkets.

The take-up of checkoutless payment options by sportswear retailers is slightly higher than the overall group of 250 retailers, at 32%, with fashion and footwear retailers in second place with an adoption rate of 20%.

These figures are low considering both sectors tend to target mobile-native younger shoppers.

Sparse use of Google Pay and Apple Pay across each vertical sector mirrors the overall research trends.



Top 25 Fashion & Footwear

Total using checkoutless

20%



Top 25 Sportswear & Leisure

Total using checkoutless

32%



Top 25 Homewares & DIY

Total using checkoutless

12%



Top 8 Supermarkets

Total using checkoutless

13%



06.

Convenience is the new commodity online

Convenience is the new commodity online, however our findings indicate most retailers are yet to embrace checkoutless commerce.

It's a nascent development, yet it poses a major challenge for retailers. Paying for purchases using a phone or watch requires a different psychology, and there is a need for behavioural change within the industry if it is to create a truly convenient mobile shopping experience. There are always competing IT priorities - investing in the look and feel of an online store will usually take precedence over innovative checkout solutions - and changing payment gateways is relatively high risk. Ultimately, a mind-set shift at the web design stage is required to integrate digital wallet options in the optimal way, rather than layering new technology over legacy processes and payment systems which slow down a site's responsive capabilities.

Convenience is a major driver of conversion. Simple, fast payment processes won't detract from the customer journey if implemented correctly - they can encourage impulse purchases, while passwords, biometrics and face recognition functionality add enhanced security and increase confidence.

Retailers can get to know how customers like to transact, then personalise payment options accordingly to address any concerns a basket page will be overrun with logos.

Traditional online checkouts will become redundant as technology that enables merchants to interface directly with devices for payment advances. Checkoutless commerce is just the start of the mobile payment revolution.



Don't leave mobile payment innovations in the basket

TRAFFIC

Number of visits from mobile devices



71%

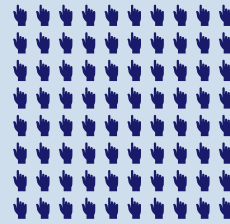
of traffic to ecommerce websites in the UK are from a mobile device

CHECKOUT PROCESS

Traditional vs Checkoutless process

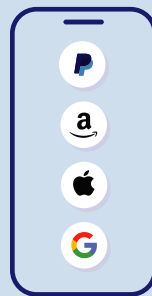


Needing to type in our address and bank details on fiddly forms inevitably leads to frustration

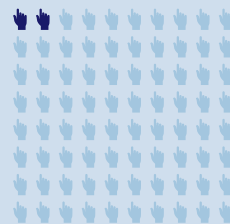


80

average number of touches required to complete a mobile transaction



Integrating digital wallets removes the need for customers to enter their details each time



02

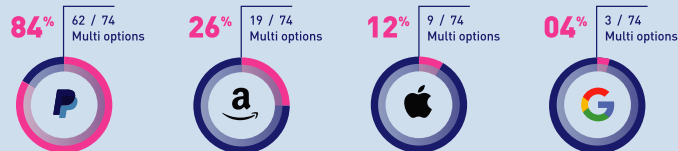
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CHECKOUTLESS PAYMENT METHODS

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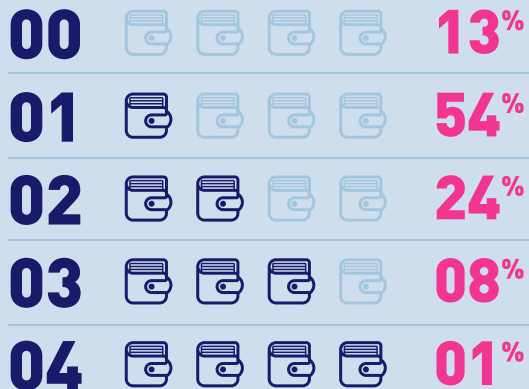
Only 30% Top 250 online retailers

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NUMBER OF DIGITAL WALLET OPTIONS

How many digital wallets are offered either as a checkoutless option or at the traditional checkout stage



SECTOR SPECIFIC CHECKOUTLESS FINDINGS

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