

October 2024

# E-COMMERCE CHECKOUT OPTIMIZATION

What matters to merchants and who they rely on to help deliver a great experience



# INTRODUCTION

The best e-commerce checkout outcomes happen when the experience just works. Transactions close, customers trust where their money goes, and fulfillment takes the journey to the finish line. Nevertheless, between when a customer enters their payment information and completes an order, a whole community of partners must come together to make things happen smoothly.

So, what does it take for merchants to optimize their e-commerce checkout solution and deliver a great customer experience? And who are the helping hands they look to along the way to keep revenue flowing and ensure their customers are happy? Digital Commerce 360, together with Early Warning Services, LLC, the operator of Paze<sup>SM</sup>, surveyed 100 online merchants about their game plans for e-commerce checkout success. Their answers showed not only what they value, but what they want from the parties they work with to implement online checkout solutions.

First, the survey results confirmed that it takes a team approach to deliver a great checkout experience: Merchants value and rely on payment gateways, acquirers and financial institutions to deliver best-in-class solutions that meet the unique needs of their businesses and customers. Trust, flexibility and specialized knowledge from each participant is critical for success.

As banks and credit unions begin to play a larger role in enabling online checkout, merchants say they value the trust provided by these financial institution relationships but desire the flexibility and control to select an optimized e-commerce checkout solution that will meet their needs.

The right bank participants play a critical role providing unique value-adds like auto-enrolled cards, scaling merchants' access to consumers and improving their time to market.

All these points and more surfaced in this in-depth look at what's going on in merchants' minds when it comes to optimized checkout solutions and what they value in their key relationships with providers.

## KEY FINDINGS

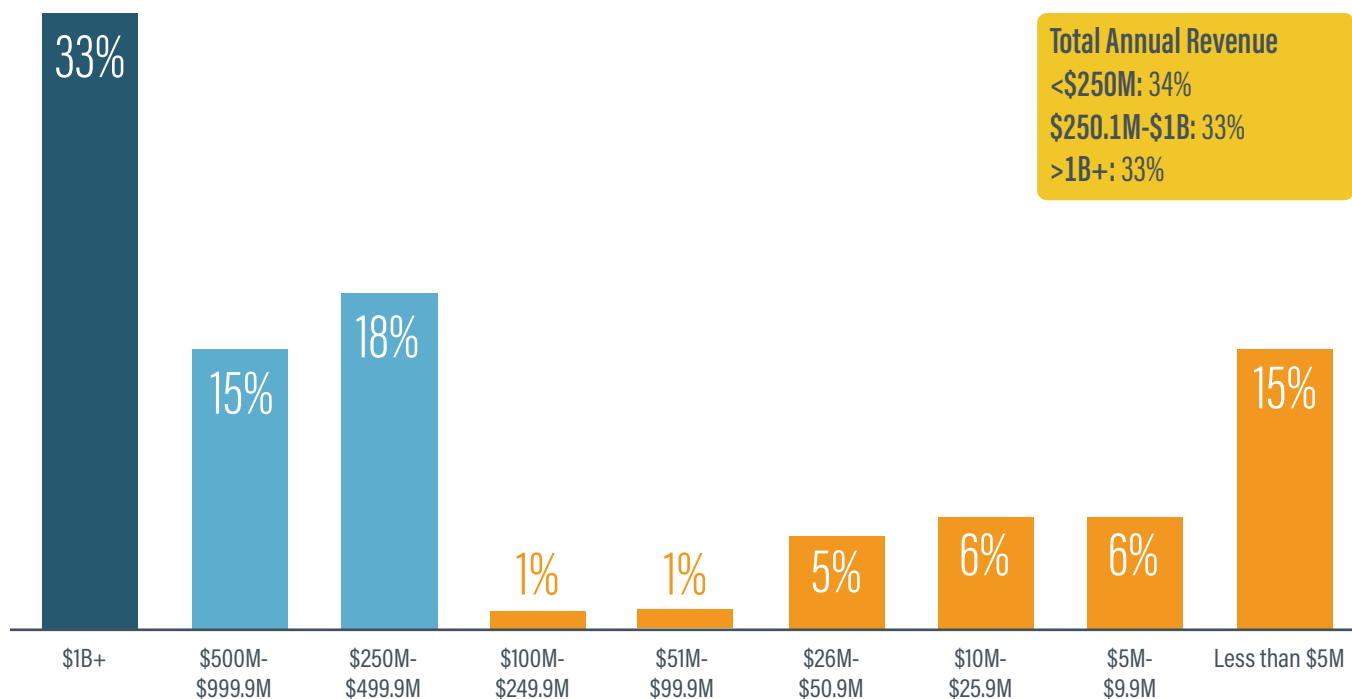
Most merchants (83%) say that a successful digital wallet implementation requires all participants from technical integrators to distributors to banks to be interconnected – it takes a team! Here are the key findings about the elements merchants say are necessary for successful collaboration, relationships and ultimately, a successful e-commerce check out solution:

- In their most successful relationships with technical integrators, most merchants cite responsiveness to issues (57%) and understanding of the merchant business (50%) as the top partner attributes.
- In their most successful relationships with distributors or merchant acquirers, most merchants say that easy onboarding (58%), transparent prices and fees (48%) and easy integration (48%) are what they value most.
- When it comes to partnering with banks and credit unions, most merchants believe that financial institutions add value in the areas of trust (69%) and provide scale of access to customers (55%).
- When considering adding a new wallet, merchants cite the most important features as automatic updates of lost or expired cards (91%) and trust with the wallet provider (88%).

# SURVEY METHODOLOGY

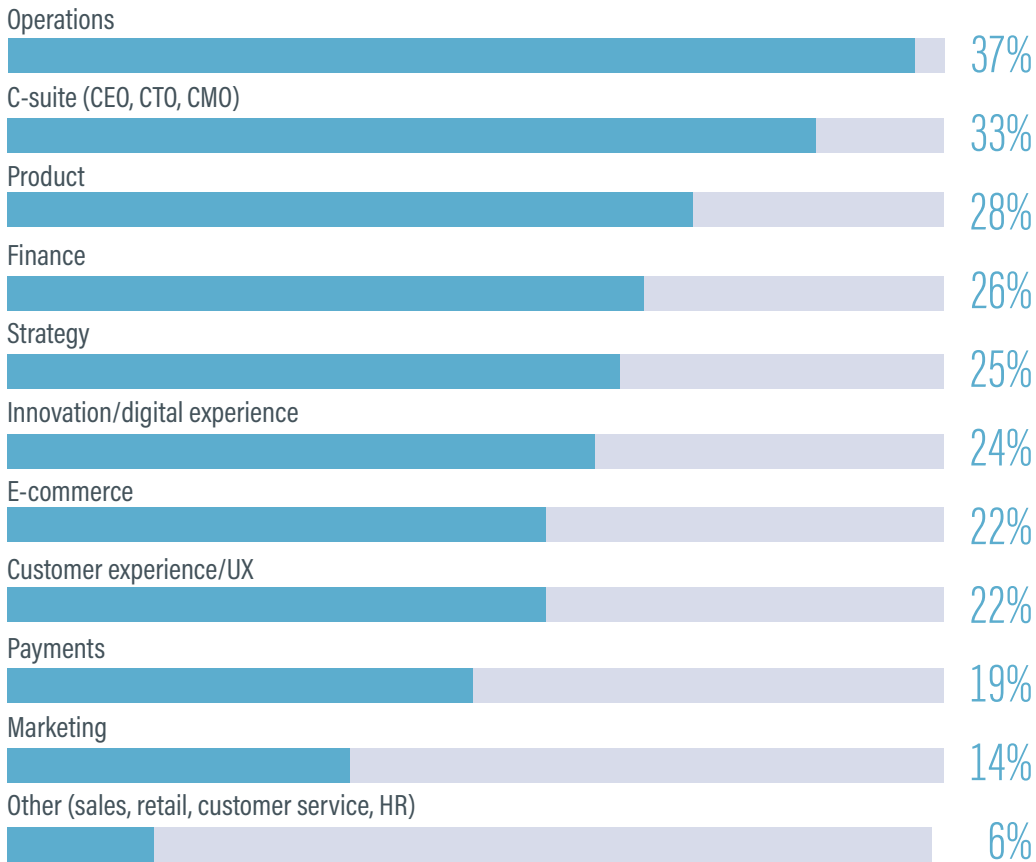
Digital Commerce 360 surveyed 100 online merchants in July 2024 for this report. Merchants participating in the survey came from a variety of backgrounds — in each case representing an online retailer. They are quoted in this report, though their identities have been kept anonymous. Altogether, they represented perspectives across revenue levels and sectors.

## WHAT IS YOUR ANNUAL ONLINE REVENUE?



Digital Commerce 360 survey based on 100 merchants

WHICH OF THE FOLLOWING AREAS OF YOUR BUSINESS ARE YOU INVOLVED WITH?  
(Multiple responses allowed)



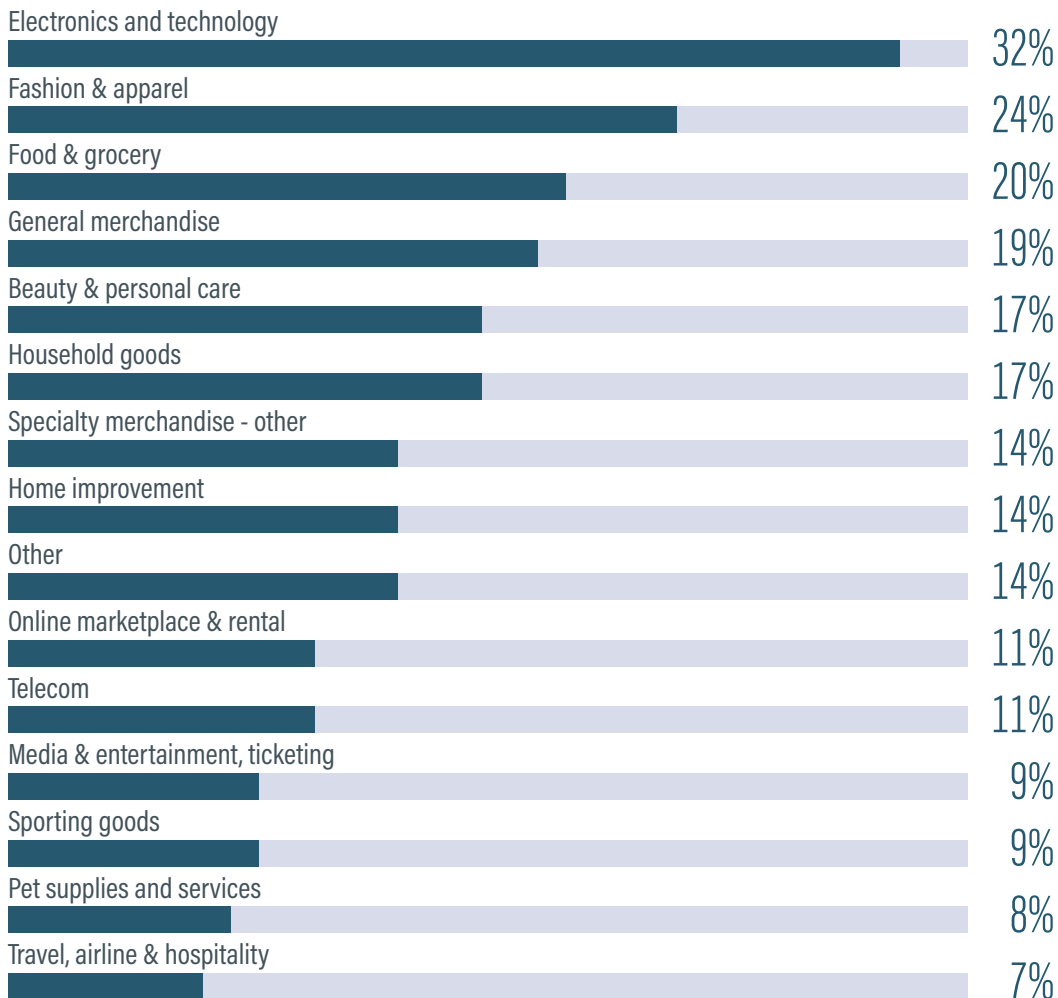
Source: Digital Commerce 360 survey based on 100 merchants





## WHICH OF THE FOLLOWING CATEGORIES OR INDUSTRIES DO YOU CURRENTLY SELL?

(Multiple responses allowed)



Source: Digital Commerce 360 survey based on 100 merchants



# WHAT MATTERS IN THE ONLINE PAYMENTS ECOSYSTEM

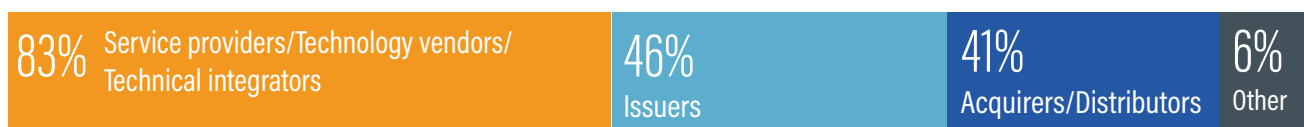
Optimizing e-commerce checkout can be complicated. Related needs and technologies are always evolving. Moreover, the process requires a robust ecosystem of partners to help merchants get the best outcomes. When putting this team together, each merchant brings its own needs and customer profiles to the table. Still, merchants in the survey overwhelmingly chose one category to consult with when implementing digital wallets from financial institutions.

Multiple responses were accepted, but a survey-high 83% of respondents checked service providers, technology vendors and technical integrators as the group of experts they would rely on to get the job done.

Less common were issuers (46%), with acquirers and distributors just behind. A much smaller share indicated that they turned to other options, such as in-house specialists.

## WHO MERCHANTS WANT TO USE WHEN IMPLEMENTING DIGITAL WALLETS

(Multiple responses allowed)



Source: Digital Commerce 360 survey based on 100 merchants

“The pain points that we see when they implement and use the payments products is just the complexity of managing all the payment methods, ensuring compliance and meeting the evolving customer expectations,” says Eric Anderson, the director of payments operations at e-commerce integrator Radial.

Anderson offers several examples of issues that merchants are not always equipped to handle internally, leading them to seek outside guidance for solutions.

“High transaction fees,” he cites as an example. “They don’t understand interchange gateway, hidden charges. They look to us to explain what these are, you know, which ones can you lower, which ones can you not lower, which can you eliminate, etcetera.”

## WORKING TOGETHER

Just as important as who is doing the work can be how well they work with other parties. After all, merchants, their e-commerce platforms, banks, card issuers and more have stakes in every checkout click.

Asked how important it is when achieving a successful digital wallet implementation for all participants to be interconnected, 83% chose very important, while 15% said it was at least somewhat important. Only 2% indicated this condition was not important to their use cases.

Written responses in the survey underscored how crucial working together and listening can be for merchants in these situations.

“The most crucial lesson I’ve learned is the importance of clear communication and alignment of goals from the outset,” said one retailer in the survey group.

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— Eric Anderson,  
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operations, Radial



“It’s essential to choose participants who demonstrate reliability, transparency and a commitment to collaborative problem-solving.”

Flexibility and ease are valued most when implanting digital wallets.

Another response cited availability and a solutions-oriented approach.

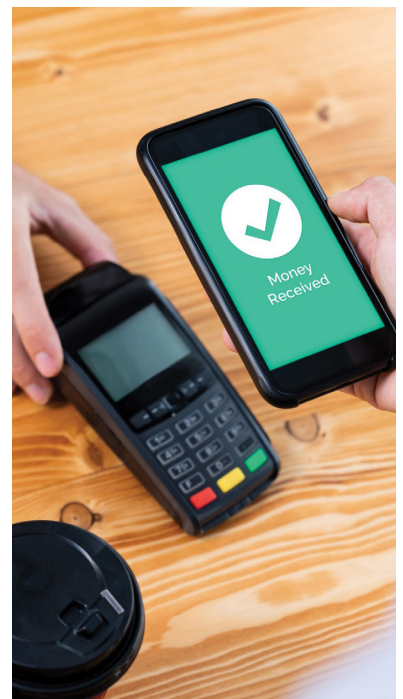
“We need a team that works well with ours, is available and helpful,” the participant stated. “More often than not, [potential partners] are discovering problems we already knew about and don’t offer concrete solutions.”

Availability and attitude can make a difference in the quality of work that gets done. The results can reflect relationships and respect among the companies working together.

“Any vendor that doesn’t see the value in you makes it very, very difficult to work with,” Anderson notes. And if a merchant is working with an integrator, the end goal is to connect the best solutions to drive business outcomes that matter.

The state of current setups among survey respondents showed that in practice most are achieving this goal of interconnectedness. Ranking the quality of interconnectedness for their payments ecosystems, with ten being the highest level, 70% of sellers chose at least an eight. Meanwhile, a quarter responded with a midrange answer of five to seven, while less than 5% gave a response of four or less.

Answers were much more evenly distributed when the survey inquired about which elements are most important when implementing a digital wallet. Only one option — white label capabilities — was deemed very important by just one-third of participants. Still, nearly half (49%) called it somewhat important.



Flexibility and easy implementation garnered the highest percentages of the “very important” rating. However, cost, accountability, speed and coordination with the merchant’s team were also widely cited. Specialized knowledge still saw more than half of the survey takers tag it as very important, with 40% calling it somewhat important.

“The flexibility of integration and cost is most important,” one survey-taker wrote.

Another echoed these thoughts, especially in context of collaborative work.

“The most important thing is flexibility because of it being necessary to work well with the providers,” they said.

### MOST IMPORTANT FACTORS WHEN SETTING UP DIGITAL WALLETS

How important are each of the following elements when implementing digital wallets?

	VERY IMPORTANT	SOMEWHAT IMPORTANT	NOT IMPORTANT
Flexibility	73%	25%	2%
Easy implementation	72%	27%	1%
Cost	67%	29%	4%
Accountability	66%	31%	3%
Speed	65%	32%	3%
Coordination with our team	64%	33%	3%
Specialized knowledge	56%	40%	4%
White label capabilities	33%	49%	18%

Source: Digital Commerce 360 survey based on 100 merchants

## EASY IMPLEMENTATION IS THE KEY TO SATISFACTION

Underpinning those relationships, trust was top of mind for many, especially merchants who have already dealt with bad experiences.

“Honesty, trust, and transparency are non-negotiables. And, as long as you have those three with any of your partners then everything else is seamless,” said another respondent. “So, when looking for future partners that’s what you need to look for and expect.”

### MERCHANTS WANT IMPLEMENTATION TO BE EASY

Thinking about these same elements, rank which of the following elements is most important, neutral, least important.

	IMPORTANT	NEUTRAL	LEAST IMPORTANT
Easy implementation	75%	17%	8%
Flexibility	49%	33%	18%
Cost	45%	21%	34%
Speed	43%	35%	22%
Coordination with our team	32%	23%	45%
Specialized knowledge	26%	36%	38%
Accountability	22%	28%	50%
White label capabilities	8%	7%	85%

Source: Digital Commerce 360 survey based on 100 merchants

## WALLET FEATURES THAT MERCHANTS VALUE MOST

Sellers tended to believe that a range of features was important. Features were not all equally valued, but no feature on the survey was deemed important or very important by less than 69% percent of the survey takers.

When considering adding a new wallet, merchants chose automatic updates of expired, stolen or lost debit and credit card information (91%) as the most important feature. Next was trust in the wallet provider to ensure privacy, followed by ease of implementation and ability to present eligible consumer credit and debit cards for consumer selection.

“From product availability in third-party integrations at some point, some of that’s table stakes,” says Michael Bradford, executive vice president at Deluxe-owned integrator First American. “You’ve got to have more than just the core networks available to you to attract a merchant. It just can’t be Visa, Mastercard, Discover, Amex, and you’re good.”

Bradford’s company works with a variety of clients, including small and medium-sized businesses, retailers, non-profits and restaurants, each of which can necessitate different features when working through an integrator.

“What we see out in the street more than anything is integrations are taking hold,” he explained. “These solutions are getting more and more specific to that industry type and what that SMB needs.”

Bradford sees First American as positioned to provide better outcomes for those customers because his company works with a variety of partners and knows which types of verticals and specialized clients they tend to serve best.

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First American

“That’s really where we rely a lot on our partners,” he says. “Yeah, you’ll have a partner that’s really good with propane or a partner that’s really good in the jewelry space,” he says. “They’re pretty narrow in scope and focus on what they attack and how they attack it, and they know how to how to solve for that.”

## HIGH IMPORTANCE PLACED ON FRAUD REDUCTION, TRUST AND EASE OF IMPLEMENTATION

Despite PCI compliance’s relatively low rate of importance among the merchants surveyed, catalyzing events can boost its significance. The topic came up in a conversation with Andy McHale, senior director, product and market strategy at online checkout technology and services company Spreedly. Based on McHale’s experience, compliance needs can extend from specific events that lead clients to engage with his company and pursue new integrations.



“There’s usually an event,” he states. “It could be a PCI compliance need. Could be regulatory compliance. Could be that merchant or that retailer is expanding into a new geography, and they need local processing or something like that.”

As McHale explains, these events can crystalize needs where merchants did not previously know they existed. Moreover, the scope can be significant.

### FRAUD REDUCTION IS CRUCIAL

How important are each of these features when considering adding a digital wallet?

	IMPORTANT	NEUTRAL	LEAST IMPORTANT	DON'T KNOW
Automatic updates of expired, stolen or lost debit and credit card information	91%	6%	3%	0%
Trust with the wallet provider to ensure privacy	88%	8%	4%	0%
Ability to present eligible consumer credit and debit cards for consumer selection	87%	8%	5%	0%
Interest among customers	87%	8%	5%	0%
Ease of implementation	87%	6%	6%	1%
Fraud reduction	85%	13%	2%	0%
Having a direct connection with the bank	82%	14%	4%	0%
Reduced transaction costs	82%	13%	5%	0%
Ability to consolidate consumers' cards (debit/credit) in one place	79%	11%	10%	0%
Being frictionless for customers	77%	16%	7%	0%
No initial or ongoing fees	74%	16%	9%	1%
Avoiding manual entry of full 16-digit debit and credit card numbers	73%	16%	11%	0%
Built-in PCI compliance	72%	19%	8%	1%
Network tokenization	69%	19%	11%	1%

Source: Digital Commerce 360 survey based on 100 merchants



“No one just wakes up one morning and says I want to replace my payment stack,” McHale says. “It’s complex, it’s high risk, and it’s expensive.”

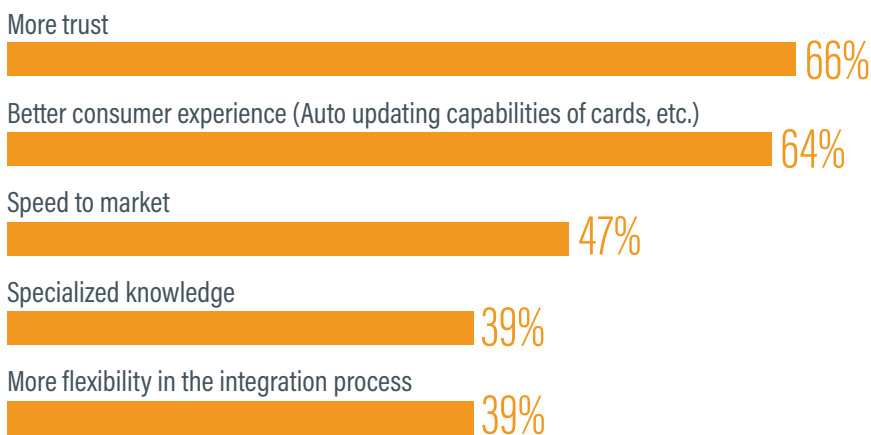
## HOW PARTICIPANTS CAN PROVIDE THE MOST VALUE

In the end, the results merchants see and how those outcomes align with their objectives can qualify collaborations as successes or failures. Yet there are numerous components of these relationships and activities to break down. Some of them are weighted higher than others, with different answers given for different types of collaborators.

Tasked with naming what they would hope to achieve, or have achieved, by adding an issuer into their ecosystem, at least 6 in 10 merchants surveyed prioritize trust or better consumer experiences.

### TRUST AND EXPERIENCE ARE DEFINING CHARACTERISTICS FOR ISSUERS

What would you hope to achieve, or have you achieved, by adding an issuer into the ecosystem? (Multiple responses allowed)



Source: Digital Commerce 360 survey based on 100 merchants

## SELLERS WANT TRUST AND BETTER CONSUMER EXPERIENCES FROM PARTICIPANTS

Those responses towered over alternatives, with nearly half selecting speed to market. In addition, nearly 40% also checked specialized knowledge and more flexibility in the integration process.

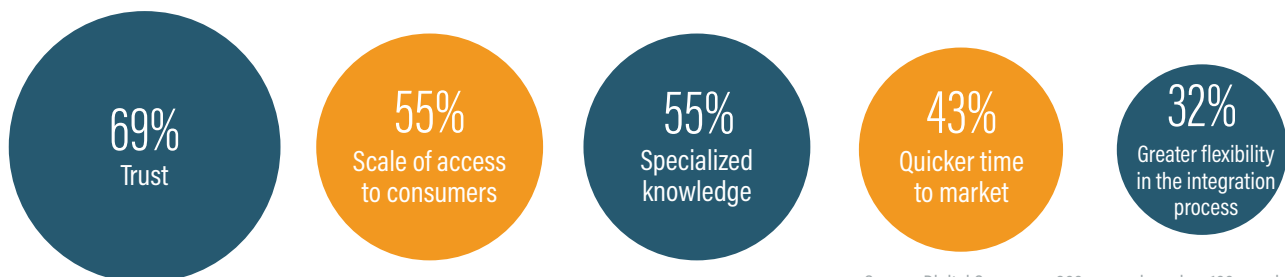
When it comes to bank participants specifically, more than half of merchants responding said they valued three things above all else: trust (69%), the ability to provide scale of access to consumers (55%) and specialized knowledge (55%).

## WHAT BANK PARTICIPANTS BRING TO THE TABLE

When assessing strong service provider and tech relationships, the answers given were more evenly distributed across various value adds. Sellers were asked to think about the most successful relationships their companies have had with service providers, technology vendors and technical integrators, choosing options that characterize those relationships.

### SURVEY: IN WHICH AREAS DOES THE BANK PARTNER PROVIDE ADDED VALUE?

Multiple responses allowed.



Source: Digital Commerce 360 survey based on 100 merchants

“Honesty, trust and transparency are non-negotiables,” one retailer said in the survey responses. “And as long as you have those three with any of your partners then everything else is seamless.”

### HOW SERVICE PROVIDERS AND TECH VENDORS PROVIDE VALUE

Two answers, responsiveness to issues (57%) and understanding of the seller's business (50%), appeared in at least half of the responses.

Having up-front conversations about support and service levels can mean asking questions such as "What kind of post-integration support are you expecting?" or "Do you do you need 24/7 live coverage?"

### TECH VENDORS WILL BE JUDGED BY RESPONSIVENESS

In thinking about the most successful relationships your company has had with service providers / technology vendors / technical integrators, which of the following have been part of that relationship? (Multiple responses allowed)



Source: Digital Commerce 360 survey based on 100 merchants

“Most merchants can’t monitor and respond if they’re failing to take payment,” Anderson states. “And do you have a team that’s there at night? Because we do. We have 24/7 coverage, and we have live monitoring, and we see one little blip in a five-minute period. You know someone’s looking into it for you.”

In the survey, another seven answers showed up in at least 30% of replies, with specialized knowledge of industry, the ability to work with the seller’s customers and flexibility and scalability as the next most common.

In last among just over one-fifth of responses were third-party integrations and the orchestration layer.

Next, distributor and merchant acquirer relationships displayed a more varied set of answers at three tiers of occurrence.

### EASY ONBOARDING MAKES A STRONG IMPRESSION

In thinking about the most successful relationships your company has had with distributors or merchant acquirers, which of the following have been part of that relationship? (Multiple responses allowed)

Easy onboarding process	58%
Easy integration into e-commerce store	48%
Transparent prices and fees	48%
Anti-fraud features	46%
In-depth data analysis	42%
Coverage of local markets	37%
Relationship and/or customer success managers to ensure continued success of integration	36%
PCI compliance	34%
Broad coverage of card types and card schemes	33%
Subscription-based transactions	21%
How to receive settlements and access funds	20%
Robust resources and platforms to respond quickly with depth and breadth	20%
Understanding of competitive landscape and offerings	16%

Source: Digital Commerce 360 survey based on 100 merchants

An easy onboarding process outranked other outcomes, earning mentions by 58% of merchants. Four others saw response rates above 40%, though, including transparent prices and fees, easy integration into e-commerce stores, anti-fraud features and in-depth data analysis.

## HOW DISTRIBUTORS AND MERCHANT ACQUIRERS CAN STAND OUT

Still, Bradford notes that he sees anti-fraud features increasingly coming up in conversations with new clients, as it can be a difficult and evolving challenge with which to contend.

“One of the biggest things we continue to see that affect the merchant is really card-tumbling activities,” he says. “As basic as that sounds, [fraudsters] have gotten incredibly sophisticated on how they roll IPs and geographic locations and VPNs to be able to fool a lot of those velocity settings.”

Those fraud attempts can number in the tens — if not hundreds — of thousands, resulting in fees passed on to the merchants as cards are tested.

“They embezzle the merchant at the end of the day, they’re just trying to see if the cards are legitimate,” Bradford explains. “Well, if you have 100,000 authorizations go through for a dollar apiece, the merchant gets charged \$0.25 for every author, plus a gateway auth fee.”

If a vendor is providing the merchant with a gateway, that can come with expectations that precautions are in place to counter those fraud attempts.

“They’re using your gateway,” he states. “So, they expect your tools to be able to prevent that type of action.”

Least frequently mentioned was an understanding of the competitive landscape and offerings, which showed up in the answers from 16% of sellers.

What is clear is that communication and trust lay the foundation for integrators to deliver the value that differentiates them from smaller vendors.

“It’s that seeing value in each other and trying to help each other grow,” says Anderson. “Otherwise, you’re at the bottom of each other’s lists, and I think that’s where merchants get the value.”

In those cases, they’re seeing the sum of relationships that are already built.

“And as a merchant, you’re never going to get that same service,” Anderson explains, “unless you’re a Walmart or an Amazon.”



# CONCLUSION

Some merchant preferences seen in this survey, such as responsive collaborative and fraud prevention, may sound like standard practices in today's business environment. However, they speak to the very real — and often nuanced — needs that merchants have, depending on what they sell and the customers that they serve.

Markets and customer preferences can change, and retailers need to be able to react to remain relevant. They should expect online checkout vendors that can keep up with those needs as well and position them to thrive.

“The e-commerce payment space is evolving rapidly, and consumers expect a fast, convenient, and easy checkout — or they'll abandon their cart,” said Catherine Murchie, head of operations at Paze.

These requirements are apparent to Murchie, and they inform how Paze approaches its participants and portfolio of solutions.

“Paze, offered by banks and credit unions, simplifies the checkout experience and features elements like tokenization (which prevents card numbers from being shared with merchants) and over 150 million eligible cards at general availability,” Murchie stated.

“This makes Paze a valuable partner for merchants looking to grow their business in today's competitive market.”

## ABOUT PAZE

Paze is a new online checkout solution that banks and credit unions offer to consumers and merchants, combining all eligible debit and credit cards into a single wallet and eliminating the need for manual card entry. Solving long-standing challenges in e-commerce, Paze provides an easy experience for consumers and merchants alike. More than 150 million debit and credit cards will be available to consumers for making online purchases. To learn more, visit [www.Paze.com](http://www.Paze.com).

Here is how Paze helps merchants drive e-commerce optimization and deliver a great customer experience:

- ✓ No manual entry of card numbers is required
- ✓ Payments are tokenized, which means card numbers are not shared with merchants, providing an extra layer of security
- ✓ If a card is lost or expires, the information/token is automatically updated with no manual updating required
- ✓ Merchants can enable their customers to easily set up an account with them through Paze
- ✓ 150+ million debit and credit cards are available for consumers through their trusted financial institution to use at checkout.

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