



RETAIL CONSUMER REPORT 2021

Retail payments reinvented

How consumer demand is changing

The pace of change in the retail industry has been blistering 🔥

In a little under two years, the payments sector has witnessed half a decade of change. The rising popularity of contactless technology is continuing to usher in the cashless economy, while cross border e-commerce payments are booming. Cryptocurrency transactions continue to grow in popularity, as do digital wallets and purchases made on mobile phones. Change is everywhere.

The pandemic has been the obvious catalyst, but our collective awakening to the world's ongoing environmental and societal issues has also been transformative. If we could time travel, then I have no doubt that the way we work, play, travel and shop would be unrecognisable to our former selves.

It's for this reason that in October 2021 we conducted research to better understand today's online shopper and their payments preferences following the pandemic. From pain-points to their ideal checkout experience, our research paints a comprehensive picture of the modern consumer.

Our hope is that this research sparks a response to these changing habits, empowering retailers to capitalise on changing behaviours and invest in powering better checkout experiences and ways to pay customers. After all, the past two years have ultimately set the course for the future of payments. It's time we perfected the process.

Karl Macgregor
CEO & Co-founder, Vyne

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CHAPTER 01

Could poor payments rain on the e-commerce parade?

Online retail has boomed over the past two years 🌟

● Merchants across every sector are seeing rising sales and revenues. In 2020, total online retail sales grew by 36%, marking the highest growth seen in 13 years⁵.

● Sales are expected to climb a further 13.7% by the end of 2021⁶.

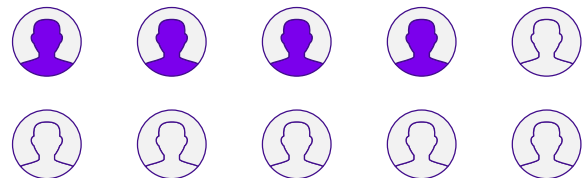


Lockdowns sparked change ✨



As a result, more merchants than ever before are establishing online stores to boost sales. A staggering 85,000-plus businesses launched online shops in the first four months of lockdown⁸ to tap into this growing consumer demand.

Just 4 in 10 online shoppers feel that retailers always meet their payment expectations



However, despite this boom in e-commerce, the current crop of payment methods are stacked against the consumers that use them. Just 4 in 10 online shoppers feel that retailers always meet their payment expectations⁷.

Speed and security emerged as the key pain points for customers 🚀

More than a third (36%) of online shoppers would spend a maximum of 1 to 3 minutes paying for goods and services online before abandoning their cart, highlighting inefficiencies in the payment and authentication process⁷.

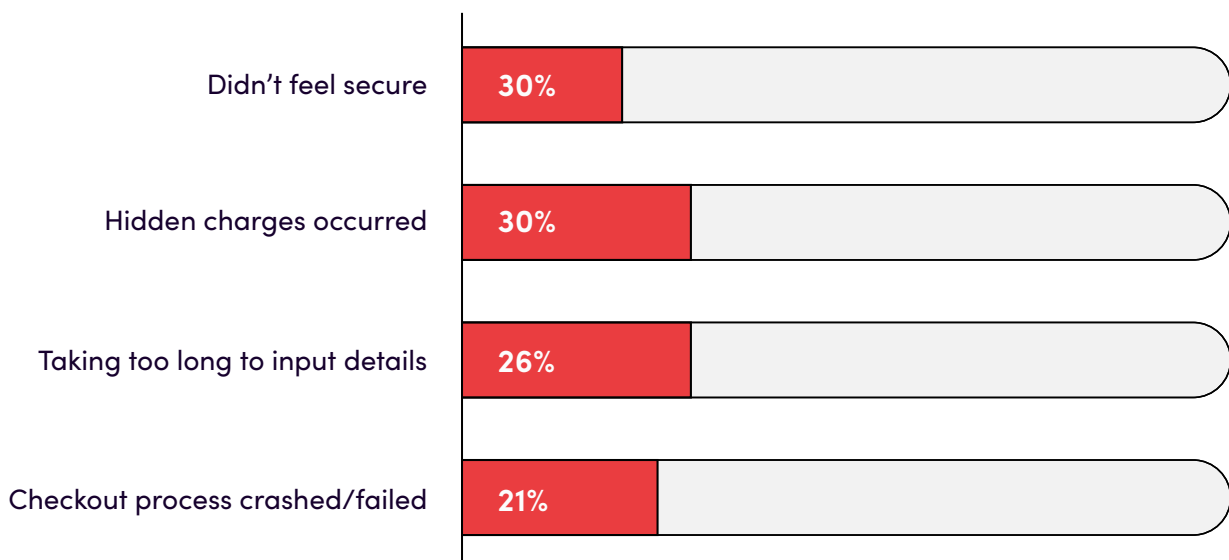
Just over a quarter (26%) of online shoppers are concerned about their card details being stored incorrectly and insecurely⁷.

While 73% said the news of fraudulent payments makes them feel cautious about online spending. In fact, one fifth said it puts them off spending online⁷.

As a result, businesses run a real risk of losing valuable customers. Just under 2 in 5 respondents who shop online said they have actively decided to shop elsewhere because of a poor payment experience online⁷. This is particularly true of those with more disposable income and buying power.

Over 3 in 5 (62%) respondents with a household income exceeding £75,000 said they have actively decided to shop elsewhere because of a poor payment experience online, whilst just over a third (34%) of respondents with a household income less than £25,000 said the same⁷.

Regular online shoppers abandon their baskets at the checkout at least once a month⁷, with the key reasons including⁷:



CHAPTER 02

Preferences are changing, and merchants must adapt

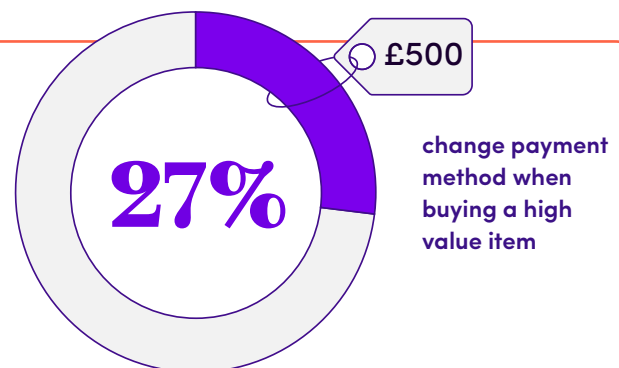
Online shopping habits have evolved over the past two years 🛍️

Consumer expectations, in terms of speed and method of delivery, payment processes and refunds, have all changed, and retailers need to adapt to a widening range of personal preferences.

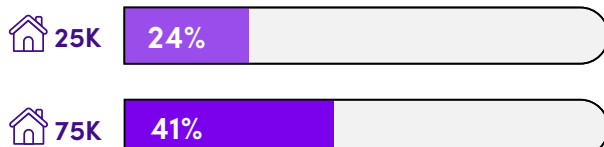
These preferences are not set in stone, and fluctuate depending on the value of the item and device which they are purchased on. In light of this, retailers must make full use of emerging technologies to enhance the payments process to its full potential.

More consumers want to change from their regular payment method when buying a high value item (exceeding £500).

Over a quarter (27%) of respondents said if they were buying an item of high value they would typically change their payment method from their regular payment method⁷.

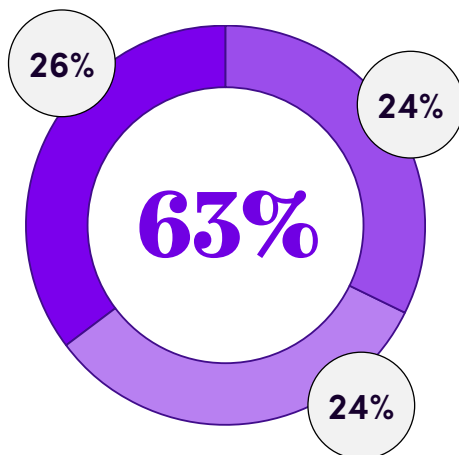


Consumers with household incomes that are likely to switch their payment method when buying an item of high value:



This is particularly true of those with a high annual income.

41% respondents with a household income exceeding £75,000 said if they were buying an item of high value they would switch their payment method, whereas just under a quarter (24%) of respondents with a household income less than £25,000 said the same⁷.



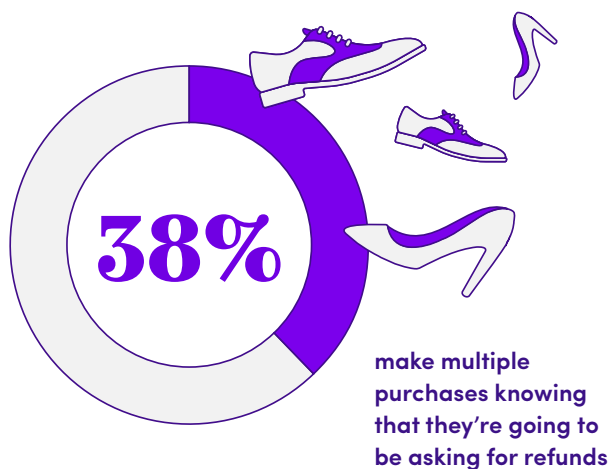
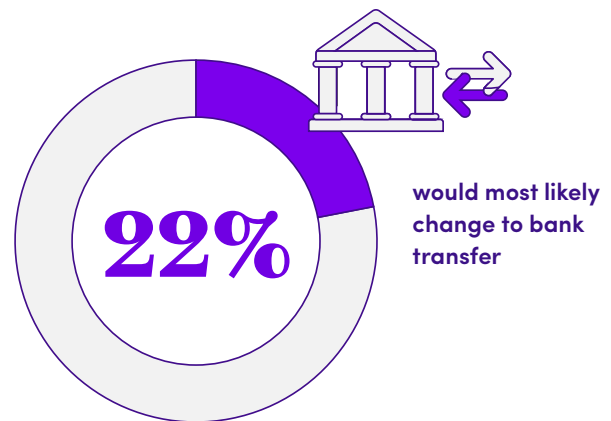
Consumers are falling out of love with card payments as 63% of respondents have at least one frustration with online card payments.

These include:

- A perceived lack of security
- Frustrations with the length of time required to input card details
- Arduous authentication checks

Bank transfers are also a popular way to pay for those changing from their regular method of payment.

Over a fifth (22%) of respondents who would typically change their payment method from their regular payment method for an item of high value, would most likely change to bank transfer⁷.



It's not just the way that people pay is changing, though: serial returners are on the rise.

In the absence of try-before-you-buy, changing rooms, or second opinions, more and more people are electing to make multiple purchases online, knowing that they plan to later return a large number of the items.

38% of respondents make multiple purchases (e.g. buying five pairs of shoes online ahead of a wedding, knowing they will only keep their favourite) knowing that they're going to be asking for refunds⁷.

However, many respondents are critical of the returns process. Refunds are slow... 🐌

Over a quarter (27%) of respondents who have requested a refund for an online purchase and have a preferred online payment method said on average, it usually takes them 6-10 days to receive refunds from their preferred payment method⁷ leaving many consumers having to chase refunds of online purchases.

This leaves consumers feeling frustrated, angry and disappointed. Merchants must adapt to offer a slick and polished refunds process.

43%

Over 2 in 5 (43%) respondents who have requested a refund for an online purchase have had to chase for a refund⁷.

65%

Just under two thirds (65%) of respondents who have had to chase for a refund, said this made them feel frustrated⁷.

36%

A further third (36%) said this made them feel angry²⁵ or disappointed⁷.

CHAPTER 03

Consumers are showing a clear appetite for change

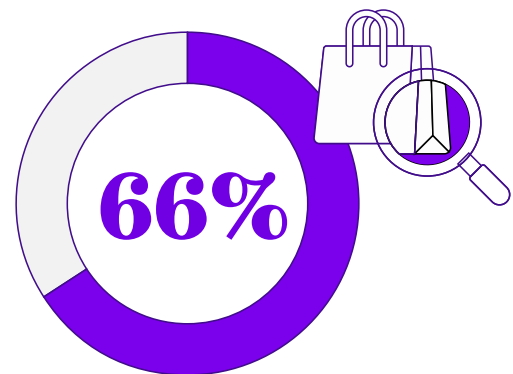
Consumers are calling out for merchants to improve the payments process 📢

Instead of facing the same old problems with repeated bugbears, consumers are displaying a willingness to try new things. Two thirds (66%) of respondents are open to trying out new methods of online payment⁷.

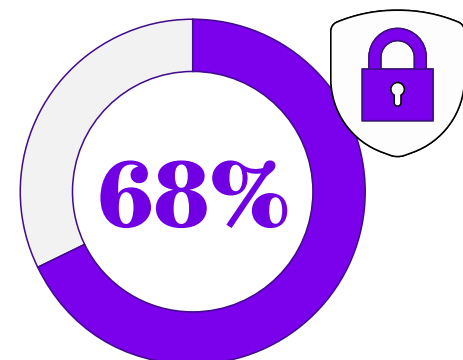
At the top of people's wishlist for improved payment methods is security. Almost 7 in 10 (68%) respondents said if they could build their ideal payment method, guaranteeing the highest level of security would be very important to them, with a further 15% saying it is somewhat important⁷.

In the first half of 2021, losses due to unauthorised financial fraud using payment cards, remote banking and cheques rose seven per cent compared to H1 2020, to £398.6 million⁹.

Better security is at the top of people's wishlists when buying online 🔒



are open to try out new methods of online payment



say they would guarantee highest level of security if building their ideal payment method

Pending payments must also become a thing of the past.

7 in 10 (70%) respondents said if they could build their ideal payment method, instant payments and refunds (no more 'pending' payments) would be important* to them, with a third (33%) saying it is very important⁷.

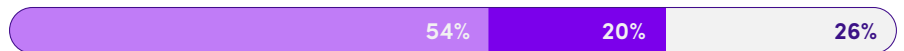
☐ important ☒ very important



Account to account payments also proved appealing to the majority of online shoppers...

Over half (54%) of respondents agree* that if there was a payment method which could be completed through their own banking app, increasing security and speed of checkout, they would use it regularly, with a fifth (20%) strongly agreeing³¹.

☐ likely ☒ very likely ☐ others



... as did stronger methods of authentication.

Almost half (48%) of respondents agree* that if there was a payment method where they could authenticate payments using their banking app, as opposed to filling out card details, they would prefer it to cards/their preferred payment method, with 18% strongly agreeing³².

☐ likely ☒ very likely ☐ others



CONCLUSION

Your turn, retailers

It's clear that, despite so much innovation in the payments sector, many retailers are only offering the methods stacked against the consumer, most of which were not built for the digital world we live in.

These are nothing short of outdated, inefficient and slow, and inhibit potential commercial growth. Valuable customers deserve a better way to pay.

Open Banking offers a more modern, transparent and seamless approach that benefits buyers and sellers in a transaction. Consumers are crying out for the benefits it offers – whether its stronger authentication, instant refunds or improved security.

The onus is now on retailers to recognise the importance of the payments process in building a loyal customer base and implement solutions fit for the modern consumer.

A note on our methodology

Between 15 to 18 October 2021, Vyne and Censuswide interviewed 2,002 nationally representative respondents aged 16+ in the UK. All interviews took place online.

CENSUSWIDE
THE SURVEY CONSULTANTS

1 [Bank of England, 2020](#)

2 [McKinsey & Company, 2020](#)

3 [Statista, 2021](#)

4 [J.P.Morgan, 2020](#)

5 [imrg, 2021](#)

6 [Insider Intelligence, 2020](#)

7 [Censuswide survey of 2,002 UK consumers, 2021](#)

8 [Internet Retailing, 2020](#)

9 [UK Finance, 2021](#)



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Get in touch with one of our experts today

GET IN TOUCH

PAYMENTS PERFECTED

Vyne uses open banking to power account-to-account payments for online businesses, setting the course for the future of payments. Customers move money in real-time by paying directly from their bank account and payments are completed in seconds, bypassing expensive and slow traditional methods.

Founded by true payments experts, Vyne's innovative technology and solutions bring together decades of combined industry experience to ensure direct, secure, faster payments.

Vyne Technologies Ltd is authorised and regulated by the Financial Conduct Authority (FCA) as an Authorised Payment Institution.
Vyne. Payments perfected.

Retailers in the Vyne community

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