

Visa Checkout: The Right Choice for Online Retailers

March 2015



VISA Checkout

 COMSCORE.

Highlights

A new report from comScore shows clear advantages to online retailers using Visa Checkout to simplify their checkout experience. The results of the report are highlighted below.

69%

conversion rate for enrolled Visa Checkout customers



66%

higher conversion rate for enrolled Visa Checkout customers compared to traditional checkout customers

+17

percentage points lift in conversion rate for enrolled Visa Checkout customers compared to PayPal Express Checkout customers

22%

faster when using Visa Checkout for purchase compared to traditional checkout

26%

higher online engagement among Visa Checkout customers compared to total customers

7%

higher average transaction size for Visa Checkout orders than non-Visa Checkout orders among retail and travel sites studied

12%

more transactions completed among Visa Checkout customers across all eCommerce sites regardless of checkout option used

Detailed Results

Changing Cross-Channel Dynamics and the Checkout Opportunity

Consumer retail spend has moved increasingly from in-store to digital, with more than 1 in 10 of U.S. retail discretionary dollars being spent online. As the growth of online and mobile shopping continues to rise, so do customer expectations for better shopping experiences. Customers want a way to save purchasing preferences and be able to use options beyond traditional checkout (which often requires filling in numerous form fields).¹ Historical desktop abandonment rates have remained around 70%, and these already high abandonment rates are even more elevated for mobile (86% on smartphones and 77% on tablets), driven by the challenge of filling out form fields on smaller screens.² Clearly, online retailers have more work to do to get customers through the purchase process – and offering the right checkout solution becomes even more critical.

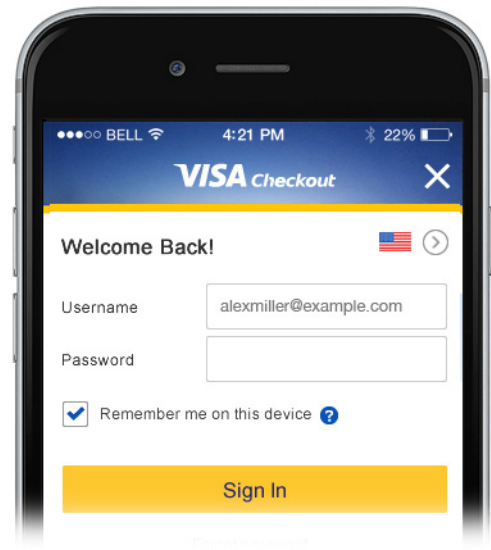
¹ UPS Pulse of the Online Shopper, June 2014, U.S. Study.

² eMarketer, Shopping Cart Abandonment: How Retailers Are Using the Metric to Drive Better Results, February 2014.

Visa Checkout Helps Build a Successful Checkout Experience

Visa Checkout is an online checkout service from Visa that allows customers to make purchases quickly and easily from their smartphone, tablet, laptop, or PC. Visa Checkout enables customers to store their card and address information in a secure account, so that they only need to enter a username and password at checkout. With Visa Checkout, customers can securely store and use all major credit and debit card brands.

There are **three** core components of a successful checkout experience: fast and easy checkout, seamless experience, and a checkout option from a trusted brand. Integrating Visa Checkout into the purchase flow lets online retailers bring all three components into the checkout process, helping drive conversion and saving customers valuable time.



1. Fast and Easy Checkout

Shoppers today expect a streamlined checkout free of the traditional roadblocks. Visa Checkout greatly simplifies the process for customers, offering a single sign-in to complete their transaction. Sign-in becomes even easier when customers choose the “remember me” feature – the username will automatically be displayed, requiring only a password (as shown above). With just a few clicks, the customer confirms card and shipping information and proceeds to confirm their purchase.

2. Seamless Experience

Keeping shoppers in the checkout flow – as opposed to sending them to a different site to pay – is critical for boosting conversion. Visa Checkout allows the customer to stay on the merchant’s web page, which helps provide reassurance that their transaction is secure throughout the transaction. New Visa Checkout customers can even create a Visa Checkout account as part of the purchase process. Plus, Visa Checkout fits into the merchant’s current checkout flow without requiring changes to existing processes.

3. Checkout Option from a Trusted Brand

Incorporating Visa Checkout into the purchase flow allows online retailers to benefit from Visa’s brand name to build customers’ trust and drive conversion. Visa ranks significantly higher than other payment brands in terms of perceptions of trust and security,³ both of which are of utmost importance for payments and online shopping. This reputation for trust and security ties closely with customers’ choice for payment. Visa is the largest payment type (in total spend) used among customers online, representing 45.3% of U.S. eCommerce dollars and 46.4% of transactions.⁴ Given the strength of the Visa brand, online retailers can feel confident that Visa Checkout will signal a familiar experience to customers.

³ Visa Brand Valuation Assessment, Q1 2015.

⁴ comScore Custom eCommerce Measurement, Q4 2014.

Visa Checkout Performance

Visa Checkout has proven successful in **five metrics** that online retailers continually strive to optimize:




- ✓ Increasing merchant checkout conversion rates
- ✓ Speeding up checkout time
- ✓ Driving higher average transaction size
- ✓ Increasing transaction volume
- ✓ Creating repeat customers

Results among enrolled Visa Checkout customers were especially strong in these areas, reaffirming the value proposition to customers of a single sign-in.

1. Increasing Merchant Checkout Conversion Rates

comScore measured conversion rates based on customers that started from the merchant's shopping cart and subsequently completed their purchases. The conversion rate for enrolled Visa Checkout customers proved to be better than those for customers of either PayPal Express Checkout or traditional checkout.

A conversion rate of 69% for enrolled Visa Checkout customers was the highest among all groups in the study, outperforming both PayPal Express Checkout (62%) and traditional checkout (41%). In other words, enrolled Visa Checkout customers were 66% more likely to complete a transaction compared to customers using a merchant's traditional checkout path.⁵

Customers by Checkout Path	Cart Conversion Rate	Index to Traditional Checkout
Enrolled Visa Checkout Customers	 69%	166
PayPal Express Checkout Customers	 62%	149
Traditional Checkout Customers	 41%	100

2. Speeding Up Checkout Time

Reducing the amount of time for a customer to complete their purchase is an integral part of providing a positive checkout experience. In this study, time was measured beginning when customers chose a checkout option from the shopping cart and ending at purchase confirmation. The results show that enrolled Visa Checkout customers were 22% faster (at 3.2 minutes) completing a transaction compared to traditional checkout customers (at 4.1 minutes).

3. Driving Higher Average Transaction Size

Average transaction size is a metric that many online retailers strive to increase as a way to drive revenue growth. Even a slight increase in average transaction size can add up to a significant boost to overall sales. Online retailers should examine every possible way to grow average transaction size, and checkout options can have an impact. Results showed that the average transaction size for Visa Checkout orders was 7% higher than for non-Visa Checkout orders among retail and travel sites studied.

(continued)

⁵ Note: Percentage comparisons presented throughout this document may not recalculate exactly due to rounding. Percentage comparisons are calculated based on unrounded numbers, not the rounded numbers shown in this document.

4. Increasing Transaction Volume

For an online retailer, coupling greater volume of transactions with higher average transaction size is a clear formula for increasing revenue. To that end, many online retailers should look for opportunities to increase transaction frequency among their new and existing customer base – and to engage those who tend to shop more frequently. Visa Checkout customers on average completed 12% more transactions overall across retail and travel-related eCommerce sites studied regardless of checkout option used, making this target a lucrative one for merchants.

5. Creating Repeat Customers

Online retailers strive to create satisfied customers who will return to their site for more purchases. And results show that Visa Checkout customers are doing just that: 9 out of 10 Visa Checkout customers say they are likely to continue using Visa Checkout,⁶ and there has been a 16x growth in repeat Visa Checkout customers since the launch of the service.⁷ The implication for online retailers is powerful: offering Visa Checkout can help drive repeat customers.

Visa Checkout Customer Satisfaction

From ease of use to ultimate satisfaction, the research findings are compelling.⁶

95%

of Visa Checkout customers say **sign-up was easy**

9 out of 10

Visa Checkout customers are **satisfied with their experience with Visa Checkout**

96%

of customers **feel secure** using Visa Checkout

Visa Checkout Customers Are Engaged Shoppers: A Profile of Their Online Consumption and Buying Behavior

In addition to driving strong conversion, Visa Checkout attracts valuable online customers, as they over-index in time spent online and, most importantly, demonstrate strong engagement with content categories that are retail-centric and/or lifestyle-oriented.

Demographics

Compared to the total online population, online customers overall are 8% more likely to be women. Compared to the overall online customer population, Visa Checkout customers are 17% more likely to be women. In addition, Visa Checkout customers span most income levels and ethnicities, making these customers well positioned to shop online across a range of categories. For online retailers, the opportunity to embrace all of these potential customers is compelling.

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⁶Millward Brown Visa Checkout Customer Experience study, March 2015 (n=1241); commissioned by Visa.

⁷Visa Checkout data, August-December 2014.

Time spent online

Visa Checkout customers spent an average of 46 hours online viewing more than 4,000 pages of content (4,372) in December 2014, demonstrating a passion for information. Relative to the average online customer, Visa Checkout customers are much more engaged across the internet – spending 20% more time and consuming 26% more content during the month of December 2014. These consumption and traffic patterns serve as an important first step in the shopping journey.

Duration: Hours per Customer



Visa Checkout Customers: 46 hours

Total Online Customers: 38 hours

+20%

20% Difference
Visa Checkout
Customers/Total
Online Customers

Engagement: Pages per Customer



Visa Checkout Customers: 4,372 pages

Total Online Customers: 3,466 pages

+26%

26% Difference
Visa Checkout
Customers/Total
Online Customers

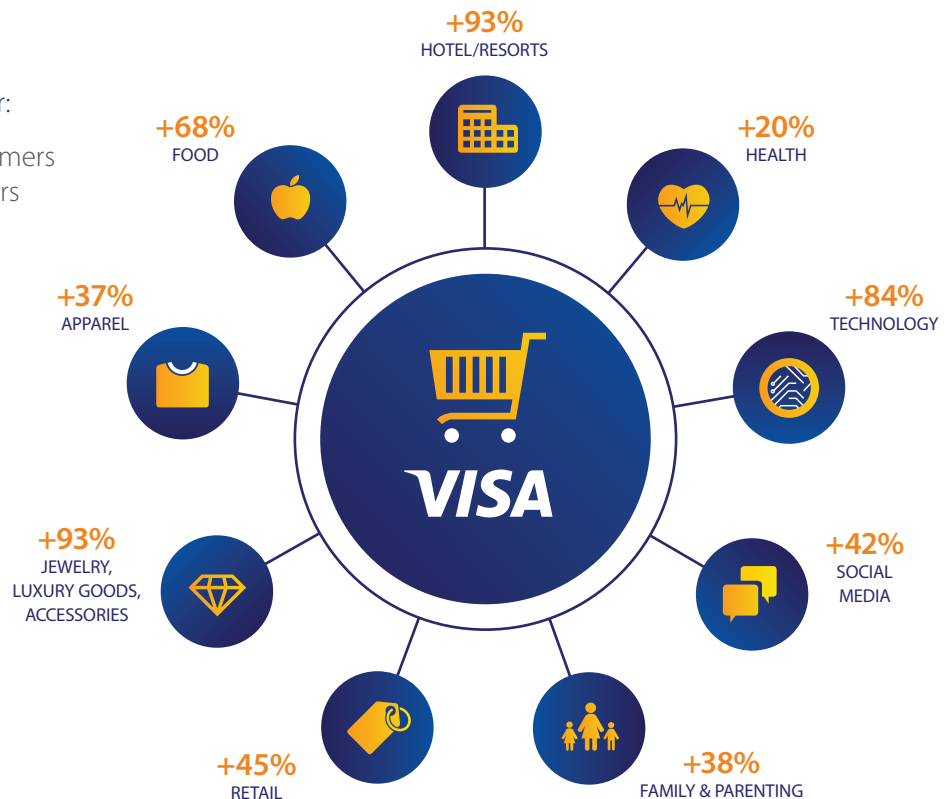
Shopping/Lifestyle-Focused Consumers

In online usage, Visa Checkout customers spend a disproportionately higher amount of time on eCommerce-related activities and lifestyle categories. Visa Checkout customers were on average 69% more likely to visit any one of the top 10 retail sites (by volume of unique visitors) in December 2014 compared to the average online customer, and they visit at least 18% more pages on average than total online customers.

Visa Checkout customer engagement is particularly strong among retail and travel-oriented sites, as shown below, which represent some of the largest verticals within eCommerce.

Pages viewed per customer:

Lift for Visa Checkout customers compared to total customers



Conclusion

comScore’s research shows that Visa Checkout offers multiple benefits to online retailers that impact their bottom line. Not only do enrolled Visa Checkout customers convert at a greater rate than online customers using PayPal Express Checkout or traditional checkout, they also have higher average transaction size and larger transaction volume compared to overall online customers, and they are likely to return to a Visa Checkout merchant’s site for future purchases. Plus, Visa Checkout customers spend more time on retail sites and are more likely to shop online compared to online customers overall.

With the conversion rate for enrolled Visa Checkout customers already exceeding the conversion rates for PayPal Express Checkout and traditional checkout – coupled with the proven value of the Visa Checkout customer – the time is now to implement Visa Checkout.

To learn more about how Visa Checkout can benefit your business, visit: www.visacheckout.com/business

comScore’s Online Purchase Conversion Research Methodology and Objectives

Visa and its retail partners have a mutual goal of building merchant business. Following the introduction of Visa Checkout, Visa wanted to better understand Visa Checkout customers and how the checkout service can benefit online retailers. Specifically, Visa wanted to look at completed transactions (conversions) and the average time customers spent (duration) to complete the checkout flow across the customer population.

To accomplish this, Visa sought the help of comScore, a neutral third party, which used its behavioral panel of 1 million PC/laptop users in the United States to analyze these areas. comScore measured the panel’s general online internet consumption, demographics, and purchase behavior, with a primary goal of identifying if, and to what extent, Visa Checkout improves conversion for online retailers offering the service.

comScore identified 15 online retailers across shopping and lifestyle verticals to measure checkout conversion and duration for Visa Checkout, PayPal Express Checkout, and traditional checkout, and to provide a behavioral comparison of the customers using these checkout options. Customer behavior for this comprehensive test was measured during the period of August-December 2014, covering purchase activity during the holiday shopping season.

