Adobe Commerce

Boost conversions by optimizing the checkout experience with Payment Services

Introduction

With consumers increasingly turning to online platforms for both essential and high-value purchases, ecommerce businesses need to stay up to date. That means offering the most relevant payment methods at the right time in the shopper's journey to reduce friction and provide a delightful customer experience.

A native commerce solution, like Payment Services for Adobe Commerce and Magento Open Source, can be a game changer. With Payment Services, onboarding is quick, increasing speed to market. Optimize the checkout experience, simplify the activation of digital wallets, and streamline operations from a single dashboard. Conduct business confidently knowing Adobe offers high levels of protection to keep both customers and merchants safe with PCI DSS and 3DS transaction security integrated out of the box.

Providing a seamless and efficient experience is about more than reducing friction—it's also about building and maintaining trust. Payment Services simplifies the merchant experience by making it easier to implement changes and adapt to the evolving ecommerce landscape. When this is easier for retailers, they can create a better experience for their customers.

In this eBook, find **insights into online shopper behavior** from Adobe's research collaboration with PYMNTS intelligence.* Also, discover **education and best practices** for using Payment Services to meet customers' needs effectively, including:

- Understanding what online shoppers want
- Optimizing the checkout experience
- Offering alternative payment methods
- Maintaining compliance and the trust factor
- Providing access to fraud protection
- Achieving more efficient reporting
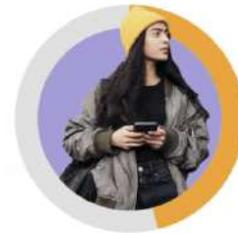
46%
of consumers say they're open to making expensive purchases online.

47%
of consumers consider flexible payment options important for creating an ideal buying experience.

What do online shoppers want?

In the fast-paced world of online shopping, understanding what technology customers truly value is essential for driving sales and building brand loyalty. Adobe's research with PYMNTS Intelligence, which surveyed 3,521 US consumers, explores shopping preferences and behaviors when making online purchases. The findings show that a staggering 71% of consumers prioritize a seamless purchasing experience. This underscores the critical importance of an easy checkout process, the availability of preferred payment methods, and intuitive navigation. Whether customers are browsing an online marketplace, a retailer's website, or a brand's own site, these factors can make or break the shopping experience.

The study further reveals a significant performance gap in the ecommerce landscape. While 53% of consumers believe that online marketplaces excel in offering their preferred payment methods and providing an easy checkout experience, only 21% and 24% of consumers feel the same about brand and retailer websites, respectively. This discrepancy highlights substantial opportunities for brands and retailers to enhance their ecommerce platforms and better meet consumer expectations.

A streamlined, quick checkout process is a top priority for online shoppers. By optimizing this experience, brands and retailers can significantly increase the likelihood of quick purchases, reduce cart abandonment rates, and foster repeat business. A pleasant and efficient checkout process leaves a lasting positive impression, encouraging customers to return.

Implementing features such as one-click checkout, auto-fill forms, and minimizing steps to complete a purchase can greatly enhance the user experience. These improvements not only expedite the transaction process but also make it seamless and hassle-free for customers.

Providing tailored payment options is also crucial. It's not just about offering a wide array of payment methods but ensuring the right options are available at the right time. Understanding and integrating the preferred payment methods of the target audience can make transactions smoother and more secure. For instance, digital wallets like Apple Pay and Google Pay are becoming increasingly popular due to their convenience and security features. By incorporating these and other preferred payment options—such as buy now, pay later (BNPL) services like PayPal Pay Later—merchants can boost customer satisfaction and loyalty. This tailored approach can lead to higher conversion rates and repeat business, as customers feel their preferred way to shop is being offered.

By focusing on these areas, brands and retailers can create a more efficient, customer-centric payment experience, driving both short-term sales and long-term customer loyalty. The next section delves deeper into how Payment Services helps bridge the perceived gap between brands, retail, and marketplaces, thereby boosting business growth.

Demand for online retail has never been higher.

Not offering alternative payment methods may be a **missed opportunity**. Availability of consumers' preferred payment method by platform:

53%	25%	22%
online marketplaces	retailer's website or mobile app	brand's website or mobile app

Offering BNPL solutions can help merchants better serve younger customers and produce higher sales volumes.

Optimize the checkout process to win customers

Just as businesses invest heavily in the aesthetics and usability of their sites, the checkout experience deserves equal attention. It's the pivotal point where "window shoppers" turn into buyers. Given that 71% of consumers prioritize a seamless purchasing experience, enhancing the checkout process can potentially increase revenue and contribute to building customer trust.

Understanding consumer behavior across different generations is an important consideration in reducing cart abandonment. Younger generations, who prioritize speed and convenience, often abandon their carts if the checkout process is cumbersome. For instance, the survey found that Millennials lead in cart abandonment, abandoning an average of five

carts over a 30-day period, followed by Gen Z consumers at four. In contrast, Baby Boomers and seniors averaged fewer than one cart abandonment over 30 days, suggesting they go online specifically looking to complete a purchase. This same survey also found a generational difference in payment option preferences, with Baby Boomers and seniors more likely to prefer paying with a credit card than the younger cohorts.
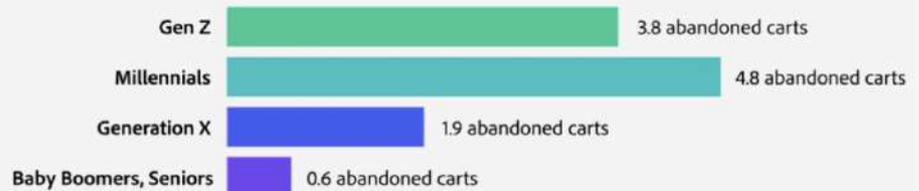
To cater to a diverse range of consumer preferences and enhance the efficiency of the checkout process, understanding and offering the right combination of purchase options is essential. It may be helpful to explore three common locations where a customer can decide to purchase a product: Product Detail Page (PDP), Mini Cart page, and the checkout page.

PDP checkout

The first option allows customers to purchase directly from the PDP without navigating to a separate checkout page. This streamlined approach reduces clicks and navigation steps, enabling customers to complete their purchases quickly and efficiently. This method is particularly effective for single-item purchases and can significantly encourage quick buys by providing a simple way to complete the purchase.

Generational differences in cart abandonment over a 30-day period

Source

Generation	Abandoned carts
Gen Z	3.8 abandoned carts
Millennials	4.8 abandoned carts
Generation X	1.9 abandoned carts
Baby Boomers, Seniors	0.6 abandoned carts

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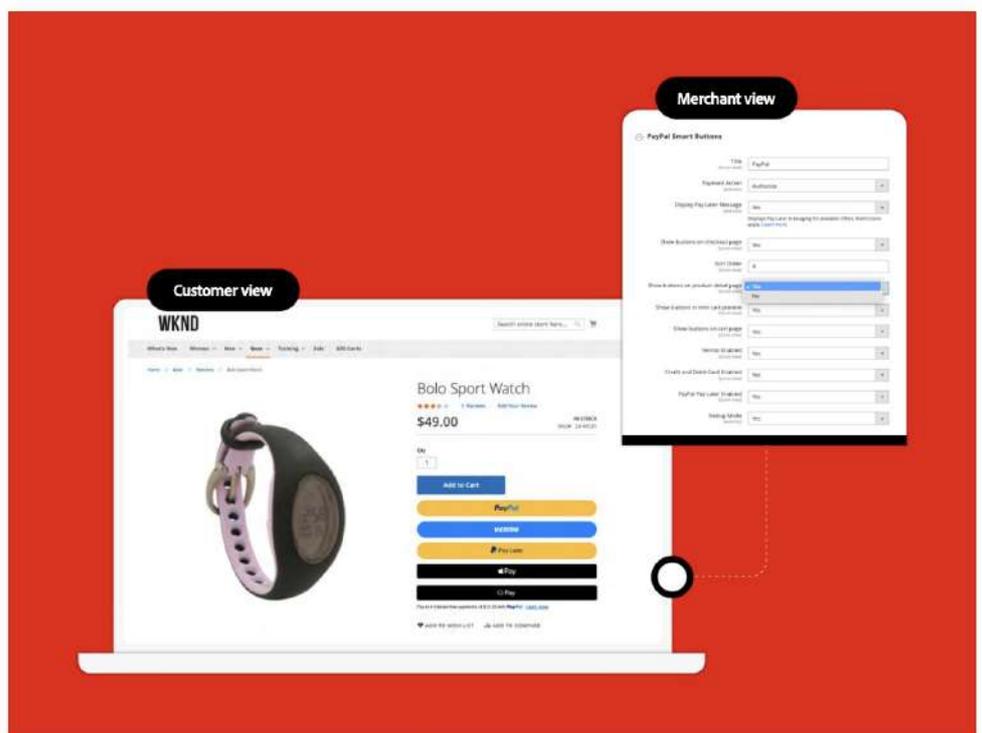
PDP checkout (cont.)

One of the primary advantages of the PDP shopping experience is its ability to integrate digital wallets, facilitating single-click purchases. This not only enhances the user experience but also reduces the friction typically associated with traditional checkout processes. By simplifying the purchase process, businesses can potentially increase their conversion rates and improve customer satisfaction.

However, there are considerations to keep in mind. As PDP checkout is more suited for single-item transactions, it may not be the right choice for shoppers with more complex, multi-item purchases. Additionally, customers may not be able to apply promotion codes or use credit, debit, or gift card payments, something to consider if these options are important to a brand's target demographic. Despite these limitations, the PDP offers a powerful tool for driving quick and easy purchases, particularly for single-item transactions.
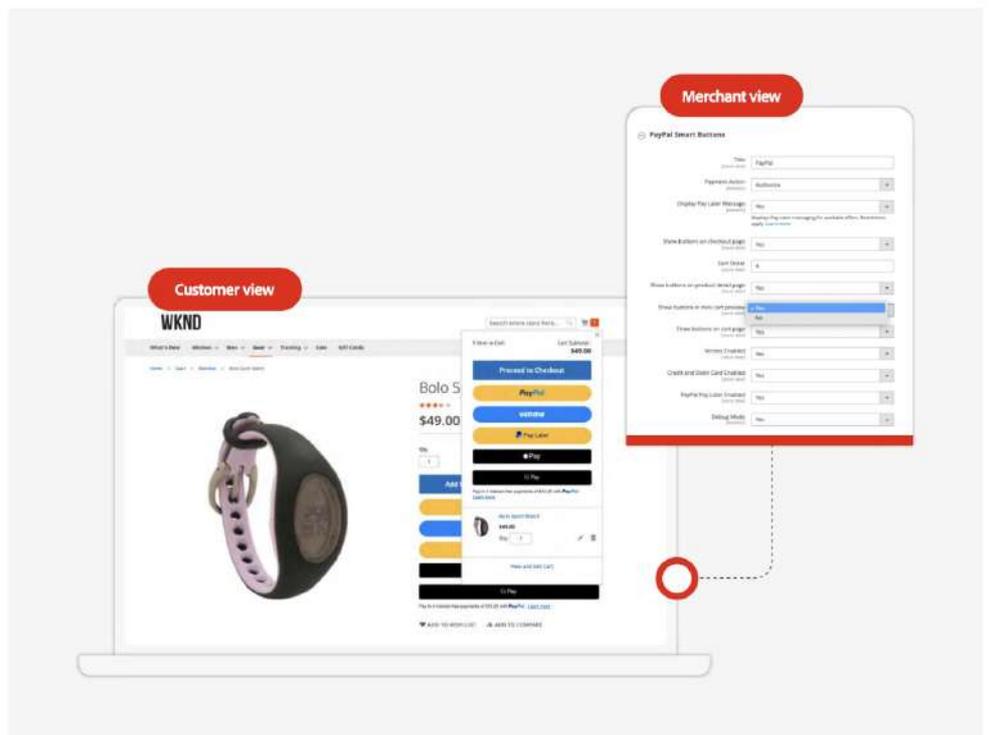
Additionally, offering digital wallet options can boost conversion rates by providing a quick, one-click checkout process that consumers highly favor for its convenience and speed. Statistics reveal that 37% of online shoppers use mobile one-click checkout monthly, and this figure is even higher among younger consumers, with 31% of 18-to-24 year olds using one-click checkout weekly. By integrating these payment methods, merchants may reduce cart abandonment and increase overall sales, enhancing consumer trust and satisfaction in the process.

Customer view

Merchant view

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Mini cart checkout

The mini cart purchase experience features a small cart summary on the side of the screen, allowing customers to check out without leaving the current page. This approach strikes a balance between quick transactions and the ability to continue shopping and browsing, making it suitable for both single-item and multi-item purchases. Customers benefit from a quick overview of their cart contents while maintaining their current shopping flow.
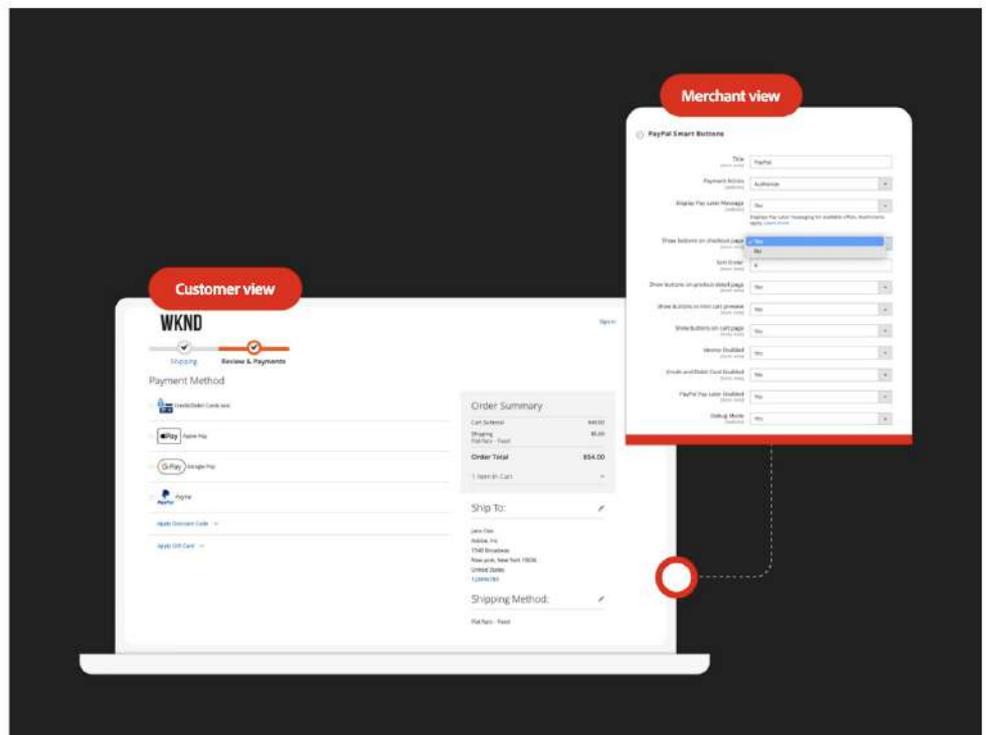
However, there are some limitations to consider. The mini cartcheckout does not support the addition of promotion codes or the use of credit, debit, and gift card payment methods. Despite these limitations, it offers a convenient and efficient checkout option that enhances the overall shopping experience.

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Checkout

The traditional checkout experience involves a multi-step process where customers navigate to a dedicated page to complete their purchase. This method, familiar to most online shoppers, provides a comprehensive review of the order before finalizing the purchase and offers more robust payment options, including altering shipping and billing addresses. It is particularly well-suited for complex orders with multiple items or customizations such as gift wrap or special instructions.

The advantages of this method include the ability to use credit, debit, and gift cards and apply discount codes, which can enhance customer satisfaction and flexibility. However, the lengthier process with multiple steps can lead to higher cart abandonment rates, as some customers may find it cumbersome compared to quicker checkout options. Despite this, the detailed and reassuring nature of the traditional checkout process makes it a reliable choice for many shoppers.

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Offer the payment choices shoppers are looking for

Expanding payment methods gives brands and retailers a competitive edge by providing customers with the options they prefer, such as digital wallets, which are becoming increasingly important. Projections indicate that two-thirds of US smartphone users will use mobile wallet apps by 2024, up from about half in 2021.

Apple Pay, currently the most popular digital wallet in the US with a 92% market share, is expected to gain roughly 13.6 million additional users by 2027. It provides a quick and secure path to purchase while leveraging a brand that customers trust. Apple Pay can be displayed on the PDP, mini cart page, and checkout pages. However, to use Apple Pay, a user must be on a compatible device with the latest iOS version, have a supported card from a participating issuer, and be signed in to an Apple ID on an Apple device.

In May 2023, *Consumer Reports* noted that adding PayPal to checkout options can significantly boost conversion rates by 46%[i], as it helps instill confidence in buyers. Ranked number one for privacy, transparency, and security by Consumer Reports in 2023, PayPal provides buyer protection, making it particularly useful for new or unfamiliar sites. In addition to PayPal, Venmo, which is available only in the US, connects with a young and engaged audience, tapping into over 90 million active accounts. The Pay Later option, another feature from PayPal, allows customers to pay over time while merchants receive payments up front, increasing cart size by up to 35%[+] according to a 2022 study by PayPal.

For the 2.3 billion Android users globally, Google Pay is another fast-growing payment method. It ranks third in US financial payment services with around 25% market share and has a customer base of over 150 million users in up to 42 markets. Like Apple Pay, Google Pay is available on PDP checkout, mini cart checkout, and at checkout.

Offering alternative payment methods like digital wallets and BNPL can have significant positive impacts. Digital wallets enhance conversion rates by providing faster checkout experiences, reducing friction, and increasing customer trust through robust security features like tokenization and biometric authentication. They also make the shopping experience for mobile users more convenient and seamless.

BNPL options, on the other hand, increase average order volumes by enabling customers to spread payments over time, allowing them to afford more expensive items or purchase more products. This approach not only improves customer loyalty, as satisfied customers are likely to make larger future orders, but also encourages upselling, as customers may be more inclined to add more items to their cart, creating a higher-value final purchase.

BNPL is growing as a preferred purchase option, with total spending in the US estimated to grow 12.3% YoY. Offering BNPL can also differentiate a merchant's business by setting it apart from competitors that do not provide such options. BNPL options also often come with interest-free payment schedules, with interest applying only if the payback schedule is extended, sometimes without additional fees to the merchant (in the case of PayPal Pay Later).

By offering a diverse range of payment options, businesses can enhance the shopping experience, increase conversion rates, and boost customer satisfaction and loyalty.

Keep sensitive data secure

Customers are concerned about the security of their financial information. Merchants can keep their information safe with a payments solution and ecommerce platform that together offers the latest encryption and security standards. Payment Services for Adobe Commerce can help merchants meet the complex obligations to protect card data.

Keep in mind

Payment processors impose significant penalties for PCI non-compliance, which can escalate based on the duration of non-compliance and the merchant's transaction volume.

Typical fines range from $5,000 to $10,000 per month for the first three months, increasing to $50,000 to $100,000 per month if non-compliance extends beyond six months.[5]

For example, every merchant handling card data must ensure the data is encrypted, tokenized, and securely transmitted during transactions, a PCI DSS requirement. Payment Services supports these standards by using secure input fields designed to prevent cardholder numbers from being entered directly onto a merchant website. These fields are hosted and secured with strong encryption, protecting the data.

By leveraging secure fields, merchants can potentially simplify their PCI DSS compliance requirements by reducing the volume and type of sensitive data their systems handle during or after the payment process.

Merchants using any payment product are obligated to conduct their own review to meet their compliance requirements, including those under PCI DSS.

For example, merchants using Payment Services should consider PCI 3DS versioning, implement multi-factor authentication, encrypt and tokenize data during entry, conduct regular security assessments, and monitor and respond to potential threats. Non-compliance with PCI DSS can lead to data breaches, resulting in fines, penalties, and compromised cardholder information.

By incorporating these measures into payment setup, Payment Services for Adobe Commerce enables merchants to potentially save both time and costs.

Tackling fraud

Fraud stifles growth in more ways than one. As retailers strive to expand their online business, they may face hurdles such as significant losses due to chargebacks, poor customer experiences from erroneous declines, or expenses associated with manual investigations.

Types of fraud include credit card and customer fraud. Integrating anti-fraud technologies right from the start is the most effective way to tackle this challenge, saving both time and money.

Learn more about fraud and risk issues for businesses

Get deeper insights from customer transactions

Effectively managing and analyzing transactions is essential for optimizing the checkout process and enhancing the customer experience. Payment Services for Adobe Commerce integrates a comprehensive reporting system that simplifies transaction management and provides valuable insights into various aspects of payment processing. By centralizing order tracking, transaction statuses, and potential transaction disputes, merchants gain greater visibility and control over their operations, enhancing operational efficiency and reducing the total cost of ownership associated with managing multiple payment systems.

By offering in-depth insights into declined transactions and enhancing transparency, Payment Services improves the customer experience. The ability to process payments, pull reports, and view analytics directly within the system, without having to export data from other platforms, empowers retailers to make data-driven decisions. Additionally, Payment Services provides optional tools and integrations to help monitor disputes and potential chargebacks, maintaining merchant financial health and customer trust.

The reporting system includes three key reports, each serving multiple functions:

Transaction reports
These enable searching orders, payment methods, and view transaction statuses. This helps identify failed transactions and their causes, allowing retailers to help customers resolve issues quickly. Filtering options include transaction dates, card details, and order amounts. A notable benefit is the ability to look up failed orders using key identifiers like the last four digits of a card, and helping customers complete failed online transactions, thus preventing lost sales.

Payouts reports
Providing transparency into transaction details, these reports include sales amounts, provider fees, and seller amounts. This transparency aids in accurate accounting, better financial management, and a clear understanding of net earnings. It helps identify discrepancies, plan for future expenses, and make informed business decisions.

Order reports
These operational reports display details such as order status, invoicing status, shipping status, and payment methods, helping merchants identify necessary actions. For instance, businesses can determine if an order needs to be shipped or invoiced, preventing losses and ensuring timely fulfillment. Filtering options include order dates, payment status, and order amounts.
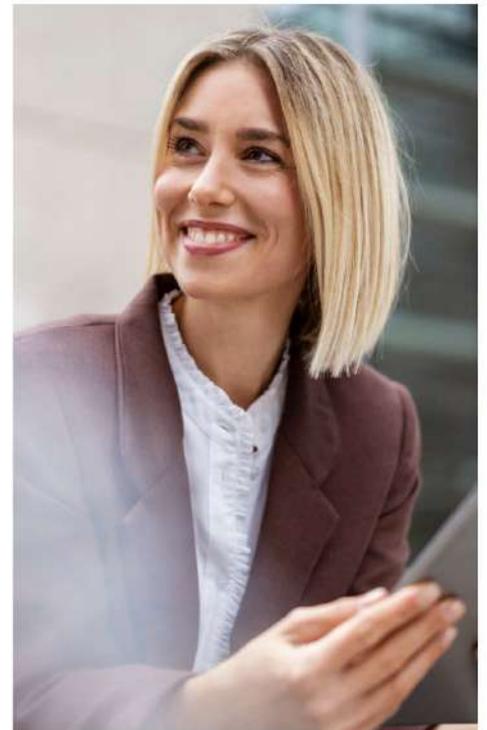
Optimize the checkout experience and drive ecommerce growth

By understanding what purchase options shoppers want, optimizing the checkout process, providing the best options, and using deeper insights to make data-driven decisions, ecommerce merchants can improve the customer experience, boost conversions, and drive customer loyalty.

For more details on the topics discussed in this eBook or to learn more about how Payment Services for Adobe Commerce and Magento Open Source can help optimize the checkout experience, visit the Adobe Commerce Payment Services website.

Endnotes

* PYMNTS Intelligence and Adobe surveyed 3,521 US consumers between Oct. 10, 2023, and Oct. 17, 2023, to examine and analyze their actions, choices, and behaviors when shopping online.

† Lisa L. Gill, "Buy Now, Pay Later Apps Are Popular, but Are They Safe?" Consumer Reports, May 25, 2023.

‡ Globally, Pay Later AOVs are 35%+ higher than standard PayPal AOVs for SMBs. Internal Data Analysis of 68,374 SMB across integrated partners and non-integrated partners, November 2022. Data inclusive of PayPal Pay Later product use across seven markets.

§ Surkay Baykara, "What are the PCI Compliance Fines and Penalties?" PCI DSS Guide, March 12, 2021.