HOW RETAILERS CAN CASH IN ON MOBILE COMMERCE

2014 CONSUMER SURVEY

jumio®

How retailers can cash in on mobile commerce

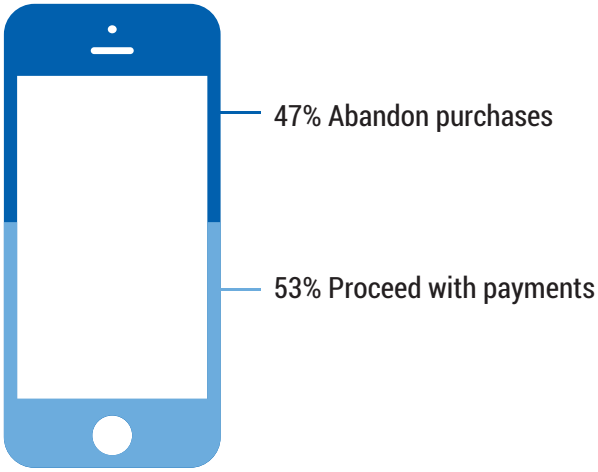
There is little doubt anymore that mobile is the future of retail. Smartphone and tablet retail transactions across the U.S. are expected to total $114 billion in 2014, with consumers completing 29 percent of all digital purchases via mobile devices.[1-2] Researchers anticipate that smartphones and tablets will drive transaction totals of $293 billion by 2018, accounting for 54 percent of all digital commerce sales nationwide.

Forward-thinking retailers are keeping pace with the mobile commerce revolution by implementing a wide range of transaction systems and strategies that support smartphones, tablets and other connected devices. But, according to a recent survey conducted by Retail Dive on behalf of digital payments and identity verification company Jumio, many shoppers remain dissatisfied by the mobile user experience, citing a range of difficulties and concerns.

Retailers who think these issues have little impact on their bottom line should think again. Polls show that 47 percent of shoppers abandon purchases on mobile devices as a result of checkout friction– no less troubling, 57 percent of those shoppers made no subsequent attempt to complete transactions on a desktop computer.

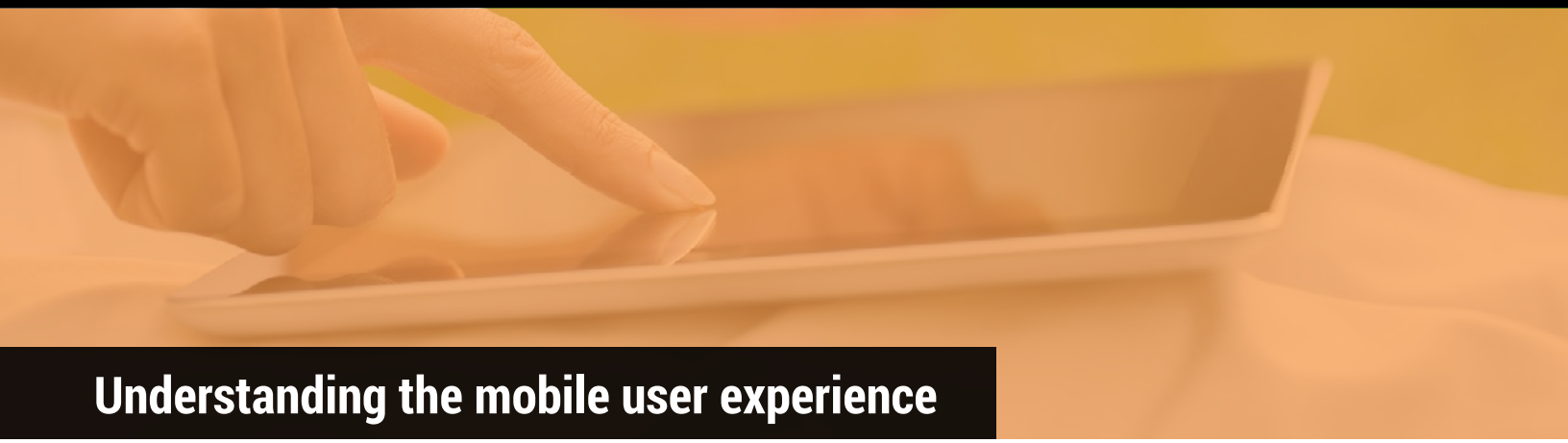
Based on a recent Jumio analysis,[3] these lost sales were equivalent to more than one-quarter of total mobile commerce profits during the 2013 holiday shopping season, meaning retailers left close to $15.9 billion in potential revenues on the table. Retailers can't begin to fully capitalize on the mobile commerce opportunity without first sizing up the issues plaguing consumers.

HOW USERS RESPOND TO PAYMENT FRICTION ON MOBILE DEVICES



DID YOU KNOW?

It is expected that nearly 1 in 3 digital purchases in 2014 will be made on mobile.

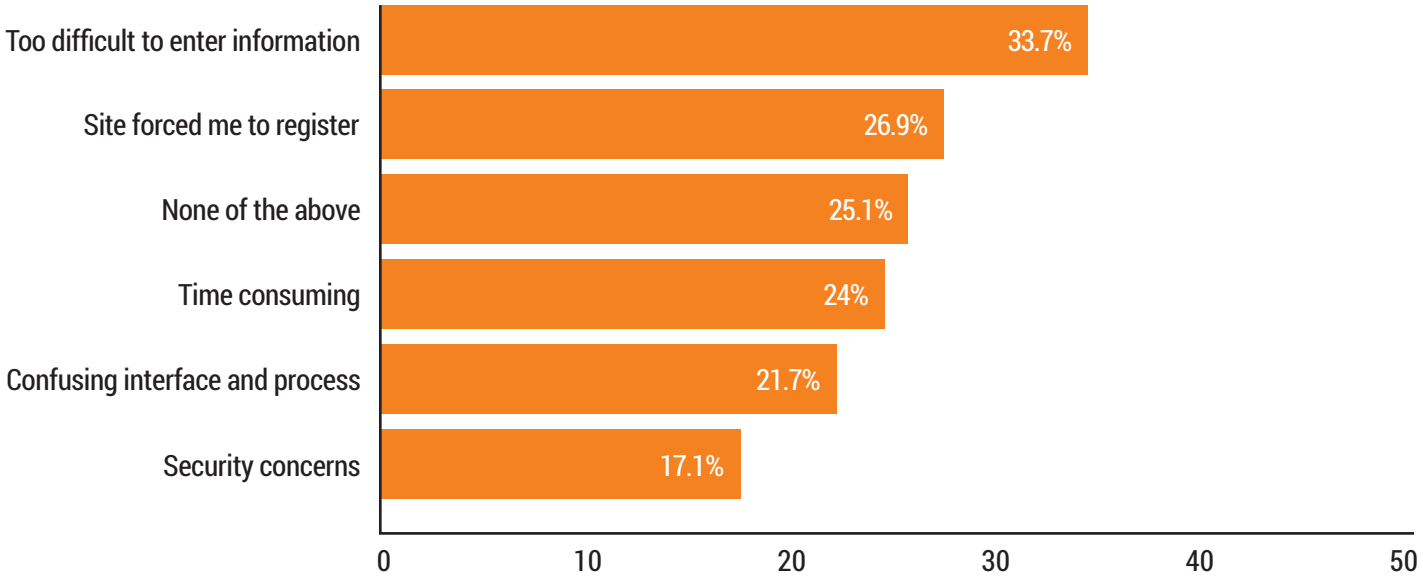


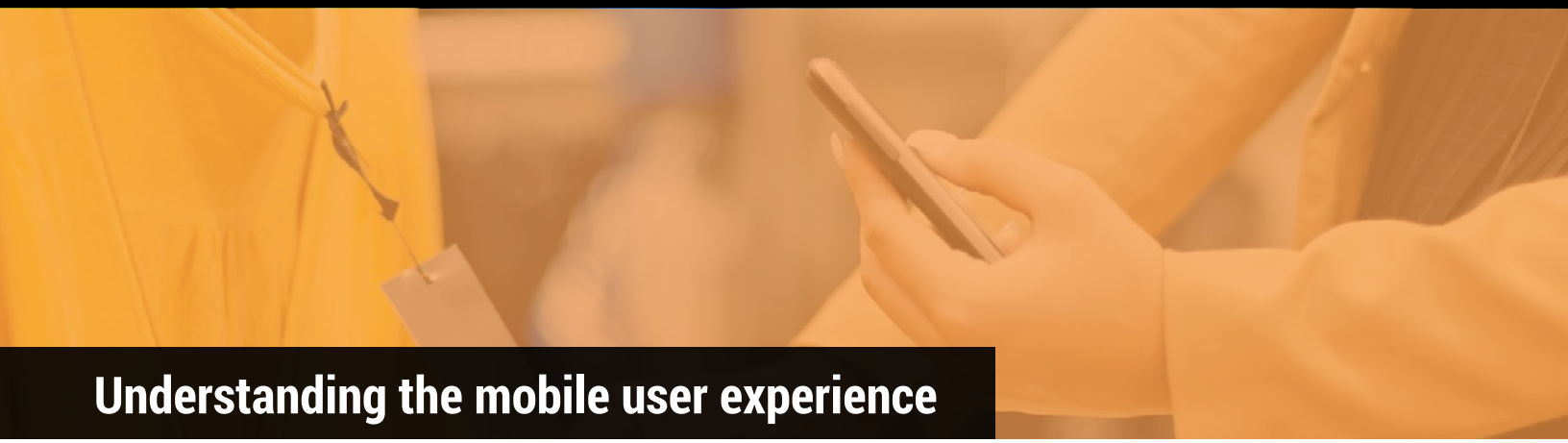
Understanding the mobile user experience

The growth of mobile commerce faces no greater obstacle than an often unwieldy and exasperating user experience. Too-small device screens have made the information input process both arduous and error-filled: Among surveyed users who say they've failed to successfully complete a purchase on their mobile device, 33.7 percent cite the difficulty of entering customer data (such as credit card numbers) into their smartphone or tablet.

Security fears also impede mobile commerce adoption. The survey indicated that 17.1 percent of respondents who failed to successfully complete a mobile device-based transaction blamed misgivings on the overall safety of the process.

Q1 WHAT PROBLEMS HAVE PREVENTED YOU FROM COMPLETING PURCHASES FROM YOUR MOBILE DEVICE?

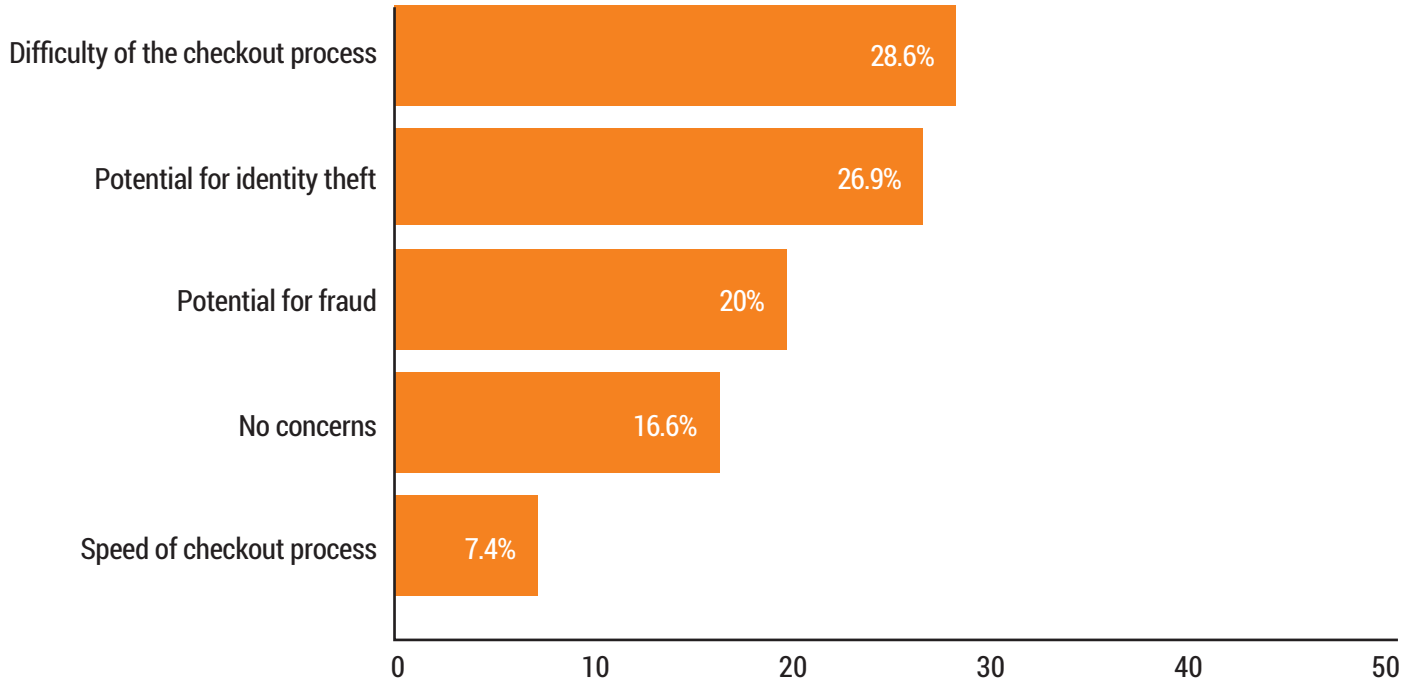


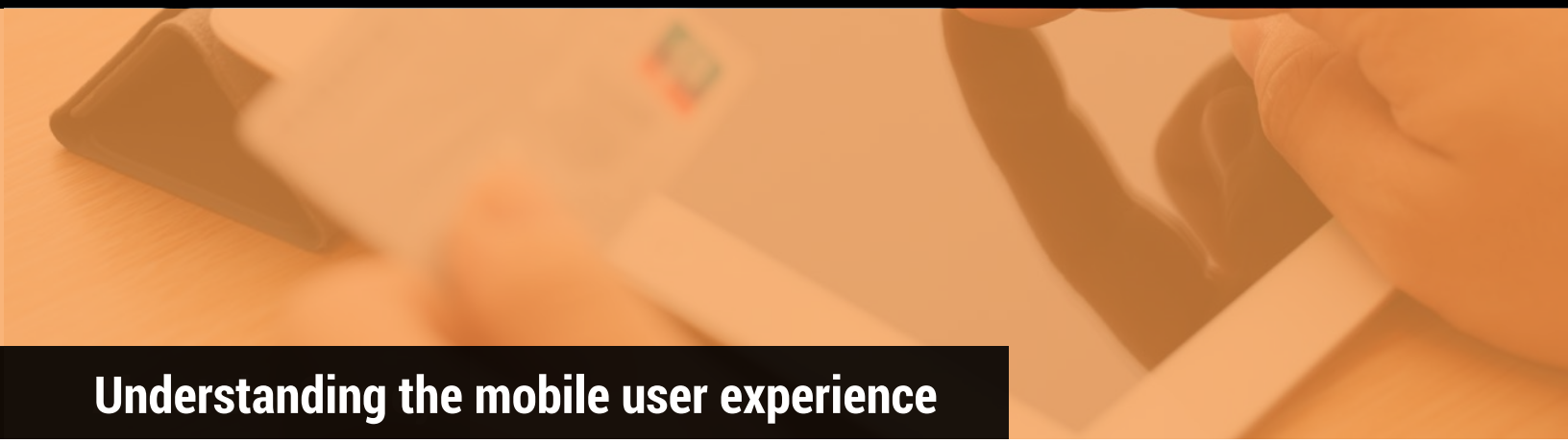


Understanding the mobile user experience

In all, over 80 percent of survey respondents harbor serious reservations about some facet of mobile commerce. According to respondents, difficulty of the checkout process poses the biggest concern (28.6 percent), followed by the threat of identity theft (26.9 percent), the threat of fraud (20.0 percent) and checkout speed (7.4 percent). Moreover, 41.1 percent of respondents said there are retailers they do not visit because they anticipate a poor mobile experience, while 65.7 percent have abandoned a mobile transaction only to purchase from a retailer with superior checkout protocols.

Q2 WHAT IS YOUR BIGGEST CONCERN ABOUT MOBILE TRANSACTIONS?





Understanding the mobile user experience

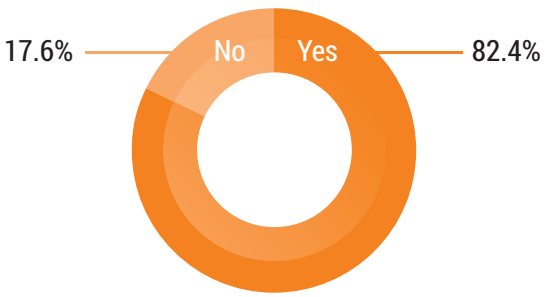
Still, there is reason for optimism. For starters, 82.4 percent of respondents said they would be more likely to shop via mobile device if checkout required an average of five seconds to complete. Another 81.5 percent said they would be more likely to make purchases on mobile if the checkout process offered an alternative to manually entering information.

This consumer feedback provides retailers a clear blueprint to revamp the mobile checkout process. It's clear that the three biggest changes that can improve purchase completion are:

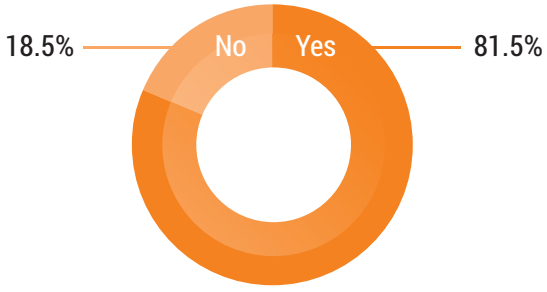
- Quickly and safely collecting customer and payment information
- Reducing fraud concerns
- Simplifying information input

The good news is that there is new technology that retailers can implement to solve these issues.

Q3 WOULD YOU BE MORE LIKELY TO CONDUCT TRANSACTIONS VIA A MOBILE DEVICE IF THE CHECKOUT PROCESS REQUIRED AN AVERAGE OF 5 SECONDS TO COMPLETE?



Q4 WOULD YOU BE MORE LIKELY TO MAKE PUCHASES VIA A MOBILE DEVICE IF THE CHECKOUT PROCESS OFFERED AN ALTERNATIVE TO MANUALLY ENTERING INFORMATION?



Quickly collect customer and payment information

Polls indicated that entering customer contact and payment information was a pain point for mobile shoppers, due to both the slow nature of the entry process as well as concerns about fraud. M-commerce vendors are working to combat this issue and are searching for effective solutions to help them. Jumio's BAM Checkout solution addresses both speed and fraud issues by effectively transforming customers' mobile devices into secure credit card and ID scanners capable of extracting and auto-populating ID and payment information into mobile forms in real time.

BAM Checkout greatly reduces checkout time and improves data accuracy, transforming mobile checkout from requiring an average of 75 manual key entries that can take nearly two minutes to a card scanning solution that takes only seconds. BAM Checkout is integrated directly into a merchant's current checkout process. This flexible integration enhances the customer experience, which has lead to increased transaction completion rates of more than 10 percent.

In a recent report,[4] Ron Mazursky, Director, Debit Advisory Services at Mercator Advisory Group, wrote:

"Jumio's goal is to provide its clients with a frictionless consumer experience to expedite e-commerce transactions for new customers and to enable compliance checking to ensure that customers are who they say they are—in other words to prevent fraudulent transactions."

BAM Checkout achieves this by offering a powerful anti-fraud tool that crosschecks the customer's name on their credit card with the name on their drivers license, immediately flagging variances. Merchants who use this information to augment their existing transaction authorization procedures can have confidence in knowing that their customers are who they say they are, and that they have their actual credit card in-hand at the time of transaction. This has a marked effect on reducing fraud-related chargebacks.

CHECKOUT TIP:

Turn customers' mobile devices into secure credit card scanners to boost conversions.

Reduce fraud concerns

It's clear that fraud is a major concern for both shoppers and retailers when it comes to mobile transactions. One way to reduce this concern is to abolish the need to handle and store paper records. By integrating into retailers' mobile apps or websites to scan and validate customer ID cards via iOS and Android device cameras, Jumio's Netverify solution not only makes for a more secure process that consumers can trust, but also accelerates the confirmation process and reduces associated costs with storing consumer data.

This can also reduce retailer fraud concerns. Consumers can scan an image of the front and back of their document and complete a registration or application process in seconds. Both the business and customer receive feedback confirming a valid ID, allowing the transaction to proceed without delay. The customer data is then transmitted in the format specified by the retailer, eliminating the slow and expensive process of manual submission and verification. Additionally, no record of the scan or personal data is stored on the mobile device.

By quickly determining whether the customer has a valid ID at the time of purchase, retailers can dramatically shrink the possibility of subsequent chargebacks.

FRAUD PREVENTION TIP:

Use modern retail tech to easily and securely confirm valid IDs at the time of purchase.

Simplify information input

Automating data entry is one way retailers can remove checkout friction and time spent by shoppers inputting their information. Jumio offers a solution to many retailers that leverages mobile device cameras to offer consumers an intuitive, user-friendly approach that eliminates transaction friction and reduces fraud fears, in turn boosting retailer revenues.

Jumio's Fastfill solution tackles sign-up and checkout issues by offering mobile consumers a hassle-free Scan ID option alongside conventional key entry fields, replacing manual data entry with a near-instant automated process.

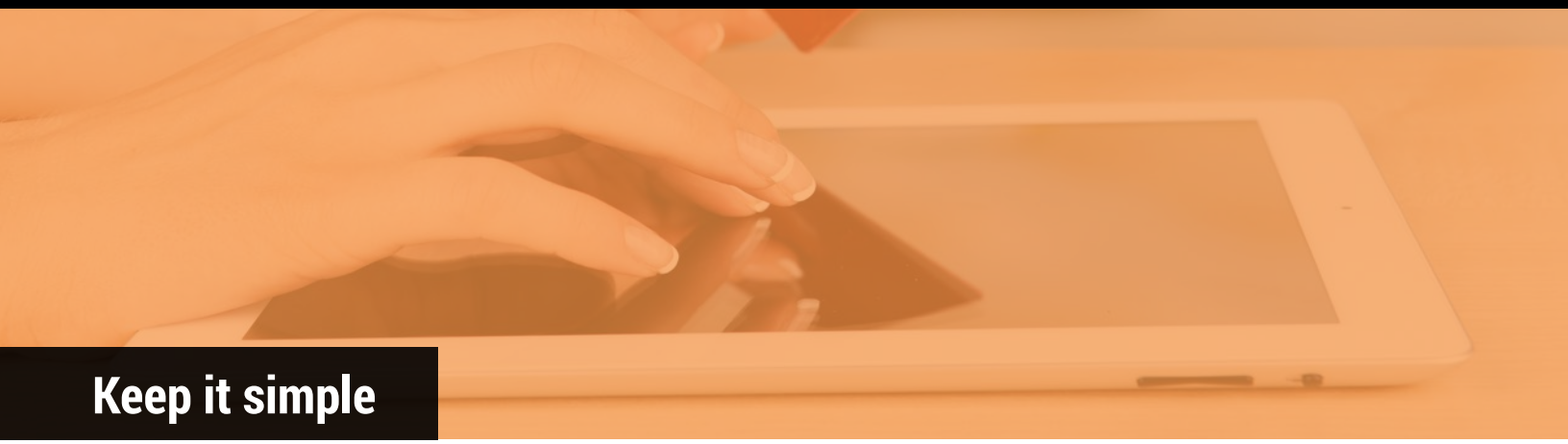
Fastfill is installed within the retailer's consumer-facing mobile applications. The customer taps the Scan ID button, selects the identification option they wish to use (drivers license, passport or other government-issued identity card) and holds up the document to their device camera. Fastfill scans the ID, extracts the data it holds and uses the relevant information to populate the new account form.

"Our solution completes mobile transactions in the space of just seconds. It's super-efficient for the customer, and that translates to a better experience and higher checkout completion rate," says Jumio CMO Marc Barach. "All the information is pulled in the space of about two seconds. No photo is taken, and nothing is stored on the device."

This sort of solution benefits both retailers and customers. Not only does reducing a standard checkout page from 11 to four data entry fields increase completion rates by as much as 160 percent, but it dramatically upgrades customer data quality by collecting it from source credentials.

CONVERSION TIP:

Reducing your checkout form from 11 to four data entry fields can boost checkout completion rates by as much as 160%.



Keep it simple

Based on survey results, consumer preferences are clear. Consumers want fast, secure and easy mobile transactions. While implementing complex mobile wallets and payment apps can be tempting retail solutions, they generally aren't necessary.

"Mobile wallets and payment apps offer utilities people don't need, and they try to solve a problem that isn't really a problem, because payment options today are pretty slick: Credit cards and cash still work very well," Barach says.

With the right solutions, retailers can offer consumers a seamless checkout experience that remains familiar while working across devices and mobile platforms.

In the end, that is the key to increasing retail sales.

Sources

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