

Optimising The Consumer Payment Experience Across All Channels

Businesses In APAC Seek Competitive Advantage Through Omnichannel Payment Optimisation

Table of Contents

3	<u>Executive Summary</u>
4	<u>Key Findings</u>
5	<u>Consumer Expectations Necessitate Omnichannel Support</u>
8	<u>Optimising CX Is A Balance Between Enabling Payment Accessibility And Maintaining Safeguards</u>
10	<u>Leverage Data Across Channels To Support Personalised Interactions</u>
12	<u>Key Recommendations</u>
14	<u>Appendix</u>

Project Team:

Sruti Pegatraju,
Senior Market Impact Consultant

Wendy Zhang,
Associate Market Impact Consultant

Contributing Research:

Forrester's Infrastructure & Operations
research group

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fuelled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorised reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgement at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to forrester.com. [E-54042]

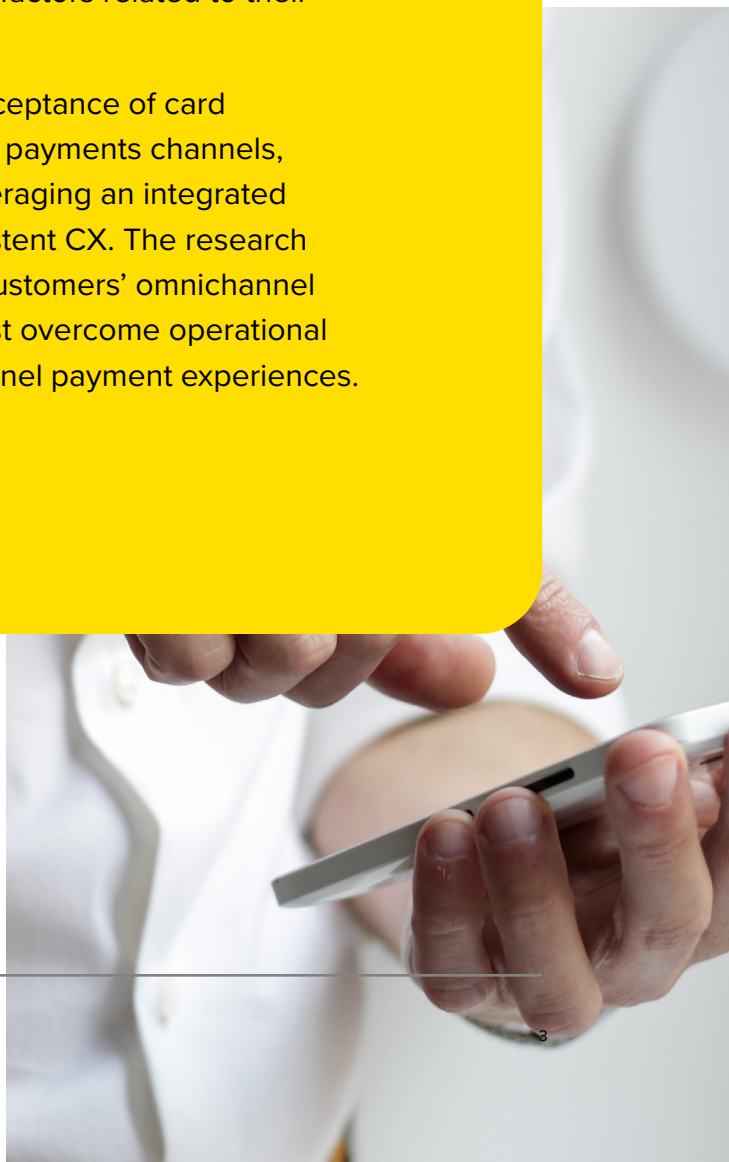


Executive Summary

Customers choose any number of payment methods and combinations of channels to make purchases. Businesses that want to ensure consistent customer experience (CX) online, on mobile devices, and in-store, must sync customer journeys across channels into an omnichannel ecosystem that puts the customer at the centre. So, how can businesses optimise their omnichannel capabilities to ensure customer satisfaction and gain a competitive advantage?

In May 2022, Fiserv commissioned Forrester Consulting to evaluate consumer payment behaviours, consumer criteria for good payment experiences, and potential consequences of negative experiences. Forrester conducted an online survey with 600 digital consumers from Australia, Hong Kong, India, Malaysia, Singapore, and South Korea. Forrester also surveyed 302 decision-makers from retail, hospitality, insurance, food and beverage, and oil and gas businesses in Asia Pacific (APAC) regarding their organisations' omnichannel maturity, priorities, and factors related to their customers' satisfaction with payment experiences.

Forrester defines omnichannel payments as the acceptance of card payments and alternative payment methods across payments channels, including in-store, online, social, and in-app, by leveraging an integrated payment platform to provide a seamless and consistent CX. The research found that the majority of businesses understand customers' omnichannel payment expectations. However, organisations must overcome operational and technological challenges to optimise omnichannel payment experiences.



Key Findings

APAC consumers expect their routine in-store, mobile, and in-app transactions to be frictionless. They also initiate and complete purchases across different channels. Consumers expect positive payment experiences, and two-thirds expressed some willingness to change their buying relationships based on negative payment experiences.

Businesses recognise the importance of secure and convenient omnichannel capabilities, but siloed technology inhibits optimisation. An optimised approach facilitates customer insights; delivers safe, easy, consistent, and positive CX; and simplifies operations. However, in many businesses, operational complexity and lack of integrated technology pose barriers to those outcomes.

Omnichannel capabilities improve customer engagement. Businesses are realising the impact of their omnichannel efforts. Top CX benefits include the ability to provide frictionless payment experiences for customers across channels, increased customer convenience and choices, and support for sought-after alternative payment products.

End-state omnichannel optimisation requires data and integration. Businesses must be able to access and leverage data across systems to create clear views of their customers whilst providing seamless experiences and recommendations that will increase customer satisfaction and value.

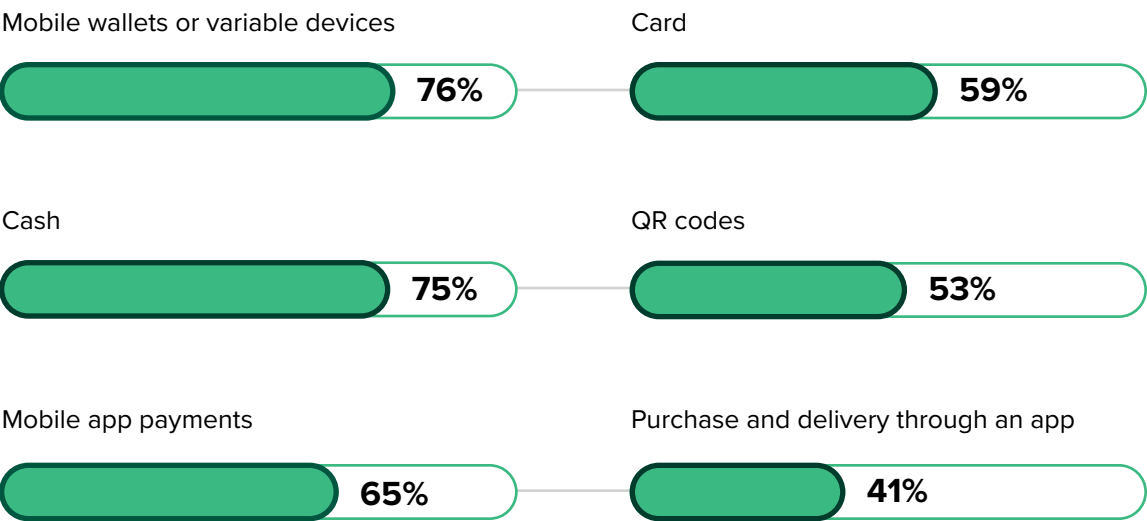
Consumer Expectations Necessitate Omnichannel Support

There is plenty of research on how the pandemic has accelerated the use of digital channels. Business leaders must now respond to evolving digital customer behaviours or risk falling behind more nimble competitors.

CONSUMERS TRANSACT USING VARIOUS PAYMENT METHODS

Across the APAC markets surveyed, the majority of consumers indicated that they use a variety of digital and in-person payment methods, including mobile apps, wearable devices, cash, cards, and QR codes on a regular basis (see Figure 1).

Figure 1
Percentage Of Consumers Who Use The Following Payment Methods On A Daily Or Weekly Basis



Base: 600 consumers who choose digital and/or mobile payments as their regular mode of payment transactions
Source: A commissioned study conducted by Forrester Consulting on behalf of Fiserv, April 2022

BUSINESSES RECOGNISE THE IMPORTANCE OF OMNICHANNEL IN RESPONDING TO CONSUMER PAYMENT DEMANDS

Omnichannel payment methods have become a crucial component of customer engagement strategies for businesses. Sixty-six percent of businesses rated them a high or critical priority now, compared to only 24% before the pandemic. Seventy-nine percent of APAC decision-makers also reported that their businesses have implemented some omnichannel capabilities, with a ratio of 4:6 between businesses expanding and optimising their capabilities, and those just beginning to implement or pilot them.¹

Overall, the two major drivers for improving omnichannel payment capabilities are elevating CX and maintaining a competitive advantage. Sixty-eight percent of business decision-makers indicated their desire to meet customer expectations of seamless payment experiences, and 53% said that enhancing CX improved their ability to compete.

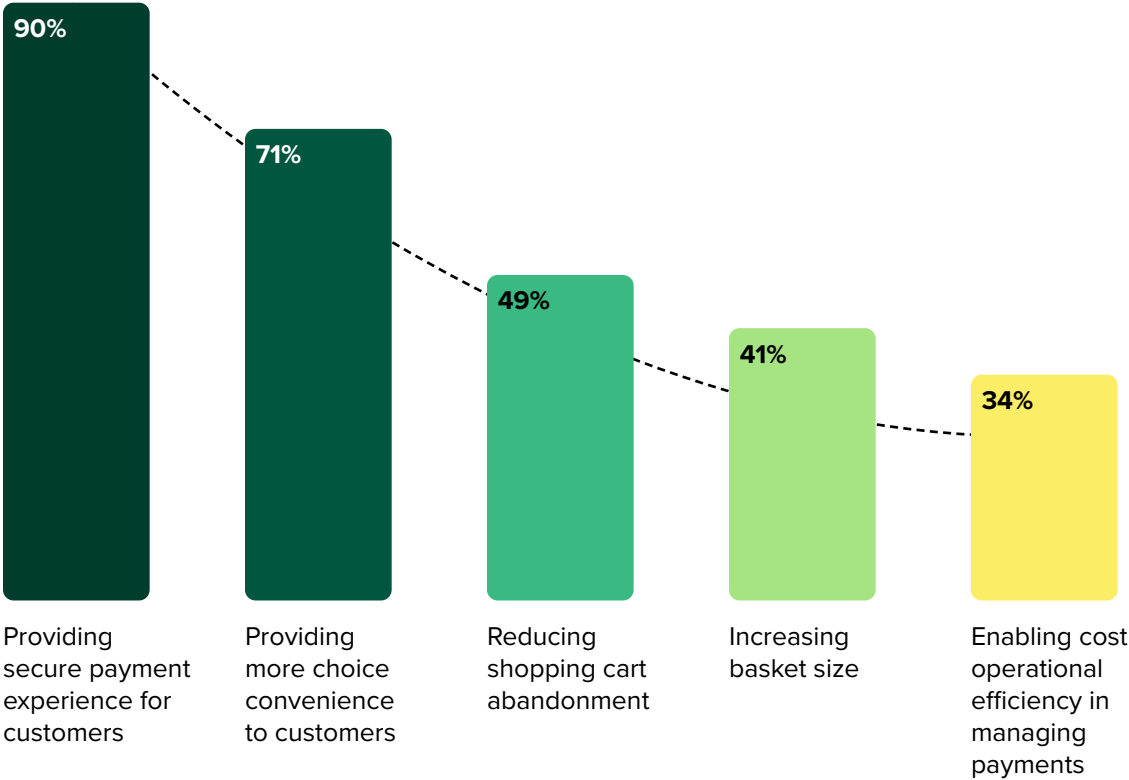
Meeting customer expectations in APAC requires investment to support global and local commerce. Located at the crossroads of global commerce, APAC businesses must meet customer expectations in multiple markets. Digitisation and globalisation bring opportunities for businesses to scale their operations whilst enabling customers to transact in their preferred currencies and channels.

To compete globally, 29% of organisations operating in Singapore have expanded their acceptance of overseas digital payments so that international customers can transact in their local languages and currencies. International businesses looking to scale by attracting consumers from other markets must provide familiar local services or payment instruments for them to easily purchase in-store and online.

Omnichannel payment capabilities are effective in enhancing CX and improving financial performance. Seventy-two percent of businesses reported being highly or extremely satisfied with the way omnichannel payment capabilities served business and customer needs. Almost 9 of 10 business respondents shared that omnichannel capabilities addressed the need for secure payments, whilst 71% cited that omnichannel capabilities enabled them to offer more choices and convenience to customers (see Figure 2). In addition, an omnichannel approach can yield a positive impact

on revenue by reducing shopping cart abandonment, increasing purchases, and enabling cost and operational efficiencies.

Figure 2
Percentage Of Organisations That Find Their Current Omnichannel Capabilities Very Effective In Addressing These Business Expectations And Priorities
(Showing those currently expanding and optimising their omnichannel capabilities)



Base: 103 key business decision-makers and influencers from mature organisations in their payments strategy and investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Fiserv, April 2022

Optimising CX Is A Balance Between Enabling Payment Accessibility And Maintaining Safeguards

Businesses have been prioritising and implementing stronger security around payments. Although important, security alone does not create optimised payment experiences. Businesses will gain a competitive advantage by ensuring frictionless and convenient payment experiences for the customer.

There is a cost associated with the inability to meet consumers' needs for convenience. Sixty-two percent of consumers shared that they were highly likely or certain to look for alternative businesses if their payment expectations go unmet, and 44% indicated they would reduce spending if they were unable to use their preferred payment channels.

In the next 12 months, 77% of businesses will work to improve data security for processing payments, fraud detection and mitigation, and regulatory compliance.

However, stronger security and compliance initiatives may compromise CX for some. Thirty-one percent of consumers reported being challenged by slow action taken on unauthorised transactions, and 24% reported inconvenience caused by denied payment transactions and errors (see Figure 3).

When it comes to payments, consumers want seamlessness and convenience as much as they want security and data privacy. Thus, businesses will need to strike a balance to deliver both.

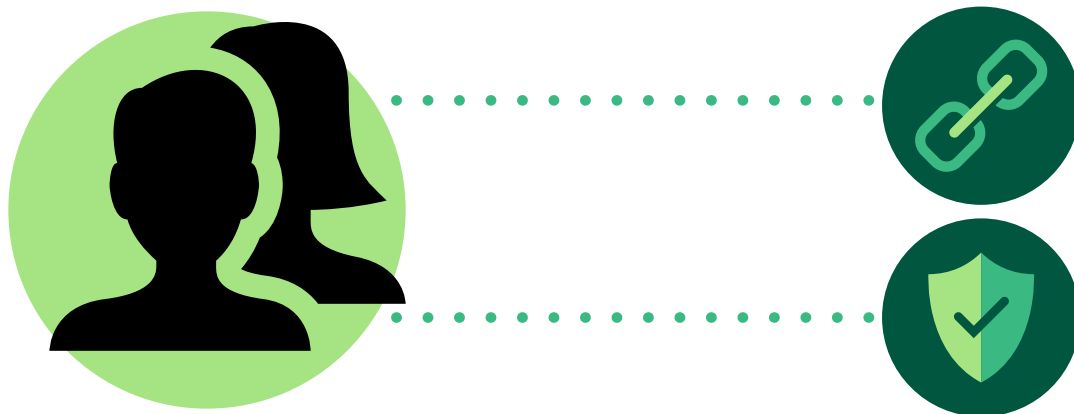


Figure 3

"What are the key challenges you have faced when engaging in a payment transaction?"

Inconsistent experiences across channels



Slow action taken on unauthorised transactions



Inconvenience with denied payment transactions/payment errors



Lack of personalised service



Lack of concern for my data privacy



Poor customer service in digital payments



Base: 600 consumers who chose digital and/or mobile payments as their regular mode of payment transactions

Source: A commissioned study conducted by Forrester Consulting on behalf of Fiserv, April 2022



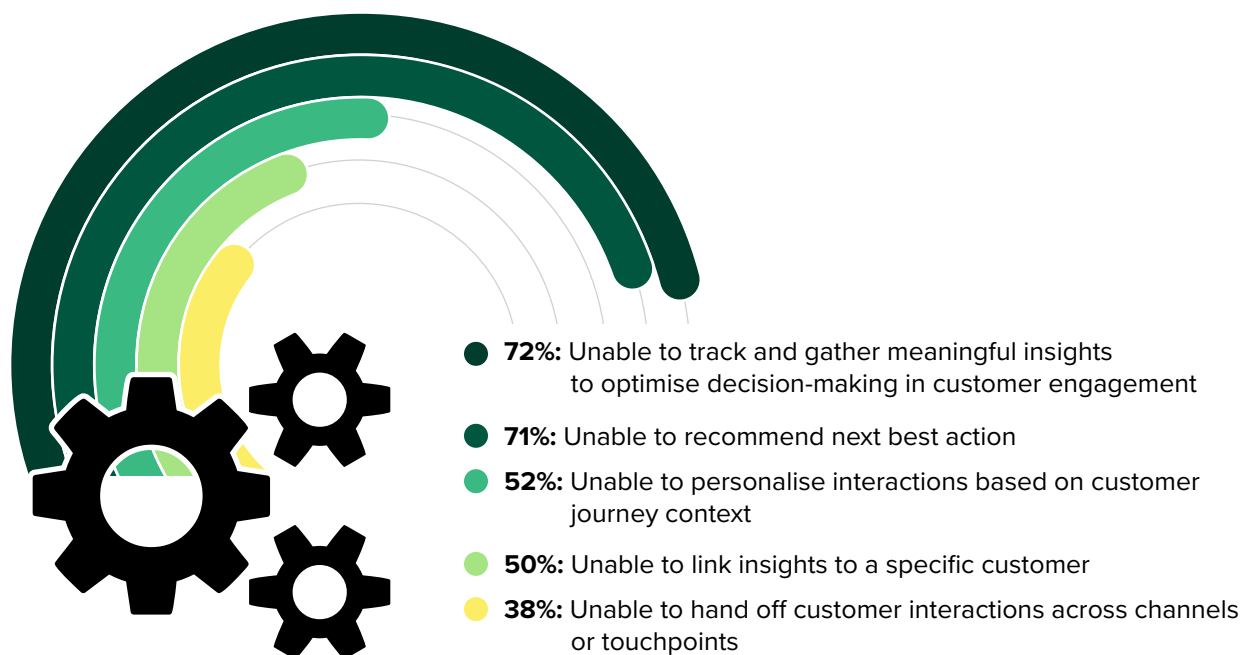
Leverage Data Across Channels To Support Personalised Interactions

Whilst businesses are focused on meeting customer demand for convenience and choice by adding new payment options, consumers are also looking for consistency across channels to support a more personalised experience.

Technologies and processes present the greatest challenges to improving omnichannel capabilities. Almost half of the businesses indicated that their legacy tools and technologies were not adapting to new customer demands. Many businesses also shared that their current solutions were unable to provide enough integration, data sharing, and insights to create personalised experiences (see Figure 4).

Figure 4

"Which of the following technical challenges have you experienced in implementing your omnichannel capabilities?"



Base: 302 key business decision-makers and influencers in their payments strategy and investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Fiserv, April 2022

These technical challenges go unchecked because businesses have not prioritised projects that will bring channels, data, and tools together to support CX.

Businesses need to address and overcome technologically imposed barriers to create personalised experiences and insightful services. This will cultivate lasting relationships and customer loyalty.

APAC businesses are working with an average of four different platforms, with nearly half of them working with multiple third-party providers to manage payment channels. With such complexity, it is no wonder that 60% of businesses found integration with other applications a challenge.

Organisational and operational constraints hamper omnichannel optimisation. Beyond technology silos, 37% of business organisations reported that siloed functional heads and team structures were obstacles in executing a unified payments strategy. Twenty-five percent indicated the lack of seamlessness in internal processes as a key reason for their dissatisfaction with their current omnichannel payment capabilities.

To optimise omnichannel payments, businesses will invest in integrating data and analytics to understand transaction flows and consumer engagement. In the next 12 months, at least half of APAC businesses will increase their investment in targeted interactions, dashboard views, granular reporting, and integration with customer loyalty programs for a data-driven approach to understanding customers. A holistic knowledge of individual consumer transaction behaviour will aid in the delivery of personalised recommendations.

Key Recommendations

Optimisation of omnichannel capabilities requires careful planning and significant investment to deliver improved customer satisfaction and bottom-line results. To successfully implement and optimise omnichannel capabilities, focus on five key areas: channel optimisation, payments optimisation, consumer engagement, balanced security and CX, as well as data access and analytics.

Channel optimisation: Fully evolving to omnichannel requires changes beyond commerce channels.

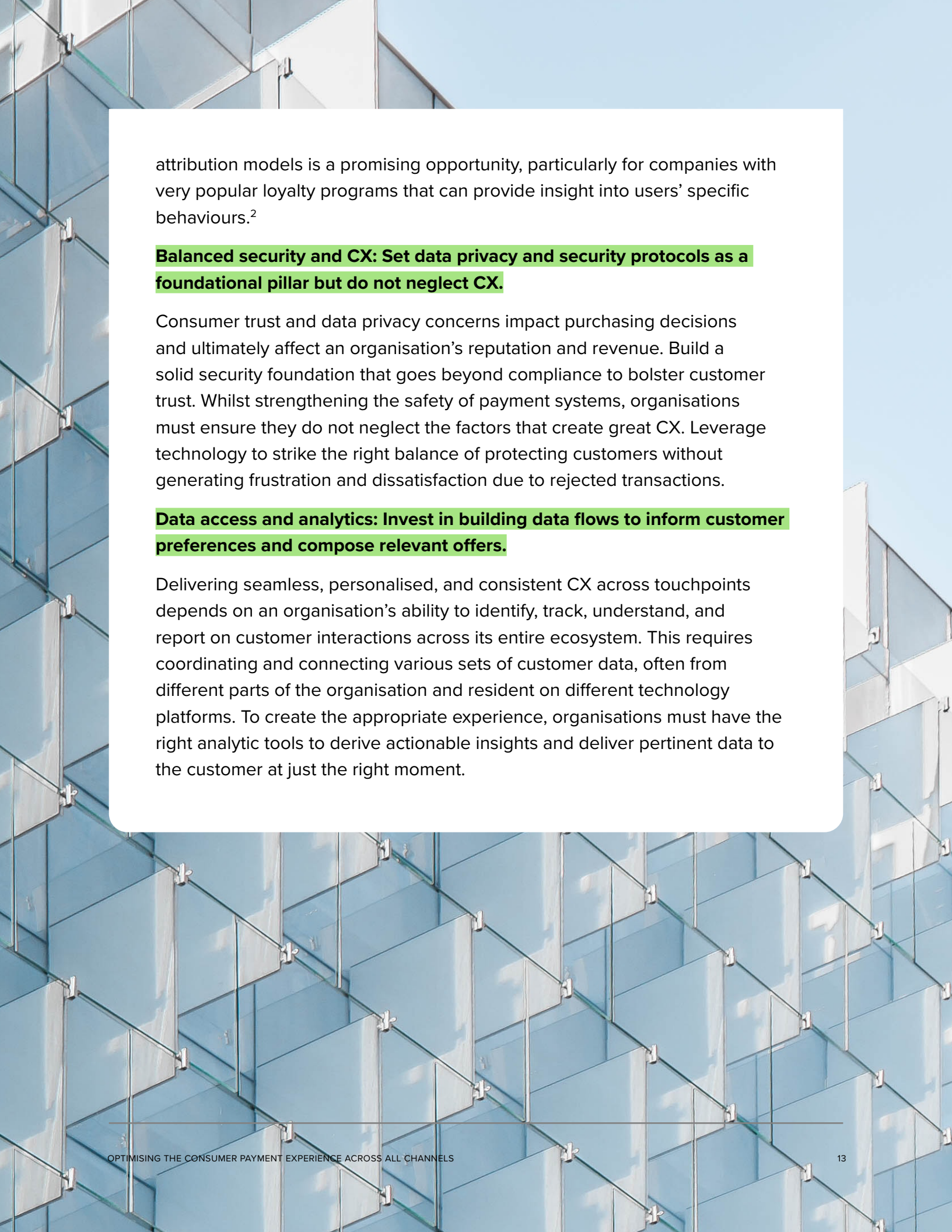
Omnichannel businesses should align organisational priorities to support omnichannel customer journeys. Maximise the potential of omnichannel by seamlessly creating relevant and contextual CX across touchpoints. Consider adding global payment acceptance capabilities as your organisation expands to ensure consistency across all online and offline touchpoints.

Payments optimisation: Transform legacy technology to create unified omnichannel payment process flows.

To properly execute omnichannel initiatives, organisations must upgrade their payments systems to enable smooth integration and be future-proof. Look to technology partners to integrate payment systems, unify payment platforms, and eliminate silos between different divisions and systems. For regional or global companies, working with fewer technology partners can enable standardised operations and reporting, and improve data analytics. This can effectively create a seamless CX by eliminating breaks in the buying journey when a customer uses separate screens, channels, and technologies.

Consumer engagement: Think of customer purchasing experiences as journeys, not channels.

CX is becoming increasingly hybrid, with a complex mix of digital and physical touchpoints feeding into purchasing journeys, sometimes simultaneously. Create an organisational structure that centres on the customer journeys and embed omnichannel capabilities across the end-to-end CX. Rethinking



attribution models is a promising opportunity, particularly for companies with very popular loyalty programs that can provide insight into users' specific behaviours.²

Balanced security and CX: Set data privacy and security protocols as a foundational pillar but do not neglect CX.

Consumer trust and data privacy concerns impact purchasing decisions and ultimately affect an organisation's reputation and revenue. Build a solid security foundation that goes beyond compliance to bolster customer trust. Whilst strengthening the safety of payment systems, organisations must ensure they do not neglect the factors that create great CX. Leverage technology to strike the right balance of protecting customers without generating frustration and dissatisfaction due to rejected transactions.

Data access and analytics: Invest in building data flows to inform customer preferences and compose relevant offers.

Delivering seamless, personalised, and consistent CX across touchpoints depends on an organisation's ability to identify, track, understand, and report on customer interactions across its entire ecosystem. This requires coordinating and connecting various sets of customer data, often from different parts of the organisation and resident on different technology platforms. To create the appropriate experience, organisations must have the right analytic tools to derive actionable insights and deliver pertinent data to the customer at just the right moment.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 302 senior business decision-makers and 600 consumers in Australia, Hong Kong, India, Malaysia, Singapore, and South Korea. Business decision-makers were surveyed on the payment strategy and investment at their organisations. Questions for the consumers explored evolving customer needs, expectations, and behaviours. Through analysis of their responses, Forrester composed recommendations about what it takes from an approach, practices, and capabilities standpoint for payment providers to truly optimise their customer engagement with omnichannel capabilities. The study began in March 2022 and was completed in May 2022.

Appendix B: Demographics

BUSINESS DECISION-MAKER SURVEY

GEOGRAPHICAL

Australia	17%
Hong Kong	17%
India	17%
Malaysia	17%
Singapore	17%
South Korea	17%

INDUSTRY

Food & beverage	23%
Retail	23%
Insurance	20%
Hospitality	18%
Oil & gas	16%

COMPANY REVENUE

\$200M to \$499M	31%
\$500M to \$1.99B	29%
\$2B to \$4.99B	24%
\$5B and above	16%

SCOPE OF MANAGING PAYMENT TRANSACTIONS

Manage local market only	33%
Manage payments for the region	32%
Manage payments across multiple regions	35%

RESPONDENT LEVEL

C-level executive	10%
Vice-president	27%
Director	36%
Senior manager	27%

CONSUMER SURVEY

GEOGRAPHICAL

Australia	17%
Hong Kong	17%
India	17%
Malaysia	17%
Singapore	17%
South Korea	17%

DIGITAL CHANNEL TRANSACTION FREQUENCY

At least once a month	5%
At least once a week	51%
At least once a day	44%

AGE GROUP

18 to 35 years	30%
36 to 50 years	35%
51 to 75 years	25%
76 years and above	9%

Appendix C: Endnotes

¹ For this study, Forrester defined the stage of expanding and optimising as being established and executing mature omnichannel payments with a single view of customer interaction.

² For this study, Forrester defines attribution models as a framework for analysing which touchpoints, or marketing channels, receive credit for a conversion.



FORRESTER®