



Your source for payments education

Optimizing your Payments Stack for Faster Checkout

The range of payment methods and tools to optimize conversion rates are available from a wide range of providers to fit a merchant's global needs.

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Key Takeaways

1. Optimize the payment stack to maximize conversions
2. Provide relevant payment methods and streamline the flow
3. How do you open up the top of the funnel?

Optimizing the Payments Stack for Increased Conversions

- When adding new payment methods, focus on adding payment methods which will allow for faster checkout and reduce friction
- “The Pays” are often a great tool for reducing friction at checkout, as they contain the bill-to and ship-to information
- Keep the number of APMs to a minimum to support what your customers want and use
- Place APMs such as “The Pays” at the top of the checkout flow to ensure that they are used and pre-fill all required fields, eliminate any double-entry by the customer

The Conversion Funnel

A customer's first step is to register an account

If they are a returning customer, the customer must log in

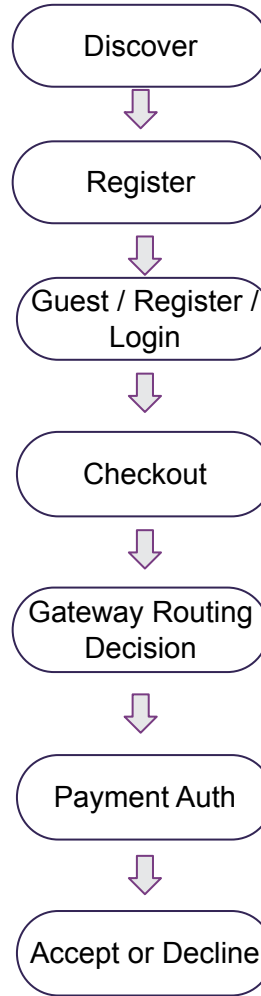
The customer may choose to continue as a guest, register for the site, or login to an existing account

The customer places items in the cart and clicks "Buy"

The merchant makes a decision about where to route the payment

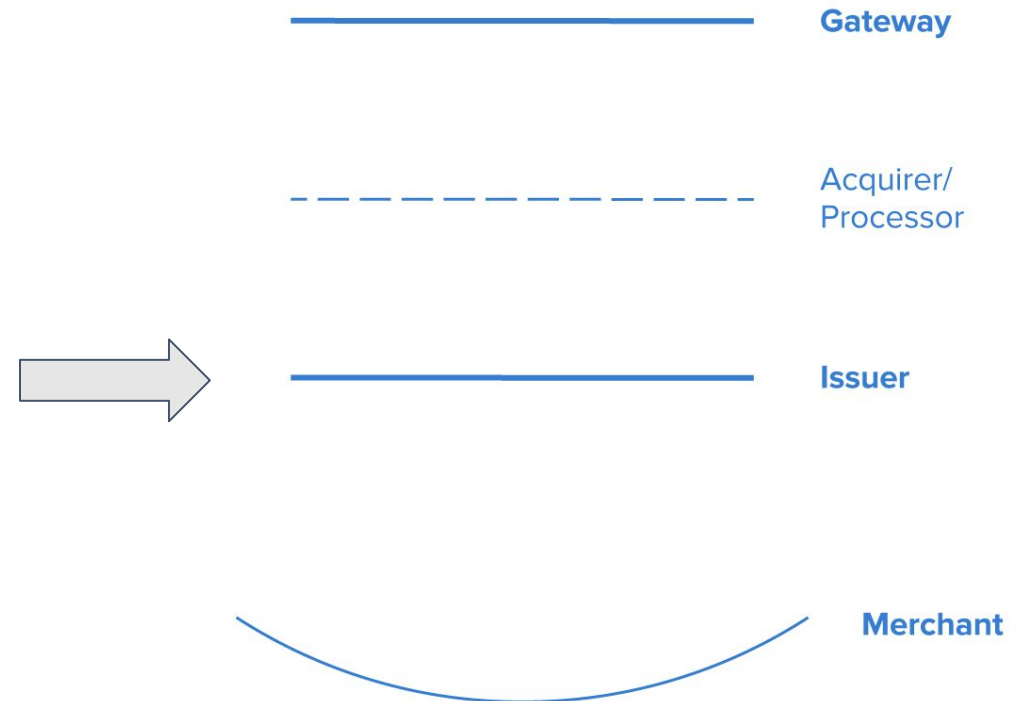
Authorizing the payment method is a set of sub processes that can impact approvals

The outcome is to accept or decline the order



The goal for merchants is to get as many non-fraud, approved sales through this funnel as possible

Competition and user experience friction can drive customers away and impact sales



Impact of Not Optimizing Checkout

False declines, confusing UX, or Friction not only mean missing out on a sale, but there are further reaching brand reputation impacts

Word of Mouth

1 in 5 consumers will share the experience with friends/family, rising to more than **1 in 4 Gen Z-ers**

Returning Customer Impact

1 in 6 consumers will stop shopping with the merchant in the future, rising to more than **1 in 5 Gen Z-ers**

Brand Reputation

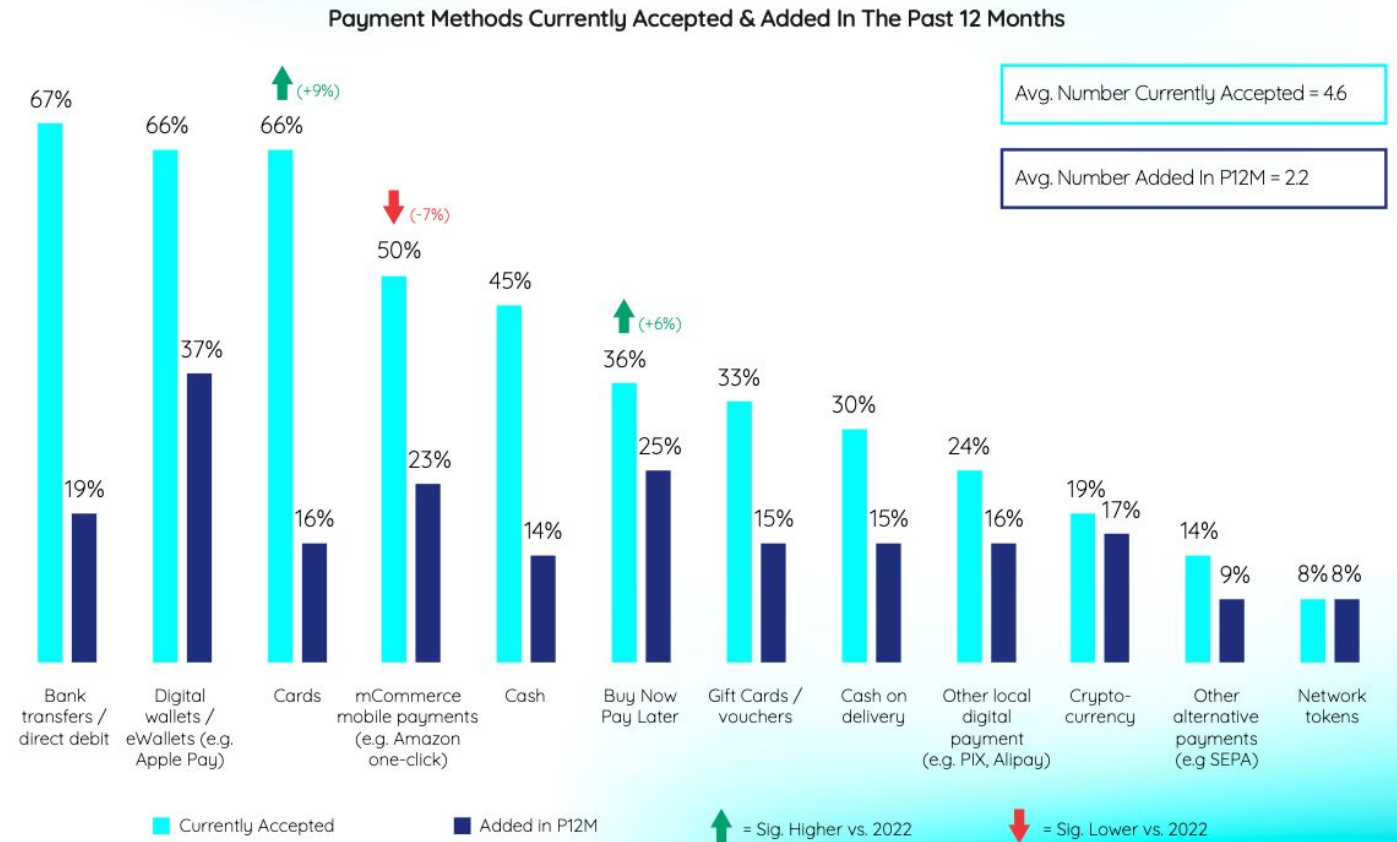
1 in 12 consumers will post a negative comment about the merchant online, rising to **1 in 7 Gen Z-ers**

Providing Relevant Payment Methods

- Ensure that the APMs you are offering make sense
 - Example - Adding Venmo might be eating into your PayPal volume, but not converting any regular credit card volume
- Support APMs in each region that make sense for that region
 - i.e. don't offer PayPal to customers in Germany
- Regularly monitor your APMs and ensure that they are being used
 - Most APMs are more expensive than traditional credit cards, so ensuring that they are being used regularly is important
 - Check drop-off rates for customers using APMs vs those customers that are not using them

Industry Insights on Payment Methods

Figure 4: Payment Methods Currently Accepted & Added In Past 12 Months (2023)



2023 Global Ecommerce Payments And Fraud Report

Expanding the Top of the Funnel

- When thinking about new APMs ensure that they are solving a problem
- Ask yourself
 - Am I seeing cart abandonment because I am not supporting payment method X?
 - Can adding payment method Y open up any new customer demographics that we cannot easily reach / support now?
- Does supporting this payment method increase my payment processing costs or reduce them?
 - If it increases them, what is the ROI in terms of reducing customer friction to offset drop-off or expanding TAM to increase sales?

Summary & Key Takeaways

1. When building your payments stack, look at ways to reduce friction and increase guest checkout speed
2. Ensure that the payment methods you are adding are relevant to your customers based on their region and use case
3. When adding new payment methods be “ruthless” about either driving TAM or ROI for your business

Thank you

- Don't forget to submit your session evaluation!

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