



Payments today and tomorrow

The view of senior business
leaders in retail



Changing payment technology to gain a competitive advantage

We teamed up with FT Longitude to hear what 500 senior leaders are thinking about the payment landscape today and how their businesses are preparing for the future

To discover what's important to the retail sector, we've delved deeper into the data. From COOs and CIOs to heads of marketing and digital transformation, we compared the responses of business leaders in this sector to the responses of all businesses. It's a fascinating snapshot of where the sector is heading and how it's planning to get there.



The research was carried out by FT Longitude and Barclaycard Payments and comprised of a survey of 500 senior UK business leaders, at organisations with an annual turnover of at least £10m, as well as a series of qualitative interviews with senior executives with responsibility for payments.

We discovered:

73%

of retail leaders see solutions that can offer cost-of-living support such as Buy Now Pay Later as an opportunity to enhance the payment experience, compared to 48% of all businesses

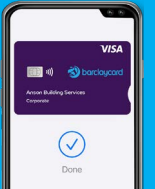


79%

of retail leaders are investing in business-to-consumer payments such as Venmo and PayPal, compared to just 49% of leaders across all sectors

75%

of retail businesses are focused on upskilling their workforce to help prepare for payment transformation – and 69% are looking to improve payment experiences and adopt advanced analytics



29%

of retail leaders see scan-and-go becoming increasingly important to customers over the next two years, over double the expectation across all sectors

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Which factors are having a negative impact on business performance?

Compared to all businesses, a third more retail leaders saw supply chain disruption as a factor negatively impacting their business. Unsurprisingly, this puts supply chain issues on a par with the economic downturn as factors standing in the way of retail growth.

Rising inflation and/or interest rates, employee/ talent shortages and changing customer preferences were rated at similar levels by retail leaders as they were across all sectors.

Retailers, however, reported being less affected by inefficiencies in the back office – with just 41% reporting this was an issue compared to 48% of all businesses.

All industries benchmark:

66%

Retail only



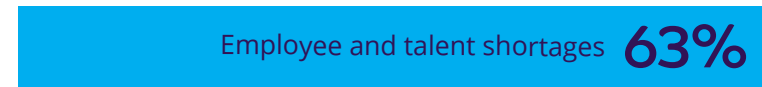
57%



68%



64%



62%



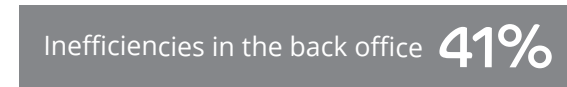
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65%



48%



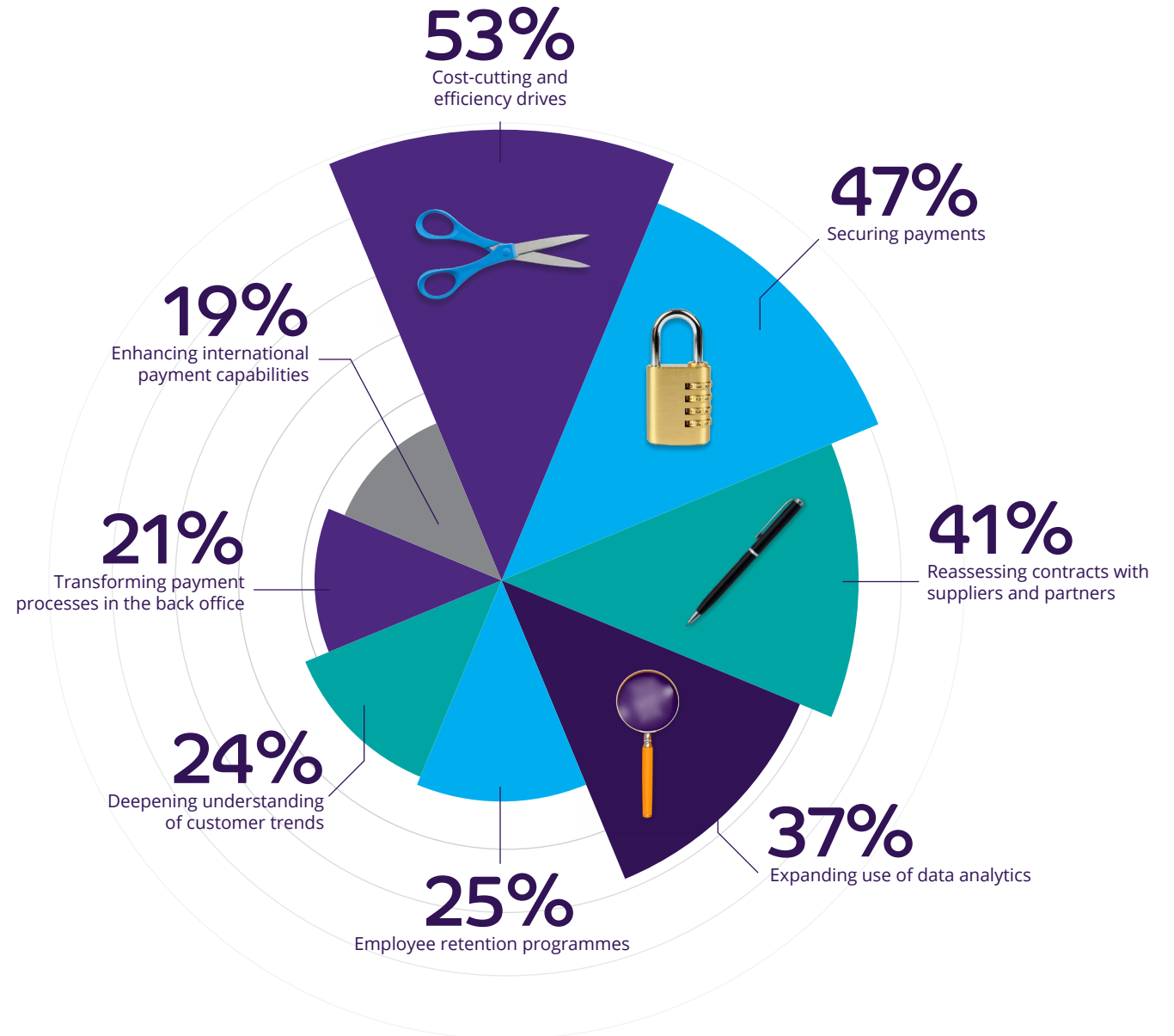
How are businesses building resilience over the next 12 months?

From cross-border turbulence to the cost-of-living crisis, retailers are under just as much pressure as their customers. But how are retail leaders planning to respond to change?

In the year ahead, this sector's priorities align with those from all businesses. Their three key initiatives to build resilience are:

- **cost-cutting and improving efficiency**
- **securing faster payments**
- **renegotiating contracts**

While retail leaders' initiatives generally aligned with the all-business results, they were less likely to be planning to transform their back-office payment processes (21% versus 26%) or enhance their international payment capabilities (19% versus 30%).



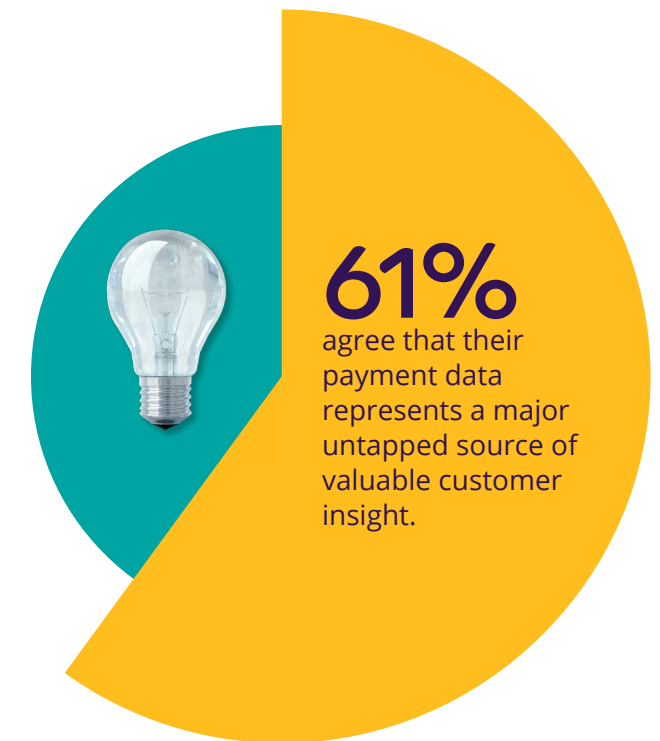
Where can payments create opportunity?

Despite the challenges, retail leaders are seeing the opportunities that payment transformation could bring to their business – from invaluable insight to improved margins.

“Data is something that you can analyse in order to adapt your strategy and refine your customer profile, then take action. For example, do we need a more flexible store or high-end store, or maybe we don't need it at all anymore because that area is very digitalised?”

Iñigo Perez

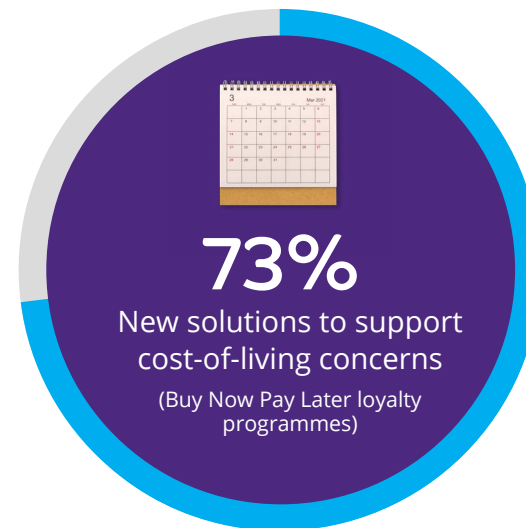
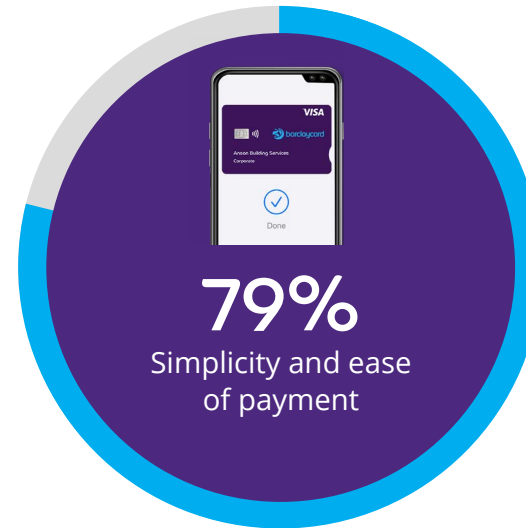
Global Head of Digital Strategy and Transformation,
Vodafone



Where can payments enhance the customer experience most?

Retailers are prioritising simplicity, security and ease of payment to enhance the customer payment experience. Over 70% of retail leaders are interested in solutions that can offer cost-of-living support such as Buy Now Pay Later, compared to 48% of those from all businesses.

Enabling international payments (67%), creating a seamless omnichannel experience (67%) and personalised recommendations at the point of sale (67%) were also rated highly by retailers.



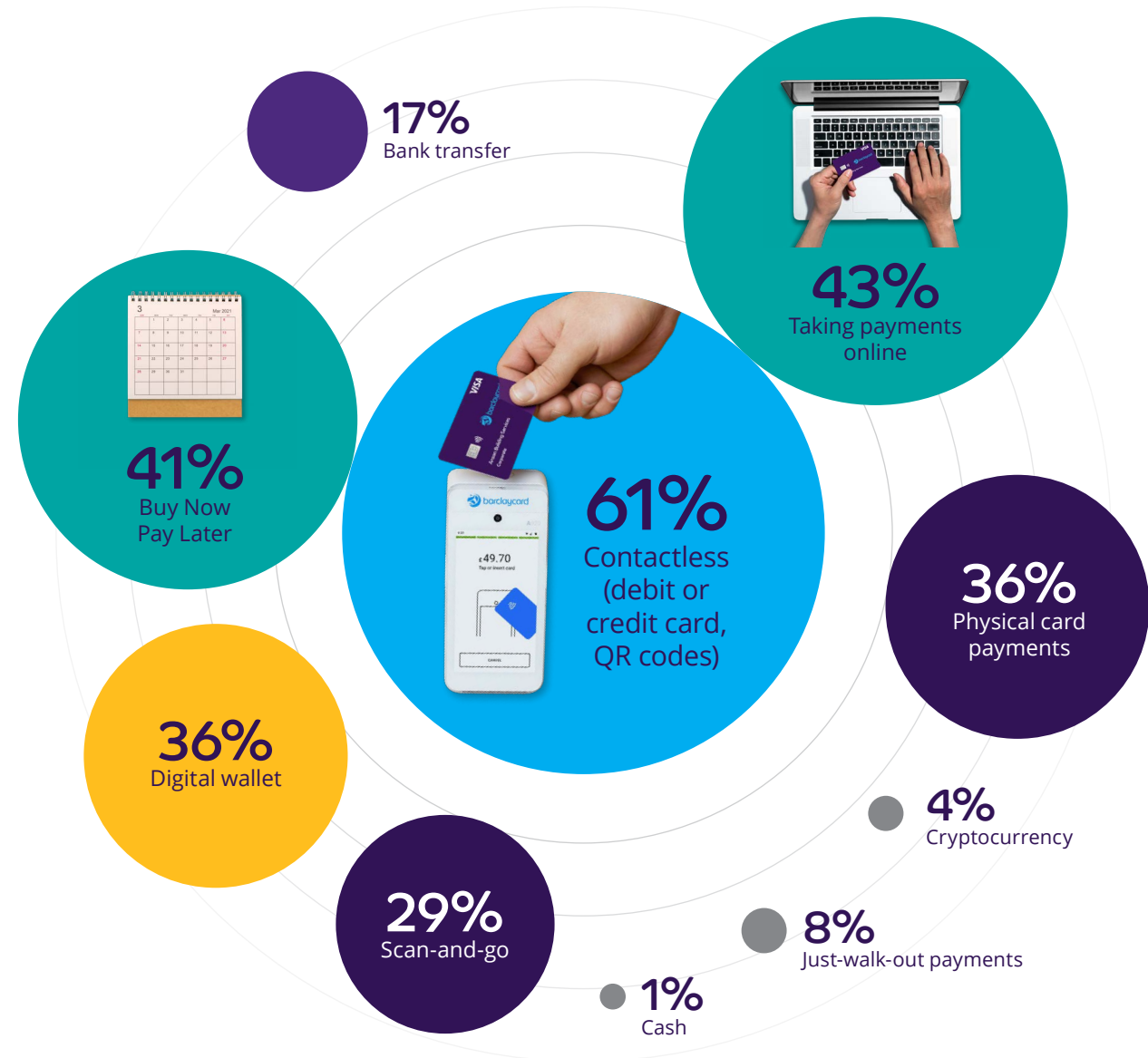
What will customer payments look like in two years?

Retailers see contactless being the most popular payment method for their customers for at least the next 24 months, with paying online, physical cards and digital wallets also being rated highly.

Retail innovations

Retailers are doing exciting things in payments to engage with their customers. More than twice as many businesses expect customers to want to use more innovative methods to pay compared to those from all sectors, such as:

- **Buy Now Pay Later** – 41% versus 14%
- **Scan-and-go** – 29% versus 13%
- **Just-walk-out payments** – 8% versus 3%



What matters most to your customers about how they pay?

The opportunity for savings and personalisation was seen as equally important for customers as trust and safety. With the response of retail leaders in line with those across all sectors, these factors reflect a broader trend in payment acceptance.

Interestingly, ease of access and use was rated as least important – with just 13% of leaders feeling it mattered to customers. This suggests, perhaps, that ease of use could now be regarded as a hygiene factor when it comes to payments.



How are companies investing for future payment transformation?

As payment acceptance undergoes rapid change, retail leaders are preparing for the future with more investment in business-to-consumer payments than other sectors (79% versus just 49% for all businesses).

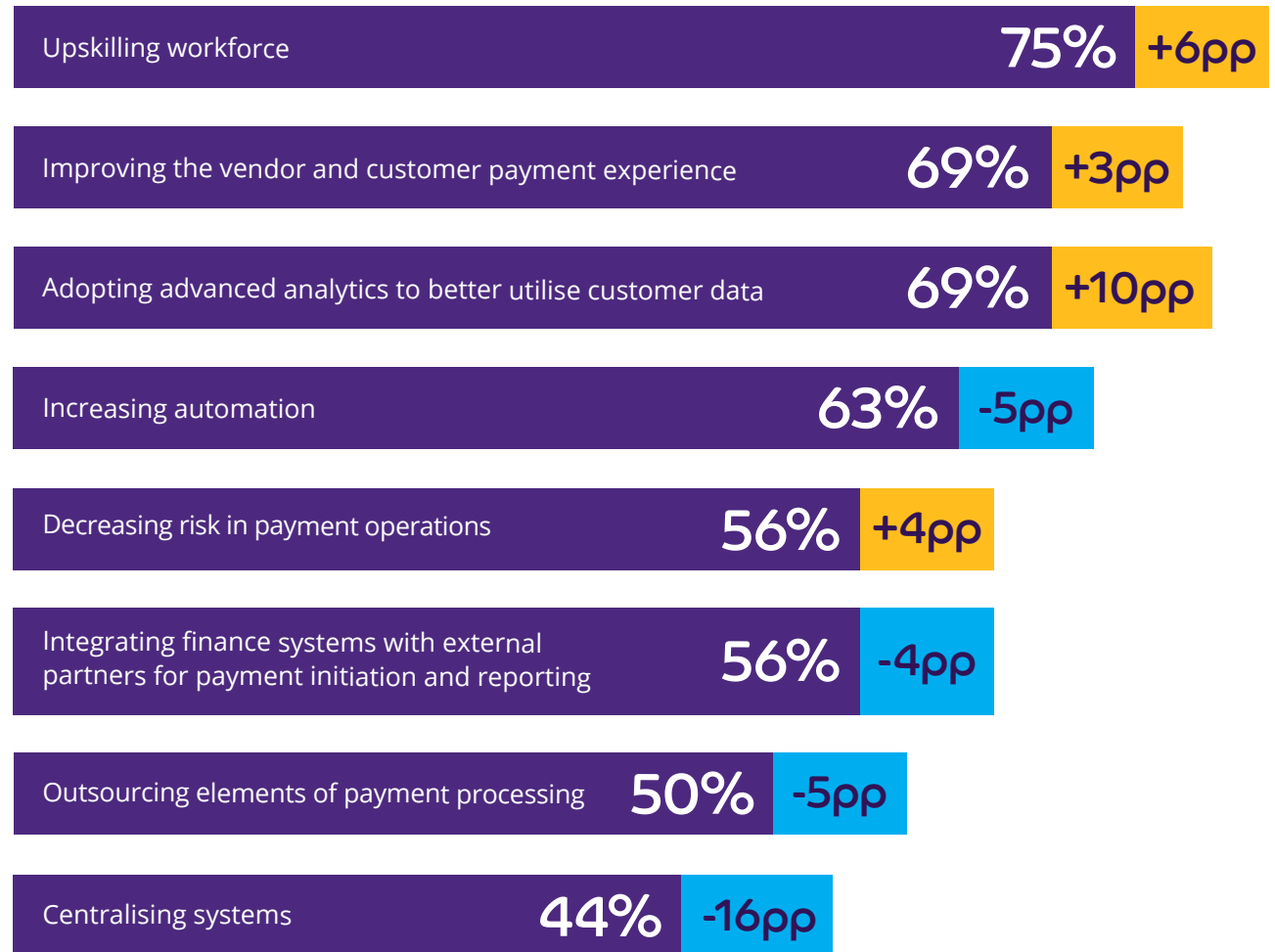
They're also prioritising real-time payments (76% versus 63%), pre-paid cards (69% versus 58%), and push-to-debit-card (67% versus 47%) over other sectors.



What are leaders doing to transform payments this year?

Raising the skills available in-house around payments is a leading priority, with initiatives being actioned by three out of four retail leaders. They're also focused on improving the vendor and customer payment experience, and adapting advanced analytics to better utilise customer data.

When it comes to plans to centralise systems in the next 12 months, only 44% of retailers are acting, compared to 60% of all businesses. This could be because retailers already have very lean systems or are perhaps missing an opportunity to find greater efficiencies.



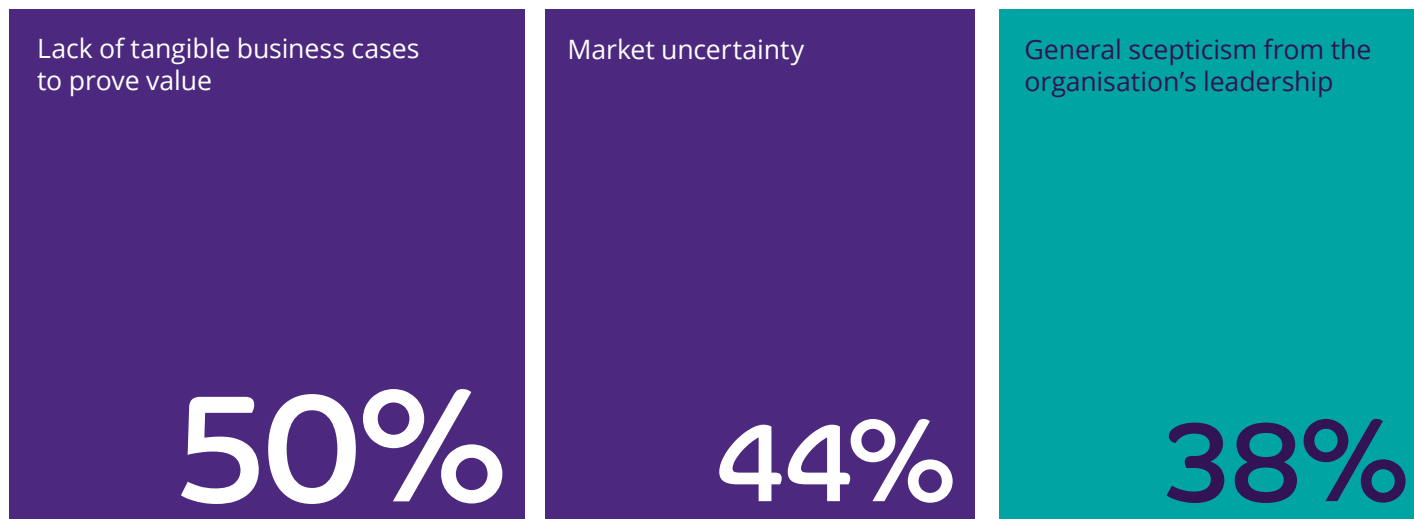
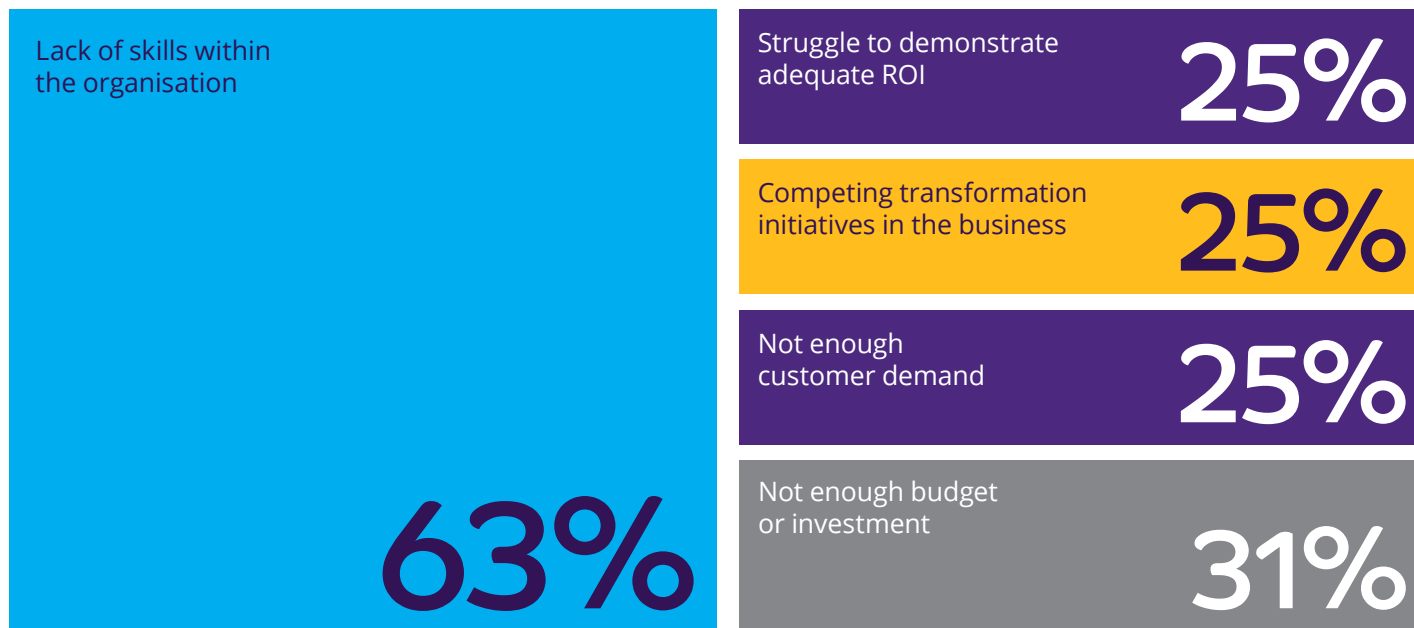
  Percentage point difference of the sector compared to all businesses surveyed.

What's getting in the way of payment transformation?

When it comes to delivering key changes to payments, a lack of relevant skills within an organisation was identified as the key challenge by 63% of retail leaders (compared to 53% by all businesses).

Retailers also faced concerns around a lack of tangible business cases to prove value (50% versus 39%) and scepticism from within the business (38% versus 31%).

On a more positive note, the problem of competing initiatives was felt less by the retail sector (25%) compared to all other businesses (51%).

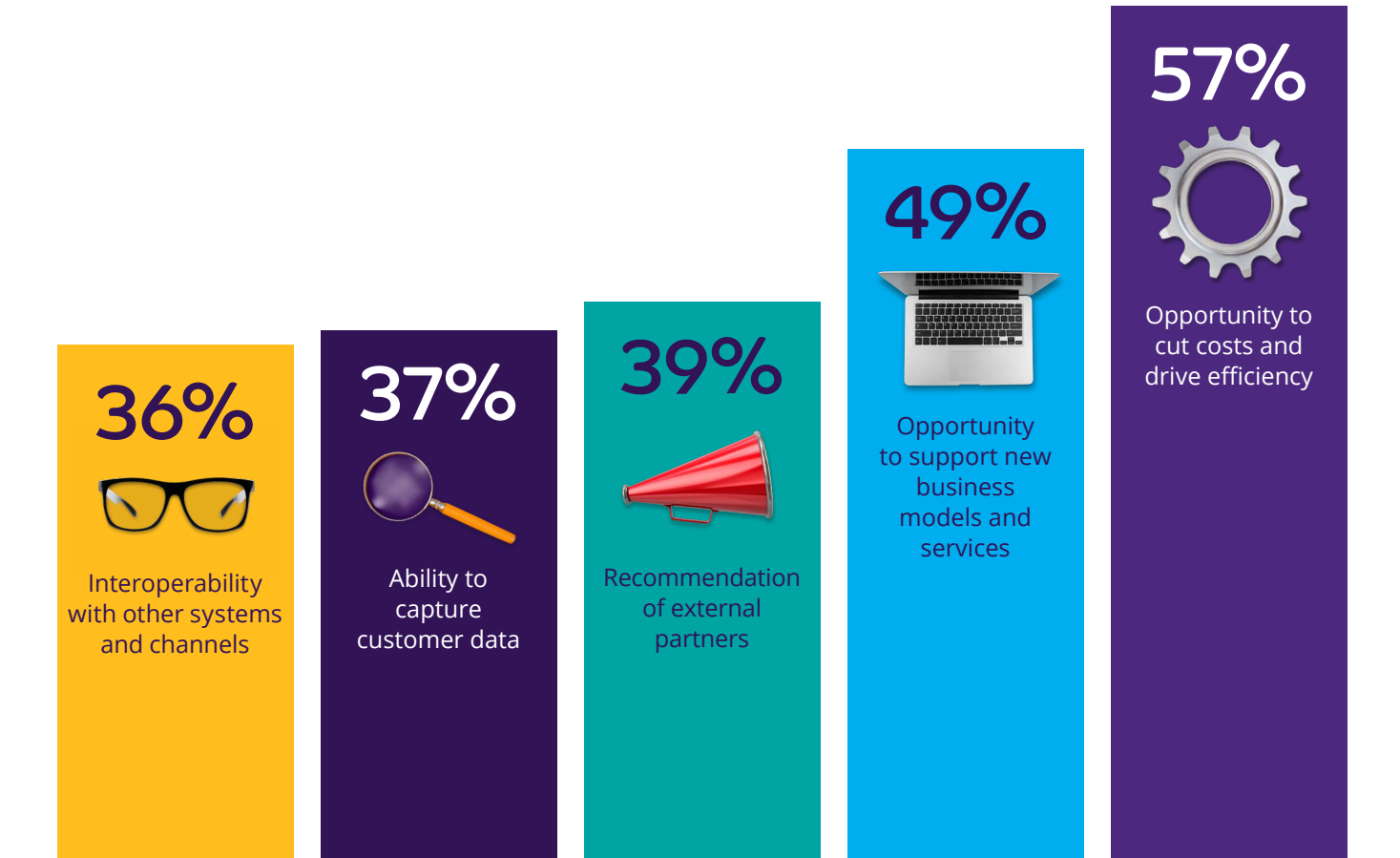


What influences investment in payment technology?

As expected, the need to reduce costs and drive efficiencies is heavily influencing the tech that businesses are deciding to adopt.

However, decisions are also being swayed by the need to support new business models and services, the recommendation of external partners and capturing or responding to customer data.

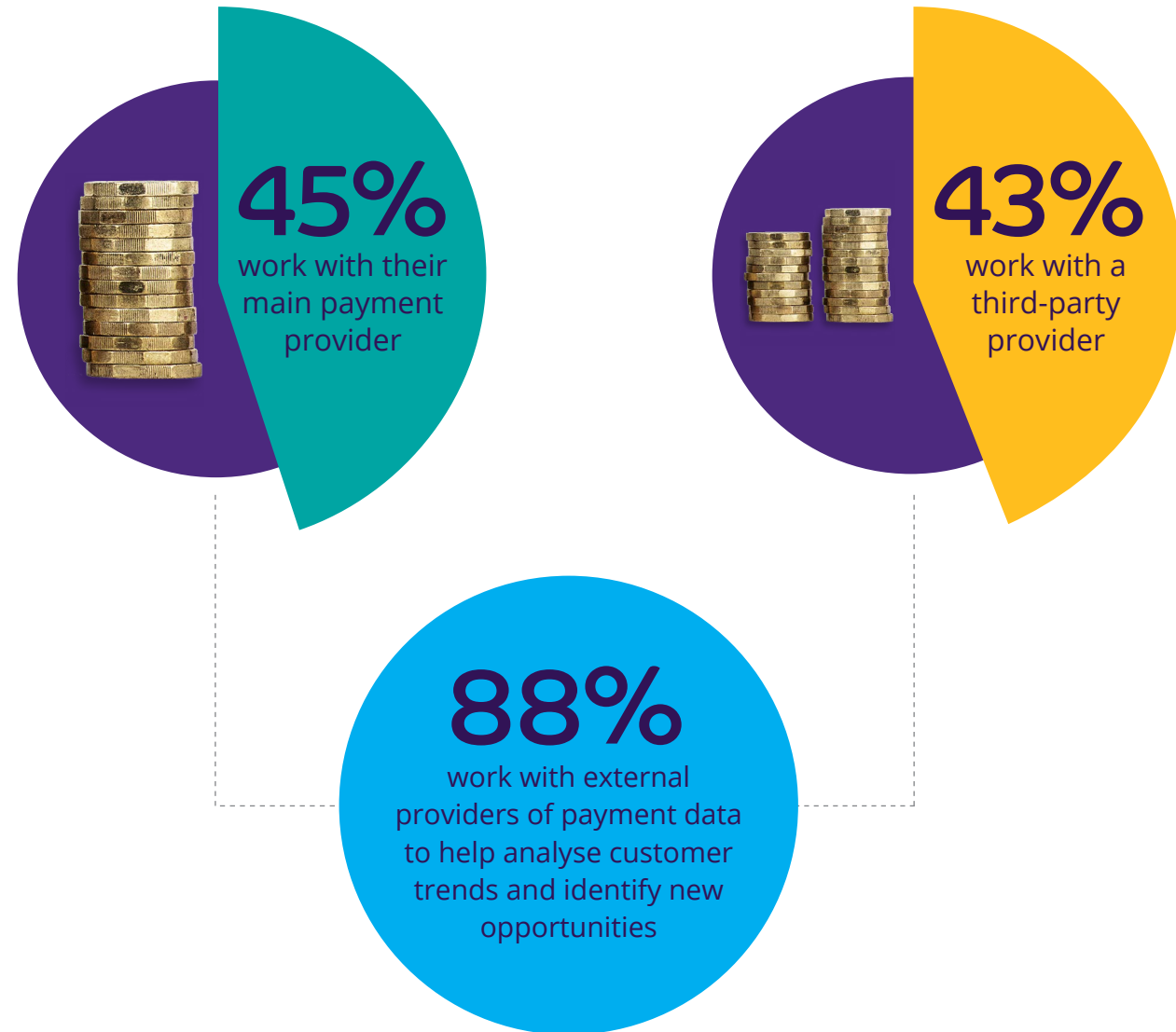
Retailers are also prioritising solutions that offer interoperability to make more systems connect and run efficiently together.



Where do businesses gain insight on customer trends?

Analysing payment data to uncover current and future customer needs isn't just about having the skills to look at your own payment data, but also the ability to combine and compare results with other data sources.

It's no surprise, then, that around 9 out of 10 retail businesses work with an external provider to dig into their data and find valuable insight. What might be surprising is that they're split almost evenly in who they turn to, whether it's their main payment provider or another third party.

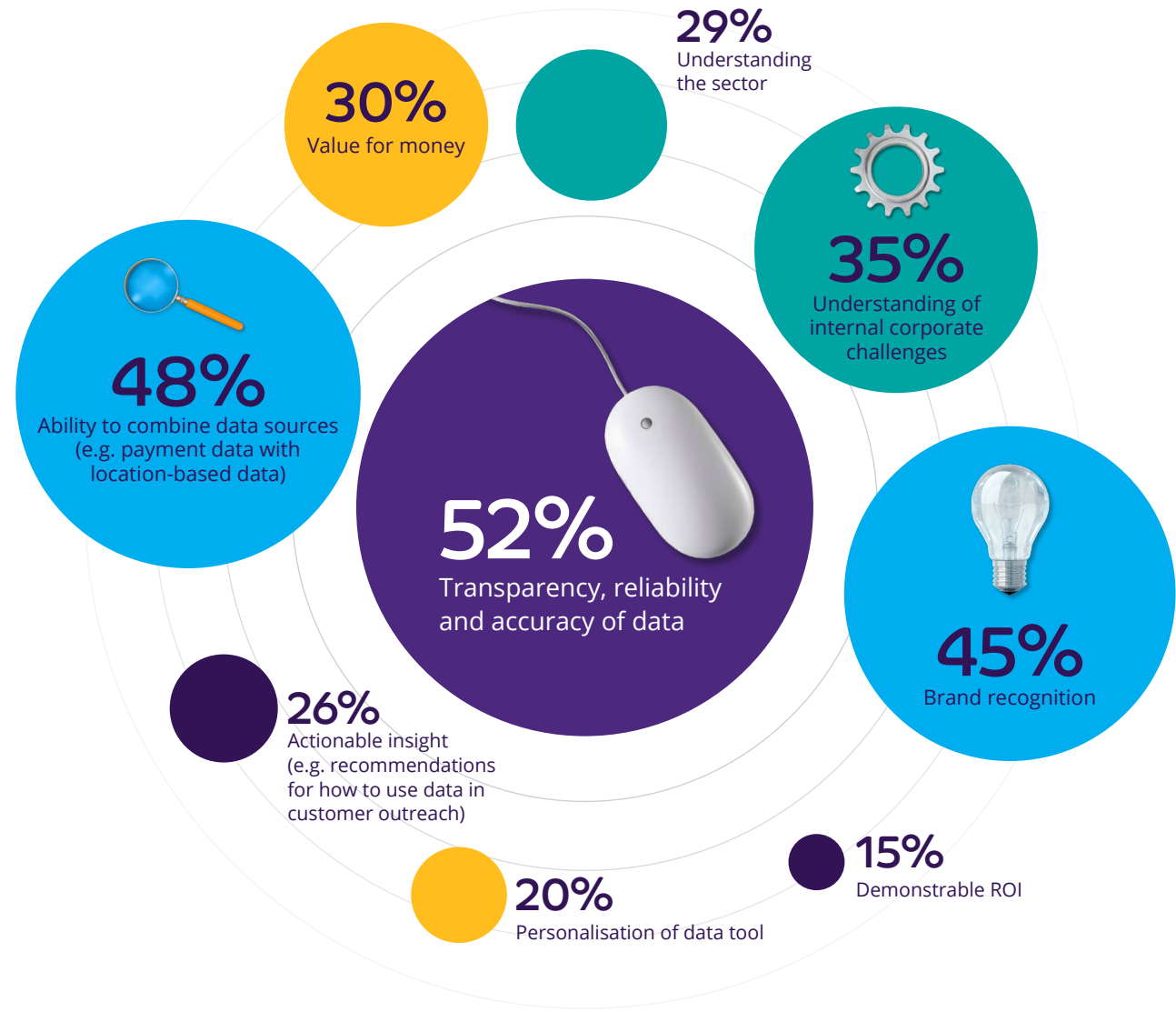


What should an external payment data provider offer?

No matter what businesses plan to do with their data, senior leaders are clear that they need to be able to trust a data provider to be transparent, reliable and accurate.

Leaders are therefore making that a priority when selecting an external payment data provider, alongside the ability to combine data sources.

It's also worth noting that retail leaders are looking for brand recognition from their partners (45% versus 35% across all businesses), while sector knowledge is seen as less important (29% versus 41%).



Making change work for business: the payment expert's view

How should businesses be responding to the cost-of-living crisis and the resulting squeeze on discretionary spending? In our fiercely competitive retail sector, being able to understand your customers more profoundly can shape your business strategy and, ultimately, help you win greater market share.

Get it right with insight

It's said that the customer is always right, but unless you really understand them at the right level how can you craft the customer experience they really want?

We know that today's consumers want the flexibility to use their preferred payment method as well as a consistent customer experience however they shop – the 'omnichannel' experience.

But what about your customers?

To truly understand your customers, you need to pair knowledge of consumer expectations with analysis of meaningful data. This can give you the insight to build the CX journey that they want and shape the business that you want.

A partner is just the start

Being clear about your customer experience ambitions has never been more important. It should define not only what you do but who you work with.

The right payment partner will help offer the insight you need to set your strategic decisions and back them up with the capability to deliver for your customers and your business. For us, the payment part is just the start of how we can help.

Adam Mepham

Director of Retail & Corporate Industries,
Barclaycard Payments



Want to know more?

Speak to your relationship manager, call us on **0800 096 8237*** or ask our payment specialists to [call back](#).

Find out more at barclaycard.co.uk/business/corporate-solutions



*Monday to Friday, 8.30am-6pm.

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The payment part is just the start



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