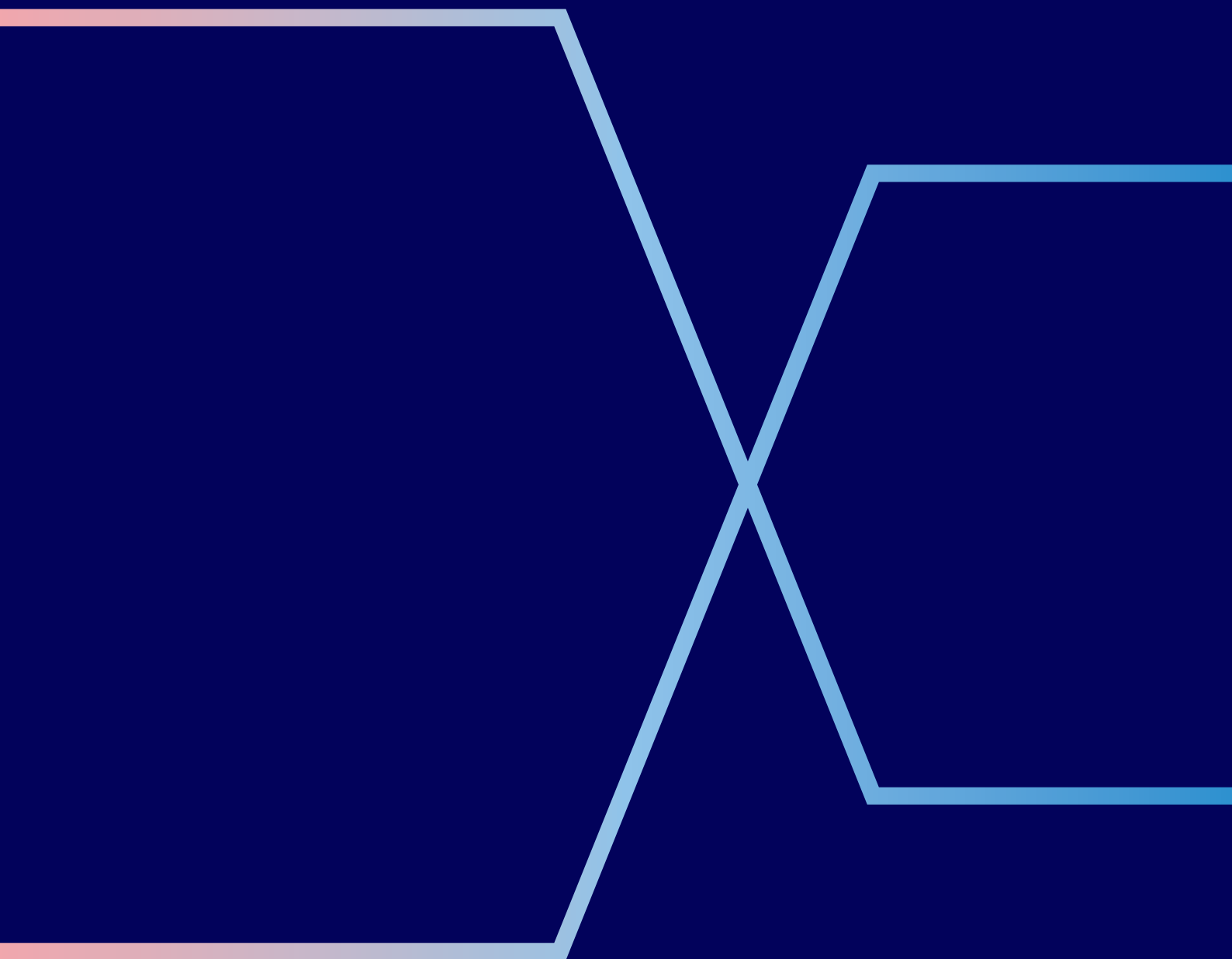


# The ultimate guide to retail

Brought to you by Elavon, the payments specialist



# Contents

<b>Introduction</b>	<b>04</b>
<b>Retail reset – how shopping habits shifted</b>	<b>06</b>
<b>The rise of omnichannel</b>	<b>12</b>
<b>Experiential shopping</b>	<b>16</b>
<b>Ecommerce explosion</b>	<b>22</b>
<b>Choice at the checkout</b>	<b>30</b>
<b>Next-level loyalty programmes</b>	<b>38</b>
<b>Sustainable retailing</b>	<b>44</b>
<b>Optimisation – capture sales, cut costs</b>	<b>50</b>
<b>The shape of shopping to come</b>	<b>56</b>

# Introduction

The retail industry is at a crossroads. But with change comes opportunity for retailers, as advanced payments innovation and technology means you're always open – even when your shop doors are closed.

**Digital wallets**, smart devices and social media, coupled with changes in shopping habits due to COVID-19 public health restrictions and the rise of artificial intelligence (AI), have helped drive shoppers online. Worldwide, **ecommerce retail sales reached \$6.33 trillion in 2024**, up 8.8% from 2023. Projections indicate a 39% growth in this figure, with **expectations to surpass \$8 trillion** by 2027.

But there's plenty of life in bricks-and-mortar retail yet. The vast majority of **British shoppers prefer the high street to online**, recognising that the in-store experience can't be matched by a click from their couch. To compete with the choice and convenience associated with shopping online, however, in-store retail needs to deliver more bang for consumers' buck.

Retail space does more than just facilitate in-person shopping as a standalone method of purchasing. Shops also play an increasingly important role in a 'consumer cycle', facilitating click-and-collect services as well as returns or exchanges of items bought online. And this is just the beginning of how retail space is being repurposed to tempt customers to part with their money.



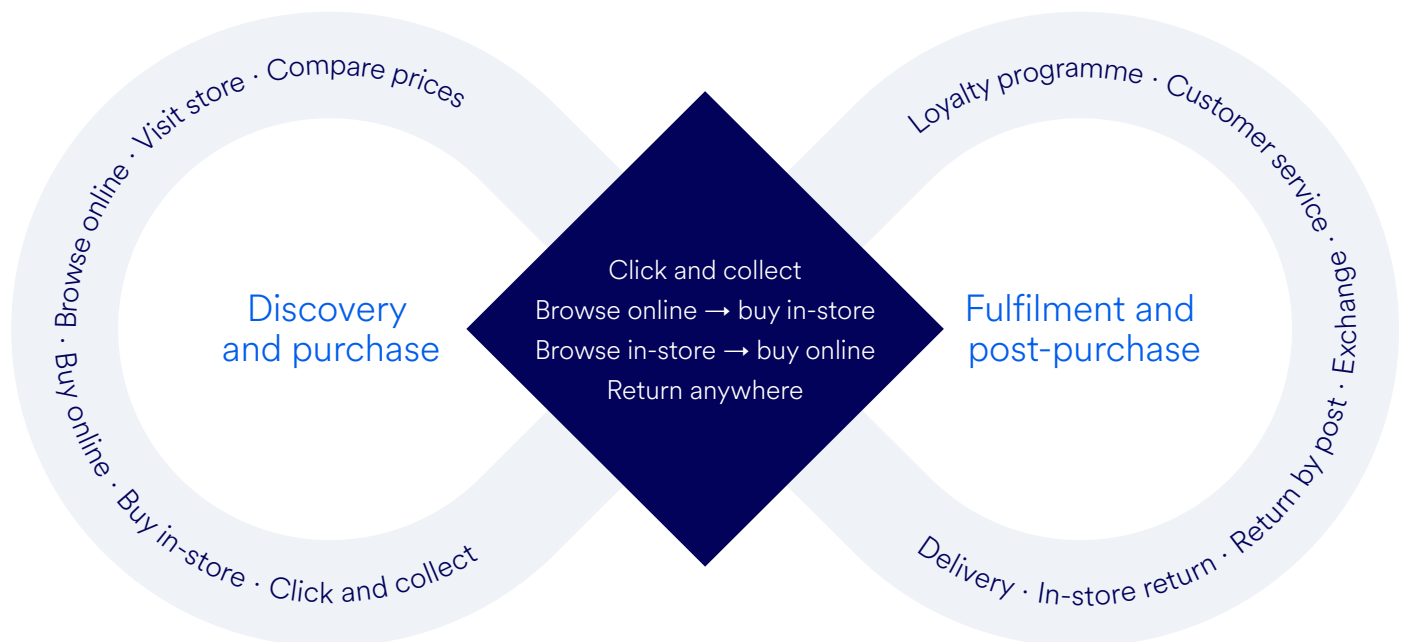
To thrive and not just survive, you need to offer a blend of alternative and traditional options for both shopping and payments, as well as the extras consumers expect – to make their shopping experience more enjoyable and your business more memorable.

There's so much more to contend with than the rise of omnichannel, however. From artificial intelligence to augmented reality, from sustainability to next-generation loyalty programmes, and from digital wallets to optimising your sales, you'll find it all here – plus advice on how to keep your business in the game, to give your customers what they want and expect.

Elavon is a payments partner with a deep knowledge of the retail sector. We're putting our expertise to good use, helping you to give your customers quick and easy payment options as part of a hassle free, end-to-end retail experience.

Whether you're welcoming local shoppers **in your store** or **online customers** from anywhere in the world using **multiple currencies**, through a myriad different technology platforms, we're the single expert payments partner you need.

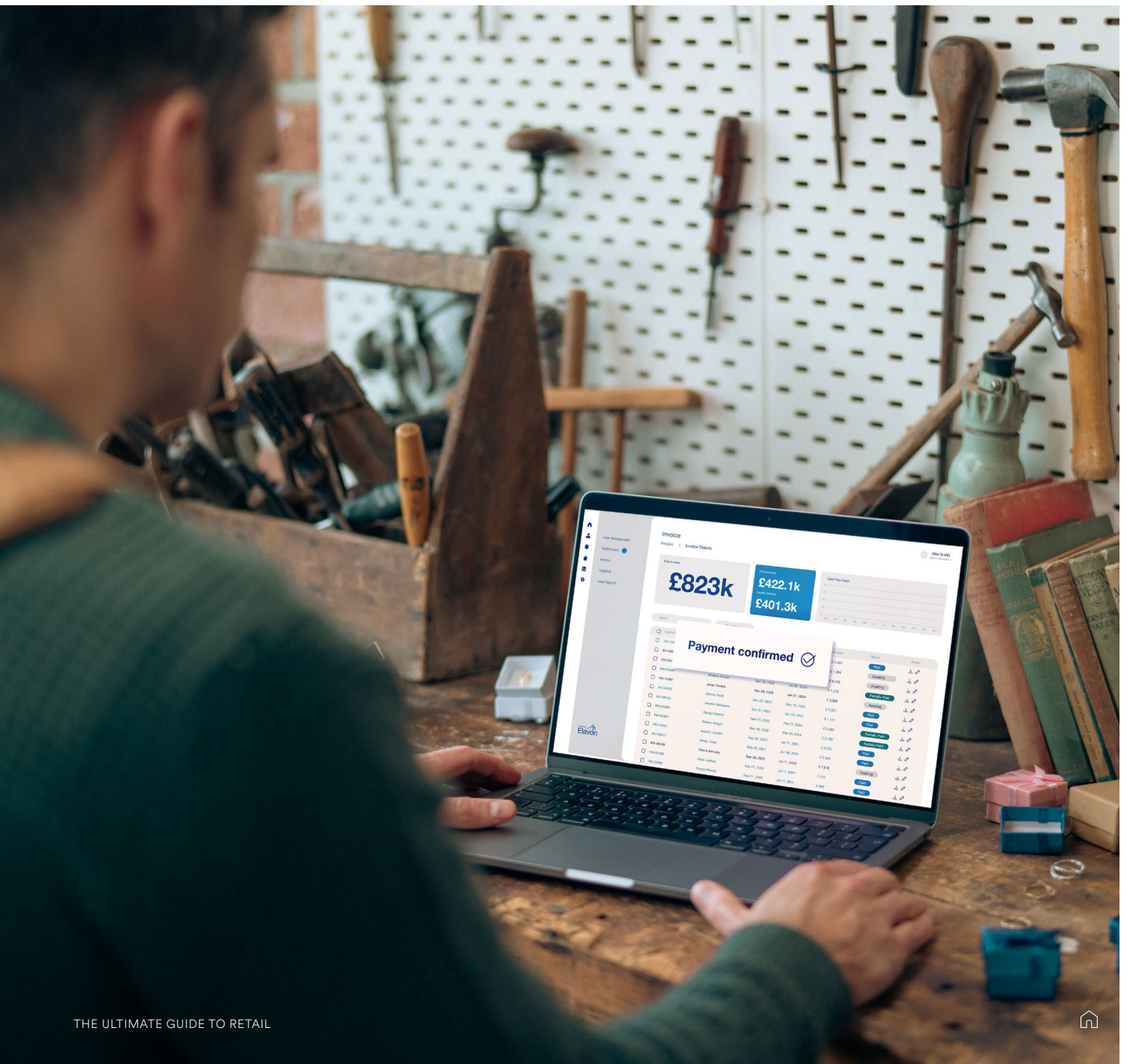
## The consumer cycle



# Retail reset – how shopping habits have shifted

With the **rising cost of living** hovering around the headlines, shoppers expect choice, convenience, secure transactions and flexibility from retailers when it comes to parting with their hard-earned money – as well as rewards for loyalty and maybe even to be entertained.

The increasing popularity of **digital wallets**, smart devices and social media, coupled with changes in shopping habits due to COVID-19 public health restrictions and the rise of artificial intelligence (AI), has transformed retail in recent years. Some of these developments, along with their benefits and downsides, are outlined on the next pages.



## Pros

### For shoppers

**More choice/value:**

consumers can shop around on different websites and on social media to compare items and prices

**Convenience:** shop whenever and from wherever suits and arrange for home delivery or in-store collection

**More information:**

consumers can research customer reviews, product descriptions and recommendations to make informed purchasing decisions

### For businesses

**Easy access to new markets:**

sell to anyone, anywhere

**Reduced overheads:** no need for customer-facing staff or the costs of maintaining a bricks-and-mortar store with all its attendant costs

**Potential for rapid growth:**

easier to scale up order-fulfilment systems than find and kit out larger premises or increase your number of shops

**Insight into customers:**

online marketing tools and web analysis can better inform business decisions

## Cons

### For shoppers

**Increase in fraud:** with increased ecommerce come fake websites and card hacking. Shoppers new to online shopping are more vulnerable

**Longer wait times:** online shoppers must wait days, weeks or longer to receive their purchases or have items lost in the post

**Returns:** inconvenience – and costs – of returning items by post or taking the time to return in-store

**Hidden costs:** currency conversion, taxes, import costs and postage all come into play

### For businesses

**Local businesses:** with migration to online, local businesses can suffer

**Infrastructure costs:**

it still costs to maintain a professional ecommerce platform and warehousing/order fulfilment premises, as well as dealing with returns and staffing

**Security:** investment in the latest security to protect your website and transactions is critical

**Shopper trust:** harder to build relationships and inspire loyalty with online customers, with no face-to-face interactions

**Legal issues:** knowledge of consumer rights in different markets is vital

## Pros

### For shoppers

**Ease of use:** faster transactions and less queueing

**Loyalty benefits:** loyalty schemes link with tap-to-pay smart devices used for payments, to confer discounts and loyalty points

**Flexibility:** customers can pay with cards or via apps on their smart devices

**Secure transactions:** payments providers use the latest technologies to protect against fraud

### For businesses

**Fraud protection:** secure, encrypted payment technology means fewer disputes and hacking incidents

**Customer experience:** optimise your loyalty programmes and inspire return business with smoother, faster checkouts

**Efficiency:** serve customers faster, spend less time counting cash and operating card machines

**In-store security:** less cash to worry about on your premises

## Cons

### For shoppers

**Transaction limits:** shops in the UK only accept contactless payments up to £100 before the customer needs to enter their PIN. The contactless payment limit in Ireland stands at €50 per transaction.

**Security concerns:** as a card can be used without a PIN (up to the £100/€50 limit), there is a risk if the card is stolen

### For businesses

**Customer security concerns:** some might be reluctant to move to contactless payments

## Pros

### For shoppers

**Costs:** no need to pay for home delivery

**Convenience:** eliminates the risk of missed delivery, no need to wait at home or arrange last-minute alternative delivery plans

**Faster order handling:** shoppers can usually collect on the same or next day

### For businesses

**Cost effective:** fewer delivery locations save courier and logistics costs

**Collaboration: joining forces with other non-competitive retailers** to allow customers to collect at each other's stores – you benefit from the cost-effective scale that click and collect offers and can provide more pickup locations with no extra investment in bricks-and-mortar sites

**Higher basket value:** saving on postage can tempt customers to spend more, or make them more likely to buy big-ticket items

**Reinforce omnichannel strategy:** shoppers value all shipping and returns options and can make further purchases while collecting in-store

## Cons

### For shoppers

**Time and effort:** with BOPIS (buy online, pick up in-store) or click and collect, shoppers must make time to collect their orders

**Service delays:** items might not be ready for collection or mistakenly delivered to another store; there might be queues of other customers collecting orders

### For businesses

**Staffing:** retailers need employees to deal with these orders and dispatch them to customers

**Inventory:** inventory management technology is vital to align stock offerings on websites with products in-store and at collection points

**Omnichannel management:** sales channels and management systems must be synchronised to ensure that shoppers have up-to-date information about stock, availability and collection times

## Fraud and scams

### Pros

**Of course, it's hard to see any upsides to fraud, but it can result in:**

**Increased consumer awareness:**

marketing campaigns to raise the profile of fraud risk can only help consumers to shop more safely

**New technologies:** increase in ecommerce and fraud can lead to investment in new technologies to counter fraud, such as **Transaction Risk Analysis**

### Cons

Depending on the type of scam, shoppers can lose significant amounts of money and/or never receive their purchases or receive counterfeit products. Customers' financial data can be severely compromised. In 2024, **50% of UK businesses** reported experiencing a cybersecurity breach or attack, a significant increase on previous years. For medium and large businesses, the breach cost on average £10,830. These incidents not only result in financial loss but also damage customer trust and brand reputation.

## Quick take on Chapter 1

### What's happening?

Ecommerce and digital payments are reshaping retail

Click-and-collect and omnichannel services are growing

Retail fraud is on the rise

Shopper expectations are higher than ever

### Why?

Consumers demand convenience, flexibility and secure transactions – driven by tech adoption and pandemic-era habits

Shoppers want flexible fulfilment options and seamless online-offline experiences

Increased online activity has led to more scams, data breaches and consumer vulnerability

Consumers expect value, speed, personalisation and entertainment from retail experiences

### How do I keep up?

Embrace ecommerce platforms, offer digital wallets and contactless payments, and ensure robust fraud protection

Integrate inventory and order systems, and offer in-store pickup and returns for online purchases

Invest in fraud prevention tools, educate customers and use secure payment technologies

Blend digital and physical retail, personalise offers and streamline the customer journey



# The rise of omnichannel

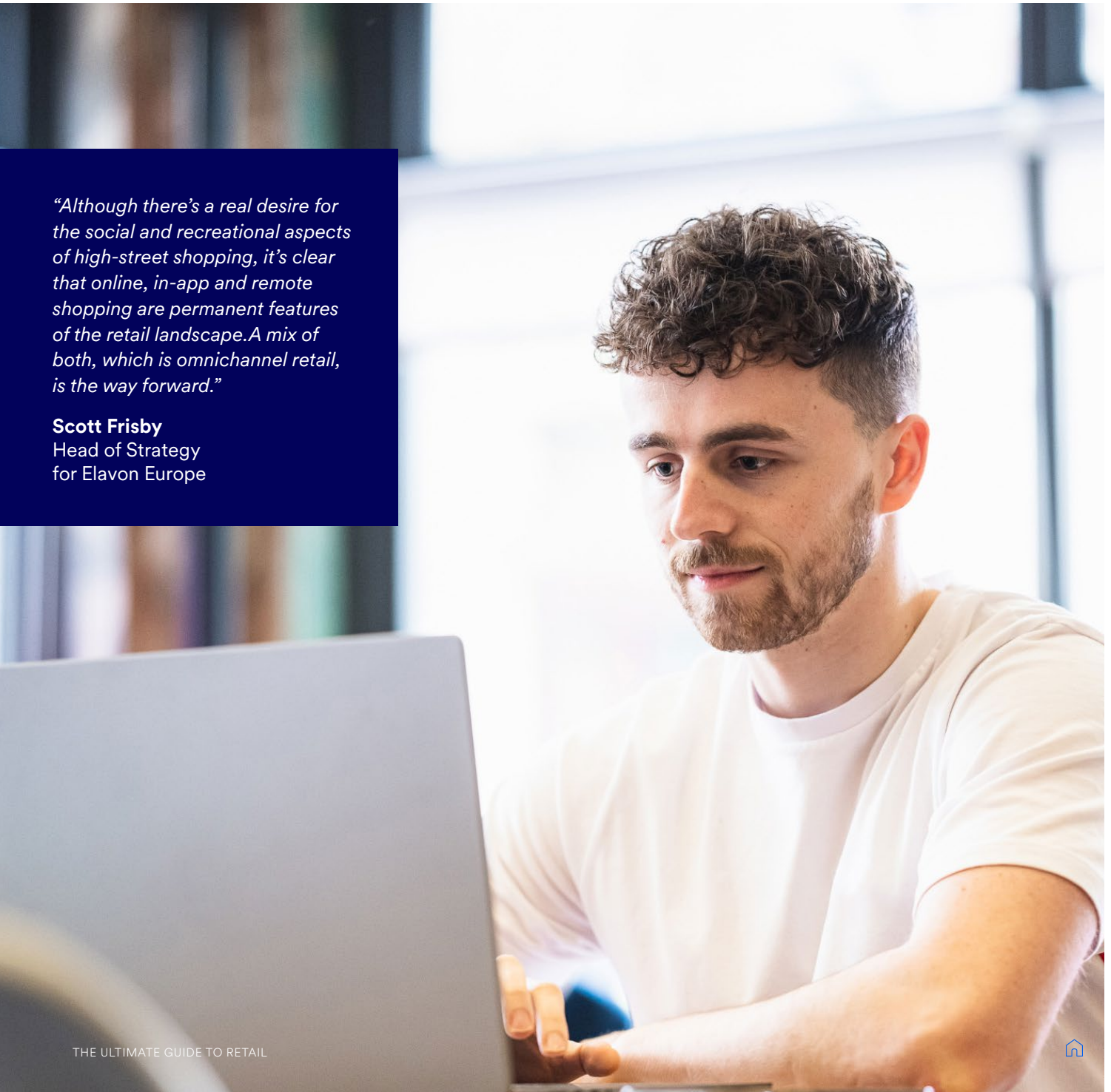
*“BOPIS [buy online, pick up in-store] and greater use of ecommerce are here to stay, because there’s no getting away from the fact that online shopping is convenient,”* according to Scott Frisby, Head of Strategy for Elavon Europe. *“In the past, consumers might have had security concerns about online shopping or found it confusing, but most people have generally positive experiences.”*

For consumers, this means more choice and convenience around shopping.

*“For retailers, though, this means a challenge,”* adds Scott. *“They have to manage several methods and processes for ordering, delivery and payment.”*

*“Although there’s a real desire for the social and recreational aspects of high-street shopping, it’s clear that online, in-app and remote shopping are permanent features of the retail landscape. A mix of both, which is omnichannel retail, is the way forward.”*

**Scott Frisby**  
Head of Strategy  
for Elavon Europe



When it comes to hybrid ways of trading, online platforms are the ‘shop windows’ of businesses. As the shopping habits of consumers **span multiple channels**, from physical stores to social media to **YouTube**, cohesion between physical store networks and websites is crucial.

Some 70% of customers **spend more** on brands with a smart omnichannel strategy. Of course, it’s easier to measure single variables like efforts focused exclusively on marketing, mobile or merchandising strategies. But integrating all these touchpoints into a holistic omnichannel approach is the only way to fully realise the potential of each.

So, what do we mean by omnichannel? It includes any and all of these scenarios:

- Shoppers compare items online, across different retailers, but buy locally using ‘click and collect’ to avoid delivery costs associated with online shopping
- They buy items online but return in-store for refund or exchange
- Shoppers browse online but prefer to ‘try and buy’ in-person
- They speak with a sales agent in-store and go home to consider the information, before purchasing online – whether that’s during their coffee break from work, after the kids are asleep or even while they walk the dog.

This, then, is omnichannel in action: a multichannel approach to sales that provides a frictionless, seamless shopper journey, both online and in-store. It focuses on the entire shopper process, no matter from where the customer engages with the business.

*“Interestingly, the most popular payment methods being used show consumers are embracing the full range of payment types available: from face to face in-store, to online and omnichannel. This in itself offers reassurance that whatever business environment you’re operating in, your customers are accepting change and progression.”*

**Simon Tune**  
Commercial Director  
for Elavon Europe



## Mobile ecommerce

The physical shopping experience is increasingly connected and interactive – and the internet, once pitched as the great enemy of bricks-and-mortar retail, plays an important role in driving people to stores. At the forefront is mobile ecommerce, as consumers use their phones to shop.

Mobile ecommerce retail sales in the UK are **forecasted to surpass £109 billion** by 2027, up from £92 billion in 2023. “Smartphones have transformed the behaviour of almost all consumers and they’re increasingly demanding a uniform experience across multiple sales channels. Omnichannel retail is the customer-centric approach to deliver a seamless experience, regardless of channel or device,” says Michael Bosshammer, Head of Retail for Elavon Europe.

Mobile – whether using retail companies’ apps, websites or social media – connects brands and consumers across the shopper journey, empowering shoppers across entire shopping journeys, connecting online and offline channels and bridging shopping and social interactions.

‘Bricks and clicks’ apps, which combine physical and online operations into a single retail experience, are perhaps better placed than digital-native apps, such as Amazon or Shein, to meet the needs of these customers who want the best of both worlds. They bridge the gap between the immersive experience of being in a shop and the instant digital gratification of using applications.

*“Even in the recent past, retailers could trade as an online-only or a face-to-face-only brand. That’s less common now and that’s why the concept of omnichannel has moved from the passenger seat to take over at the wheel,”* Scott explains. *“Omnichannel is the norm for browsing, purchasing and post-sales servicing.”*

*“What’s less clear is how this will look in different sectors of the retail landscape. Fashion brands will have a different experience than hardware shops. Many consumers will be determining their own personal mix of face-to-face shopping versus ecommerce and the retailers that win will be those who support consumers across all channels.”*

Investing in centralised payment and order-management systems is also a must – don’t forget that your back-end operations affect your customers’ shopping experience, too. **Payments, inventory and reporting data must be synced** across all retail platforms to offer customers a cohesive shopping experience.

So, as shopper behaviour has changed, their expectations have increased. In this omnichannel environment, retailers must anticipate not only what consumers need and want, but also what they don’t even know they want – until they encounter it, that is. What blockers could potentially cause friction in this blended retail model? And what extra services can you offer to attract new customers and keep regular customers coming back?



In 2024, **smartphones accounted for nearly 80% of all retail website visits worldwide** and also generated the majority of online orders, compared to desktops and tablets

## Next-level shopping services

The rapid growth in online shopping and retail technology has opened up novel shopping services. For instance, **Q-commerce** (quick commerce) services in cities, such as **Tesco Whoosh**, aim to deliver goods within minutes. **YouTube** has developed an interactive feature aimed at advertisers, called **brand extensions**, to allow YouTube viewers to learn more about a product they see onscreen with the click of a button.

## Quick take on Chapter 2

What's happening?	Why?	How do I keep up?
Omnichannel is the new retail standard	Shoppers move fluidly between online, in-store, mobile and social channels – and expect a seamless experience across all	Integrate your sales, inventory and payment systems to support unified commerce and real-time data syncing
Mobile ecommerce is driving in-store visits	Smartphones are central to the shopping journey, from discovery to purchase and post-sale service	Optimise your mobile presence, invest in apps, and connect digital tools with physical store experiences
Customers expect flexibility and consistency	They want to browse, buy, return and engage across multiple touchpoints without friction	Offer services like click-and-collect, in-store returns for online purchases, and consistent loyalty rewards across channels
Unified commerce boosts loyalty and sales	A connected experience increases convenience, trust and customer satisfaction	Adopt cloud-based platforms that unify customer data, payments and order management across all channels



# Experiential shopping

One way in which retailers are trying to create new shopping experiences is upending their high-street spaces and the nature of bricks-and-mortar retail. For all the talk of an ecommerce explosion, in-store remains the dominant channel in UK retail, accounting for **71.8% of all retail sales in 2023**.

**These numbers** highlight the enduring importance of physical retail spaces: some 96% of Brits shop in-store, with 45% preferring to shop in-store only and 8% preferring online only. Almost half (46%) shop both in-store and online.

Surprisingly, 16- to 24-year-olds behave more like Boomers than Millennials when it comes to shopping, with **59% stating they prefer to shop in-person** than online – the same preference as their Boomer counterparts. Notably though, half of Gen Z and Millennials say they **never go shopping without using their mobile**.

There are practical reasons for shopping in a physical environment such as product comparisons, new product showcasing and ‘road testing’ products. But there’s an experiential aspect to shopping that online stores can’t yet match.

Fundamentally, shopping with friends or family, browsing for ideas and inspiration and stopping for lunch or coffee can’t (yet) be replicated online.

When it comes to the **main reasons why UK consumers favour in-store** shopping, being able to immediately assess a product’s quality (63%) plays a key role. Immediate availability of the product (53%) and being able to obtain better deals (43%) round out the top three main reasons for shopping in person. Nearly one in three believe they’re more likely to discover new products, while 25% value the in-store customer experience.

## Gen Z and Millennial attitudes

Old habits die hard for non-digital natives and some interesting tells crop up between generations. Millennials, it seems, are less likely to make big-ticket purchases on their phones and revert to ‘grown-up’ laptops for what they see as serious business – **much to the amusement of their Gen Z** counterparts.





## The growth of dark stores

Dark stores are retail outlets or distribution centres that exist exclusively for online shopping. They're generally large warehouses that can either be used to facilitate click-and-collect orders or as an order fulfilment platform for online sales – even same-day delivery.

These distribution outlets aren't open to visitors, allowing more space for store inventory and for quickly and accurately fulfilling orders.

More than two thirds (67%) of UK **consumers used dark stores** during the COVID-19 lockdowns as retail space was repurposed to suit this

trading model, choosing to click and collect or have online orders fulfilled from a non-essential retail store that was closed to the public. Demand for dark stores continues, however, buoyed by the continued acceleration of ecommerce demand. Some 84% of UK consumers want to **continue using dark stores**, with demand higher still (91%) amongst those aged 25-44.

It's not just the UK where the demand is growing: the **global dark store market size** is estimated at \$22.84 billion in 2024, grew to \$31.61 billion in 2025 and is predicted to surpass around \$588.82 billion by 2034.

*“Customers are definitely interested in physical retail, but with digital touchpoints that enrich the shopping experience. Retailers need to embrace the lifestyle of their customers and offer them the convenience and fulfilment they demand.”*

**Michael Bosshammer**  
Head of Retail for Elavon Europe

## Evolving retail spaces

Physical stores continue to be an important asset for retailers when it comes to gaining and maintaining visibility and for developing direct relationships with shoppers – but not just to facilitate straightforward in-store sales. It's likely some shops will function as hubs for customer care and to provide additional retail services (with increasing emphasis on services over products). They can even be flipped into concept stores, to shake-up the customer experience by promoting interactive, immersive or experiential shopping.

*“A furniture retailer, for instance, could display stock for shoppers to try out, with a QR code they can scan on their phone to choose alternative colours or sizes,” says Michael. “The purchase and delivery request could then be completed at a till or through the customer’s phone, even while they’re sat on the very sofa they’re buying.”*

*“Some retail organisations will streamline their stores, with smaller stores functioning as ‘spokes’ around larger ‘hubs’ or concept stores,” says Dave Walker, Elavon’s Head of Corporate Retail for the UK.*

*“These hubs aim to become experiential venues. This is where shoppers will get inspiration and the opportunity to sample products, and where omnichannel interactions are facilitated.*

*“A customer can interact with the business through a variety of channels that seamlessly connect, allowing them to pick up where they left off on one channel and continue the experience on another.”*

The omnichannel experience also requires that multiple sales channels be integrated logistically. Inventory must be synchronised to prevent overselling or underselling. If you draw from a single inventory, an item that's not available could accidentally be sold. On the other hand, if you use separate inventories, an available item could needlessly sit in stock.

The best solution is a **single, integrated point-of-sale (POS) system** for both your online and offline store. It needs to be an automated, real-time system that syncs inventory across all channels to streamline and simplify accounting processes.



## Augmented reality and artificial intelligence

Stay-ahead retailers are innovating to offer extra services that put the customer first, from video chats with in-store sales staff to help when shopping from home to the use of clever camera technology, so customers can see how an item of furniture would look in their own houses. The metaverse can help create new shopping experiences, as virtual reality and augmented reality (AR) enable immersive shopping, virtual showrooms and 3-D product try-ons.

New technologies will connect the shopping experience, but also drive shoppers into stores: some **35% of consumers would go out of their way to visit a store** if it had interactive virtual services such as a smart mirror that allowed them to virtually 'try on' clothes. Examples abound of advanced retail technologies that enhance the shopping experience, from Lego launching a UK virtual **AR pop-up fashion store**, to **MAC Cosmetics' AR lenses** that allow users to virtually try on a range of make-up.

AI, of course, is a real game-changer for retail. It has the capacity to revolutionise the industry by transforming how businesses are managed and how they interact with customers. Machine learning algorithms analyse browsing patterns, past purchases and even external factors like seasonal trends to provide highly relevant suggestions. AI-driven chatbots and virtual assistants help enhance customer service by delivering instant 24/7 support, answering questions and resolving problems.

AI helps retailers understand shopper behaviour, predicting preferences and offering tailored product recommendations. In-store,

for example, the Fragrance Shop has partnered with EveryHuman to introduce the UK's first-ever AI fragrance creation machine in its **Oxford Street store. Zara's AI systems** analyse customer behaviour (including browsing history, purchase data and wish-list items) to give personalised product recommendations to customers. Zara's AI even considers regional trends and cultural preferences when suggesting products, for a localised shopping experience.

On the operational side, AI is helping retailers optimise their back-end processes for increased efficiency and cost savings. Supply-chain operations benefit from AI's ability to identify inefficiencies, optimise delivery routes and predict potential disruptions, ensuring smoother logistics.

For inventory management, AI systems predict demand with precision, reducing overstocking and minimising losses due to stockouts. By analysing real-time sales, social media buzz and customer behaviour, AI-powered demand forecasting can determine what's in demand – ensuring stores are stocked with exactly what shoppers want. H&M has adopted **AI-driven demand forecasting**, while Zara's forecasting model has been so effective that **85%** of its inventory sells at full price, compared to an industry average of 60-70%.

As AI technologies continue to evolve, retail will become even more efficient, customer-centric and secure, setting the stage for a more dynamic and innovative industry landscape.



# 35%

**of consumers would go out of their way to visit a store if it had interactive virtual services**

# The impact of AI on retail

## Impact on merchant-customer interactions

### **Personalised shopping experiences:**

AI enables merchants to offer personalised product recommendations based on customer preferences, browsing history and purchasing patterns.

### **Chatbots and virtual assistants:**

AI-powered chatbots provide real-time customer support, resolving queries and enhancing service availability 24/7.

### **Dynamic pricing models:**

AI analyses market trends, demand and competitor pricing to offer optimised prices, ensuring competitiveness and customer satisfaction.

### **Enhanced search and discovery:**

AI-driven visual and voice search tools help customers find products more efficiently, improving the overall shopping experience.

### **Improved customer retention:**

AI can predict customer churn and enable merchants to proactively engage with at-risk customers using personalised incentives.

### **Sentiment analysis:**

AI analyses customer feedback and social media sentiment, helping retailers understand and respond to customer preferences and concerns.

### **Augmented reality (AR) integration:**

AI powers AR applications, allowing customers to virtually 'try on' or preview products, reducing hesitation and boosting conversion rates.

## Impact on business support applications

### **Inventory management:**

AI forecasts demand with high accuracy, helping merchants maintain optimal stock levels and avoid overstocking or shortages.

### **Supply chain optimisation:**

AI identifies bottlenecks and suggests efficient shipping routes, reducing costs and delivery times.

### **Automated financial management:**

AI streamlines accounting processes, detects anomalies and offers actionable financial insights for budgeting and forecasting.

### **Fraud detection:**

AI monitors transactions in real time to detect and prevent fraudulent activity, safeguarding businesses and customers alike.

### **Workforce management:**

AI tools predict staffing needs, optimise employee schedules and identify productivity trends to improve operational efficiency.

### **Marketing campaign optimisation:**

AI analyses campaign performance, identifies target audience segments and provides recommendations to maximise return on investment.

### **Streamlined compliance and risk management:**

AI helps businesses stay compliant by automatically tracking regulations, flagging risks and managing documentation.



## Quick take on Chapter 3

### What's happening?

The metaverse and augmented reality are creating new shopping experiences

AI and data-driven personalisation are driving sales

### Why?

Virtual and augmented reality (VR/AR) are enabling immersive shopping, virtual showrooms and 3D product try-ons

AI is transforming pricing, promotions and fraud prevention while helping retailers personalise experiences based on customer behaviour

### How do I keep up?

Experiment with AR-powered payments and metaverse storefronts, ensuring transactions are seamless in digital environments

Use AI-driven payment analytics to optimise pricing strategies, detect fraud and offer personalised payment options like 'buy now, pay later' (BNPL)

# Ecommerce explosion

As of 2025, there are 28 million ecommerce sites worldwide, **marking a 2.9% increase from the previous year.** This means that roughly, a whopping 2,100 ecommerce websites started each day between 2024 and 2025.

**Worldwide, ecommerce retail sales** hit an estimated \$6.3 trillion in 2024, up 8.8% from 2023 (\$5.8 trillion). And there's lots more room for growth yet,

with projections indicating this will grow to a whopping \$9.6 trillion in 2030. The UK is the world's **third-largest market for ecommerce,** after China and the US: revenue is expected to show a compound annual growth rate of 5.9%, resulting in a projected market volume of \$212,363 million by 2029. In summary: neglect your website at your peril.

## Payment acceptance trends in ecommerce

According to Cybersource's **2024 Global eCommerce Payments & Fraud Report:**

- Ecommerce merchants typically accept four to five different payment methods.
- Globally, roughly three-quarters accept cards and digital wallet payments, and most also take debit transfers and mobile payments.
- More than eight in ten (82%) merchants began accepting at least one new payment method over the past year.
- Real-time payments (RTP) and 'buy now, pay later' (BNPL) are among the fastest-growing acceptance methods, along with **digital wallets**, debit transfers and mobile payments.



## Fraud and security

The rapid growth of online sales – and competition – means convenience and choice for consumers, but it also presents more opportunities for fraud. In 2023, global losses due to **ecommerce payment fraud reached \$48 billion**, and projections indicate that these losses could escalate to **\$107 billion by 2029**. This trend is likely due to the rapid evolution of digital technologies, which fraudsters exploit to develop more advanced and harder-to-detect scams.

First-party fraud (or ‘friendly fraud’), where customers dispute legitimate transactions to secure chargebacks, has grown significantly, with global chargeback transaction volumes expected to reach **337 million by 2026**, marking a **42% increase from current levels**. Other significant challenges for merchants include:

- Account takeover fraud – involving unauthorised access to customer accounts using stolen credentials.
- Triangulation fraud – where fraudsters set up fake retail sites to obtain stolen credit card information and place orders with legitimate merchants.

AI-powered fraud is also on the rise, with nearly **two-thirds of merchants (63.6%)** having seen criminals use AI technology against them (inclusive of large language models [LLMs], machine learning, synthetic IDs and other applications).

According to a **2024 survey**, 84% of UK merchants reported an increase in fraud over the previous 12 months,

marking the highest rise among the ten countries surveyed. **UK Finance data** indicates that criminals stole £572 million through unauthorised and authorised fraud in the first half of 2024. Card-not-present fraud cases rose by 26% in this short period, underscoring the vulnerabilities associated with online transactions.

To combat these challenges, ecommerce retailers can implement several strategies. Requiring multi-factor authentication (MFA) – which includes technologies such as **3D-Secure** and biometric verification – adds an extra security layer by necessitating a second form of verification as well as a password. Enforcing strong password policies and encouraging regular updates can further protect customer accounts. Monitoring for unusual transaction activity, such as mismatched billing and shipping details, can help identify potential fraud attempts.

Additionally, making sure you offer responsive customer service and using dispute management tools can address issues before they escalate to chargebacks. Partnering with payment processors that offer **advanced fraud detection and prevention tools** can also enhance a retailer’s ability to safeguard against fraudulent activities.

For AI-powered fraud, automation in the form of machine learning is widely seen (66.2%) as the **most useful implementation of AI for fraud prevention**, ahead of LLMs (46%), generative adversarial networks (GANs) (38.7%) and big data analytics (36.8%).



### \$48 billion

In 2023, global losses due to **ecommerce payment fraud reached \$48 billion**, and projections indicate that these losses could escalate to **\$107 billion by 2029**.

## Cart abandonment

Longer, more complex checkout processes lead to increased **cart abandonment**, with one in five shoppers **abandoning their cart** due to a “too long/complicated checkout process”. In fact, more than two-thirds of consumers who **abandon an online shopping cart due to checkout friction** end up buying from a different merchant, or not buying at all. But under **Secure Customer Authentication (SCA)**, these obstacles are vital security checks necessary to reduce online fraud.

Mandatory implementation of SCA across the European Economic Area aimed to make online sales more secure to protect everyone involved in the payments process – from consumer to trader, acquirer to banks – but inevitably introduces friction into the payments journey. The challenge for retailers is to process high volumes of online payments while also reducing fraud risk.

**Transaction Risk Analysis (TRA)** secures acquirer SCA exemptions, helping retailers find the sweet spot between fraud risk-management and improving sales.

Performed in real time and with an instant response, TRA analyses transactions for abnormal spending or behavioural patterns, malware infection and any unusual features of the cardholder’s device, software access or location. It facilitates SCA exemptions for low-risk online transactions up to €500, or the equivalent in other currencies, which means a frictionless checkout.

*“TRA offers so many benefits during online transactions,” says Dave. “It means smoother checkouts and shorter transaction times for shoppers, while also resulting in considerable pluses for businesses: less cart abandonment, reduced 3-D Secure processing fees and minimised fraud and chargeback rates.”*



of shoppers **abandoning their cart** due to a “too long/complicated checkout process”



## Five steps to reduce cart abandonment



### 01

#### Clearly show the payment methods you accept

Display accepted cards throughout your website to ensure your customers are aware of all their payment options.



### 02

#### Don't force customers to create an account

Removing account creation speeds up the checkout process and makes it easier for customers to complete the transaction.



### 03

#### Remove unnecessary steps in your checkout journey

Two-to-five steps are optimal for high checkout usability ratings. Introduce simplicity and ease your customers' experience:

- Offer guest checkout for new visitors.
- Let shoppers use social media sign-ins.
- Use address search from partial address entry.
- Focus on the mobile user experience process.



#### Streamline the payments page

- Display local currency for cross-border shoppers.
- Set length of the card number based on the card type.
- Confirm validity of the card number before progressing to help catch typing mistakes.



### 04

#### Use the potential of autofill

Seize the potential of autofill to reduce the time customers spend completing checkout forms



### 05

#### Accept all the ways customers want to pay

Accept all the ways your customers want to pay to satisfy the needs of your local base and potential international customers.

Shoppers expect the payments process to be quick, frictionless and secure, and they want the option to pay in the way that suits them best.

Consider offering **currency conversion** options: **Dynamic Currency Conversion** at point of sale helps make transactions clear and simple for in-store shoppers from overseas, while **Multi-Currency Conversion** helps increase international online sales conversions.

## 49%

of surveyed US and UK consumers said they would abandon purchases if they couldn't use their local payment option.

## Integrated payments and tokenisation

*“An important part of the omnichannel customer experience is seamless payments,” says Dave. “Customers expect integrated online and offline sales portals. Shop staff need to be able to quickly access shoppers’ online-purchase histories, while also keeping payment data secure. Shoppers expect an invisible, instant switch between digital and in-person customer service, so they can get their refund or exchange their online purchases in-store without missing a beat.”*

“Can your payments provider facilitate this – and all without the customer even noticing? If a retailer can’t keep up with these customer demands, shoppers will instead turn to businesses that can.”

PCI **tokenisation** and network tokenisation easily facilitate this, replacing payment card numbers and cardholder data with random

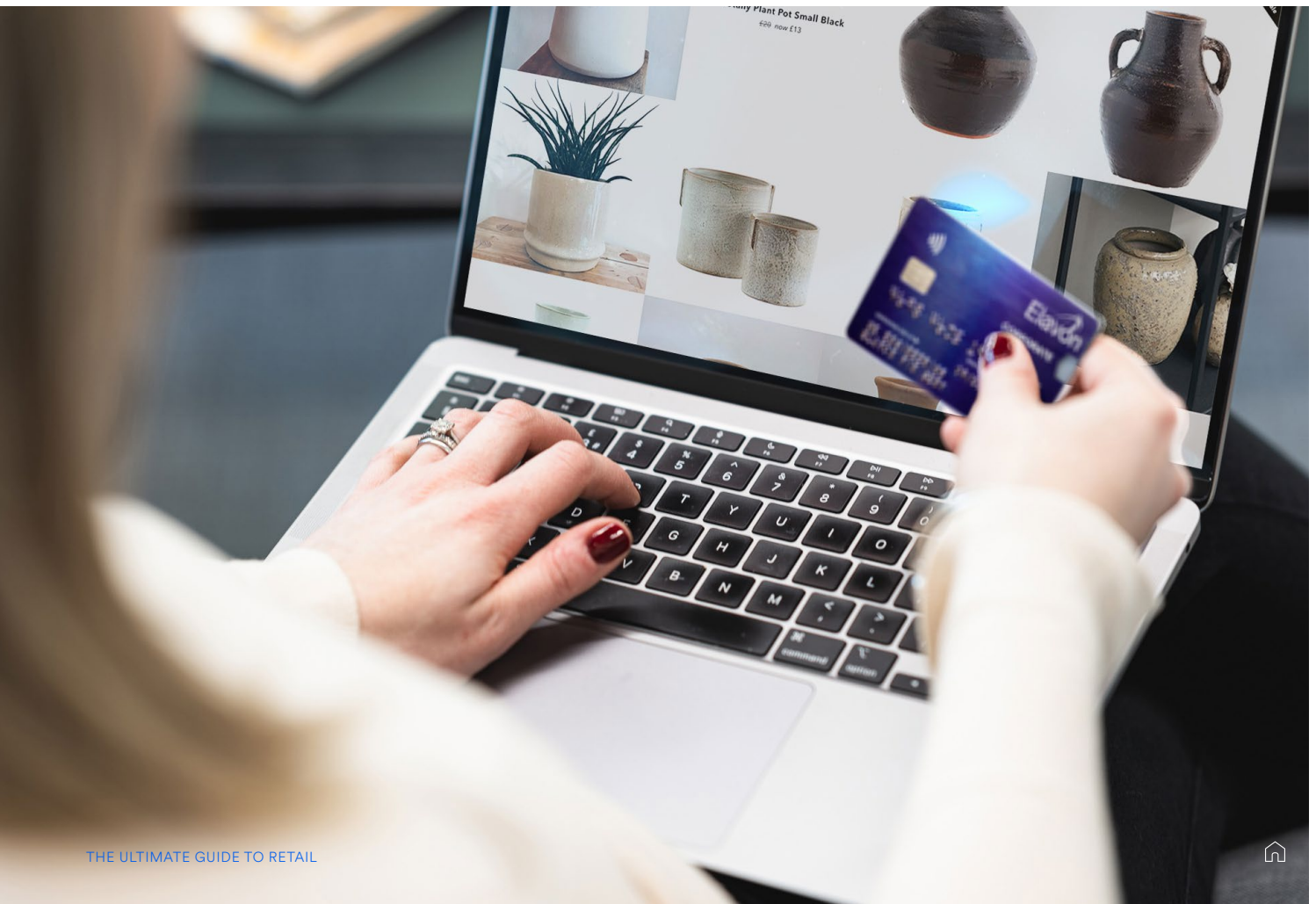
alphanumeric characters that represent them in a merchant’s system. It ‘remembers’ shoppers from one channel to another, which simplifies and streamlines both click-and-collect services and online returns in-store.

*“Consumers expect and, indeed, demand convenience and choice when it comes to payments. They’re giving retailers their business and trusting them with their financial details,” says Dave.*

*“If you don’t offer shoppers what they want, they’ll go elsewhere. The right provider easily takes care of complex payments requirements so you can exceed expectations, which can help secure customer loyalty.”*

*“An important part of the omnichannel customer experience is seamless payments.”*

**Dave Walker**  
Elavon’s Head of Corporate Retail for the UK



# Tokenisation: what's best for your business?

When it comes to payments, network tokenisation and PCI tokenisation both refer to replacing sensitive card details with a unique token to enhance security. However, they have distinct differences:

## PCI tokenisation

- Replaces a card's Primary Account Number (PAN) with a unique token.
- The token is typically managed by a payment gateway, processor or merchant's system.
- Tokens are merchant-specific, meaning they can't be used outside that merchant's environment.
- If the original card changes (if it expires or is stolen and cancelled, for example), the token often becomes invalid, requiring the customer to re-enter card details.

## Network tokenisation

- Managed by card networks like Visa and Mastercard.
- The token replaces the PAN but is tied to the card network, allowing it to be used across different merchants.
- Unlike general PCI tokenisation, network tokens update automatically when the underlying card changes (when a new card is issued, for example), ensuring a seamless customer experience.
- Provides higher security with cryptographic keys and dynamic authentication for each transaction.

## Which is better?

- PCI tokenisation is useful for merchants who want an in-house or payment gateway-based solution.
- Network tokenisation best suits ecommerce, subscription models and digital wallets because of its security and ability to update automatically.

## Key differences

Feature	PCI tokenisation	Network tokenisation
Managed by	Merchant, gateway or processor	Card networks (Visa, Mastercard)
Token scope	Merchant-specific	Multi-merchant (ecosystem-wide)
Card updates	Manual re-entry needed	Auto-updates when card changes
Security level	High	Higher (dynamic authentication)
Best for	Individual merchants securing transactions	Ecosystem-wide security and frictionless transactions

*“Tokenisation also enables one-click checkouts when buying online, so customers don’t have to re-key information,” Dave adds. “They can complete their purchases before there’s time for second thoughts and abandoned shopping carts.”*

Tokenisation also facilitates the growing trend for ‘buy now, pay later’ (BNPL), which allows consumers to split the cost of online purchases across regular payment instalments and purchase items they might not otherwise be able to afford. (See **Chapter 6** for more on BNPL).

As of 2025, **two in five UK adults** (42%) have used BNPL services at some point, which equates to over 22 million people. This is up from 36% at the start of 2023. It’s one of the fastest-growing payment trends in the UK, with adoption increasing across fashion, electronics and home goods.

*“With tokenisation, retailers can easily set up recurring payments or subscriptions,” says Dave. “It cuts down on time spent on collections and eliminates paper invoicing. It’s even possible to keep tokens updated when a customer is issued a new card, which reduces the number of declined transactions and saves retailers’ time.”*

Following on from tokenisation, don’t forget that **security and compliance** are more critical than ever. As digital transactions rise, so do cybersecurity threats, so you need to prioritise fraud prevention, regulatory compliance and data security. It’s worth your time and effort to invest in tokenisation, **Transaction Risk Analysis** (if you take lots of small-amount online payments), biometric authentication and even AI-powered fraud detection, while ensuring compliance with regulations like **PCI DSS** and **PSD2**. (See **Chapter 6** for more on security and fraud prevention).



## Quick take on Chapter 4

What's happening?	Why?	How do I keep up?
Ecommerce is booming globally	Consumers are shopping online more than ever, with trillions in global sales and millions of new ecommerce sites	Optimise your website for mobile, invest in SEO and offer a seamless, secure checkout experience
Fraud and chargebacks are escalating	The rise in online transactions has created more opportunities for cybercrime and friendly fraud	Use multi-factor authentication, AI-powered fraud detection, and partner with secure payment providers
<b>Cart abandonment</b> is a major challenge	Complex or slow checkout processes drive customers away before completing purchases	Simplify checkout, offer guest checkout, use autofill and clearly display accepted payment methods
Tokenisation and secure payments are essential	Customers expect fast, secure and frictionless transactions across all channels	Implement PCI or network tokenisation, support one-click payments and offer BNPL and digital wallets

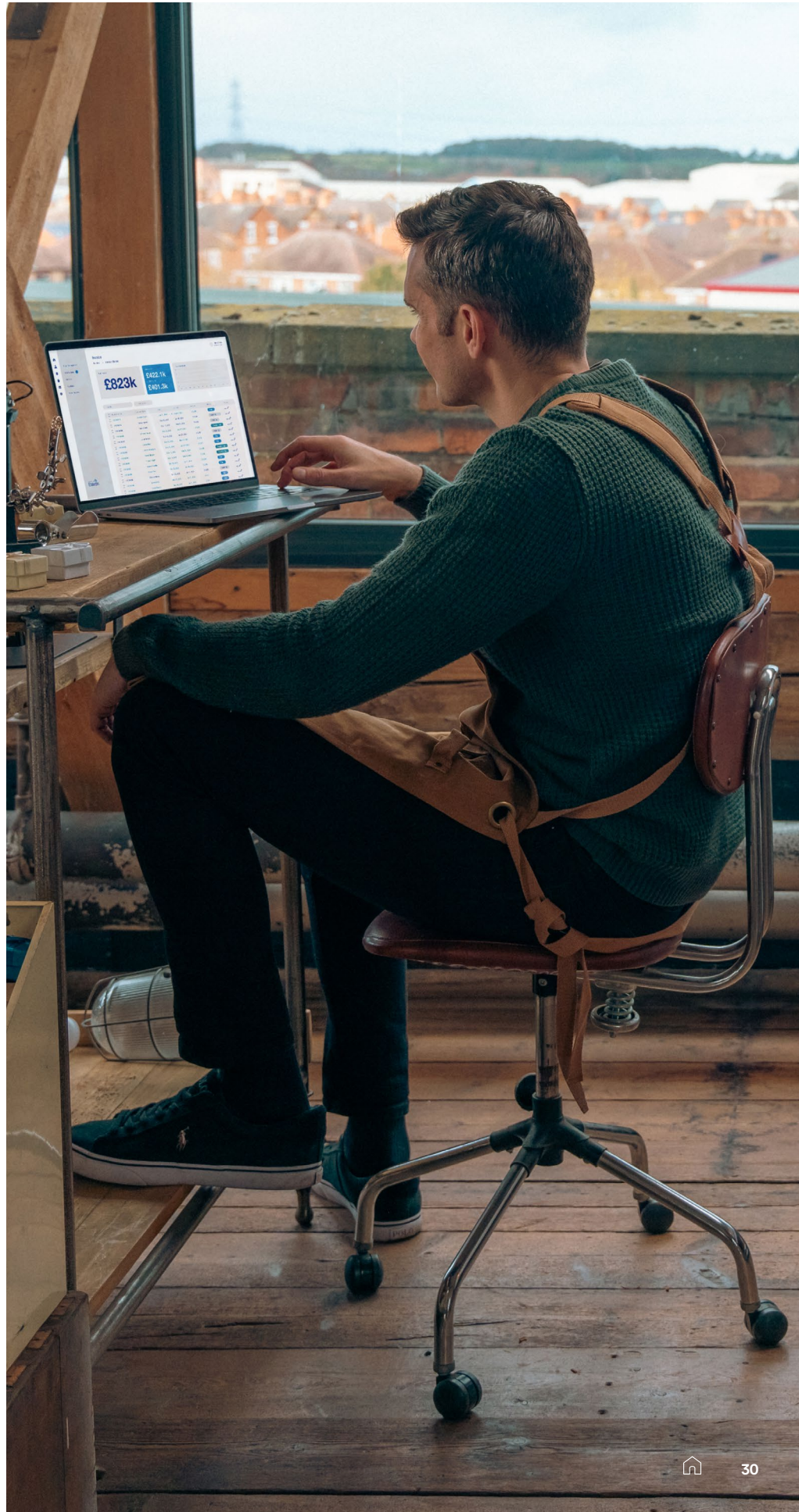
# Choice at the checkout

The way consumers pay has evolved far beyond cash and cards – and retailers that embrace payment innovations won't just keep up with consumer expectations, they'll create a smoother, more engaging shopping experience that drives customer loyalty.

Shoppers now expect flexibility, whether it's splitting a purchase into interest-free installments, using **Apple Pay or Google Pay** for a one-tap transaction, or paying with loyalty points. Retailers that don't **offer diverse payment methods** risk losing customers at the checkout, where ease and convenience often determine whether a sale is completed or abandoned.

What used to be termed 'alternative payments' can also drive higher conversion rates. **Digital wallets**, which store payment credentials securely, are speeding up transactions both online and in-store, reducing friction and increasing impulse purchases. BNPL services appeal to younger shoppers looking for budget-friendly financing options, while **subscription-based models** create predictable, recurring revenue streams for businesses.

**Contactless payments, mobile wallets**, QR-based payments and biometric authentication are becoming default payment methods, allowing customers to pay with a simple tap, scan or facial recognition.



# Buy now, pay later: a must-have for retailers?

BNPL is a flexible payment solution that lets customers split their purchases into interest-free instalments or even defer payment to a later date. Popular BNPL providers in the UK include Klarna, Clearpay and PayPal's Pay in 3. Integrating BNPL can help enhance customer experience, increase revenue and stay competitive – can you afford not to offer it?

## How does BNPL work?

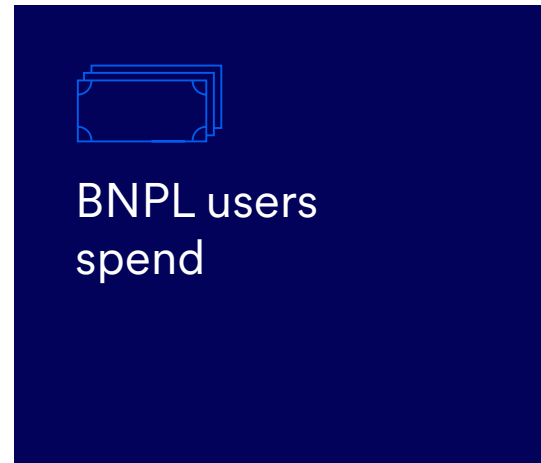
- After the customer selects BNPL at the checkout (online or in-store), the BNPL provider pays the retailer in full upfront, minus a transaction fee.
- Customers repay in instalments or after an agreed period, with some options interest-free.
- Approval is often instant, with a soft credit check that doesn't impact the shopper's credit scores.

## Benefits for customers

- **Affordability:** spreads the cost of purchases without added interest
- **Convenience:** instant approval and a smooth checkout
- **Flexibility:** choose from multiple repayment options
- **Increased purchasing power:** allows customers to buy higher-value items without upfront financial strain

## Benefits for retailers

- **Higher sales and conversion rates:** helps reduce cart abandonment by offering flexible payment options
- **Larger basket sizes:** BNPL users spend **almost 7% more** per transaction
- **Attracts younger shoppers:** BNPL is particularly **popular among Millennials and Gen Z**
- **Guaranteed payments:** retailers receive funds immediately, reducing risk



## Digital wallets and social commerce

In recent years, the increase in digital wallets and mobile-payments options is striking. Some 18.3 billion contactless payments were made in the UK in 2023, an increase of 7% on the previous year.

**The same research** reported that contactless represented 38% of all payments in 2023: this covers physical cards as well as cards loaded onto mobile phones or watches, which are then used to initiate contactless payments.

Looking specifically at mobile contactless payments (or **digital wallets**), the likes of Apple Pay, Google Pay, PayPal and Revolut can also be used via an app on a shopper's smart device. In 2023, more than **four in ten UK consumers (42%)** were registered with a digital wallet – up from 30% the previous year.

In terms of usage, **34% of UK adults** used mobile contactless payments at least once a month in 2023, benefiting from additional security features, such as biometric authorisation of individual payments. Plus, there's no upper value limits on the amount of an individual payment, in contrast to the £100 limit for contactless payments made using a physical card. In Ireland, the contactless limit is €50.

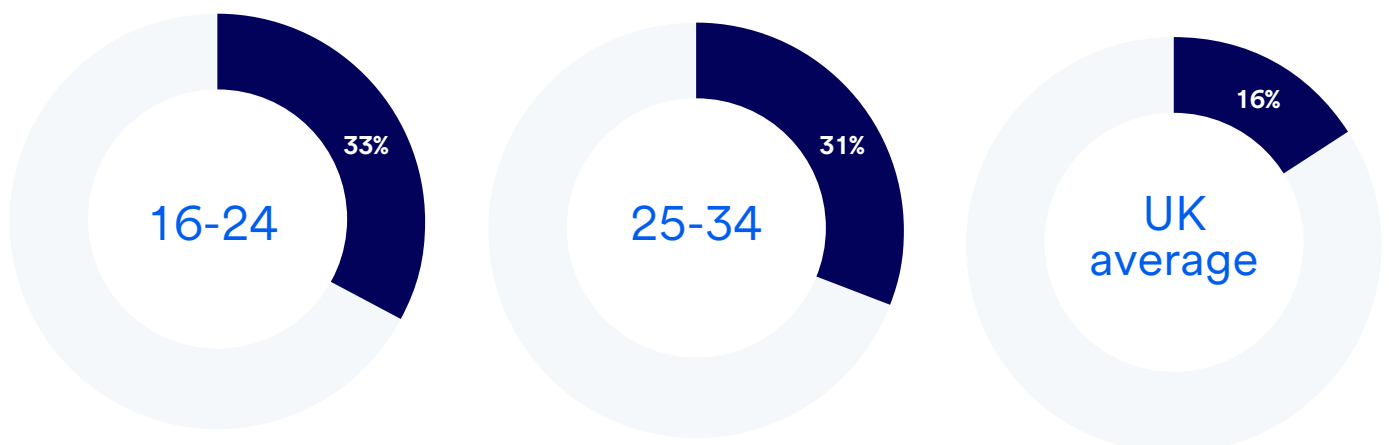


## The rise of digital wallets

Digital wallets work in all consumer payment environments, from face to face and unattended to online and omnichannel. They emerge in **Elavon research** as a growing trend amongst every age group, but this trend is especially relevant for businesses targeting younger consumers. As an average, 16% of all adults surveyed said they had started using digital wallets or used this payment method more often since COVID-19 restrictions and concerns about handling cash. But uptake was almost double that (31%) for those aged 25-34, and just over double the average for adults aged 16-24 (33%).

Across all age groups, almost four out of five (79%) of those who started or increased their use of digital wallets reported that they intended to continue using them.

## Age ranges most keenly adopting digital wallets in the UK



Retail incorporates more than just websites and physical stores, though. As social and livestream shopping are reshaping the industry, it's moving into social commerce, shoppable videos and livestream shopping on platforms like TikTok and Instagram. Digital experience is key: in 2024, some **46% of consumers purchased products directly through social media – up from 21% in 2019.**

Social media's prominence as a primary source of brand awareness and product consumption has surged, with the **same survey** finding 67% using social media to discover new brands and 70% seeking reviews to validate a company before making a purchase. Social media influencers continue to drive sales, with 41% of respondents noting a celebrity or influencer has influenced their decision to make a purchase.

# What are one-click payments?

One-click payments (or click-to-pay) is a fast, frictionless payment solution that lets online shoppers pay with a single click, once they've entered their payment details during a previous purchase. Click-to-pay stores billing information for future use, so there's no need for shoppers to enter this data in subsequent transactions. It's based on **EMV Secure Remote Commerce (SRC) standards** and works across multiple devices and websites

## How does click-to-pay work?

- Customers enrol their payment cards (Visa, Mastercard and other major providers) in a one-click payments system.
- When shopping online, they select click-to-pay at checkout, without needing to enter card details or remember passwords.
- The system automatically verifies their identity, ensuring a smooth, secure transaction.
- Payment is processed instantly, reducing checkout time and improving customer experience.

## Benefits for customers

- **Faster checkout:** no need to enter card details manually
- **Enhanced security:** uses tokenisation and multi-factor authentication to protect card data
- **Convenience:** works across multiple devices and retailers with a single enrolment
- **Fewer abandoned carts:** a smoother checkout process encourages completed purchases

## Benefits for retailers

- **Higher conversion rates:** a seamless experience reduces checkout abandonment
- **Stronger fraud protection:** secure authentication helps prevent unauthorised transactions
- **Improved customer experience:** a quick, hassle-free payment process boosts satisfaction and loyalty
- **Optimised for mobile shopping:** click-to-pay makes it easier for customers to check out on smartphones and tablets

With more consumers shopping online, especially on mobile devices, one-click payments offer a speedy, secure and convenient way to pay.

To offer instant, simple sales, stay-ahead retailers are enabling seamless in-app payments and integrating click-to-pay (or one-click) checkout options directly within social media platforms. They need to bolster their digital engagement and service-delivery too, particularly as more consumers purchase products directly through social media.

Don't forget YouTube when it comes to your digital strategy. It's the **second-most visited website** in the world, hot on the heels of Google – and it's more than just a streaming service. **YouTube** has the key characteristics of both a social media platform (user-generated content, public profiles, interactions and engagement, and networking and community building) and a search engine – perfect for potential customers to find out more about products and services and how other users rate them.

Including YouTube in your digital strategy should help drive product discovery and conversions.

#### To maximise visibility:

- Produce high quality, informative content – perhaps offering reviews of products or tutorials on how to use them;
- Optimise video titles, descriptions and tags with relevant keywords; and
- Create engaging thumbnails.



## New ways to checkout

Just as there are many different types of retail, there are **many types of payments experience**. Beyond convenience, the very concept of checkout is being reimagined – or eliminated entirely. Cashier-free shops, self-service checkout and **mobile point-of-sale (mPOS)** systems replace traditional registers, giving customers more control over their shopping experience.

Indeed, with customers well accustomed to making payments via mobile devices, there is a **growing demand for this technology**, with one third of fashion shoppers saying they're interested in using self-checkouts. This rises to 44% among 16- to 24-year-olds.

Digital innovations such as **automated collection points for online shopping orders**, and **self-checkouts on exiting fitting rooms**, are becoming standard. To help eliminate queues and enhance the customer experience, **mPOS solutions** effectively bring the till to the customer, wherever they are in-store.

**Scan-and-go** is another such option, allowing shoppers to pay via smartphone without interacting with a cashier. **Almost one-third of UK retailers** plan to add support for scan-and-go payments before 2027.

*“Customer demand and behaviour differs greatly among retail sectors,”* says Peter Charmant, Corporate Sales Manager - Ireland. “A supermarket shopper buying a week’s groceries might prefer to scan and go, using a handset to scan barcodes as they move through the store, to track their spending and save time by packing their items as they go.

*“Alternatively, if shoppers are just buying a few items, they might prefer a self-checkout kiosk rather than queue at a checkout conveyor belt. The retailer might offer several different checkout options within the same store, giving customers the choice.”*

Supermarket checkout methods differ from those of a clothes shop, a pharmacy or luxury retail, where shoppers typically expect more interaction with store staff. Yet even high-street retailers are **embracing self-checkout** using radiofrequency identification technology (**RFID technology**), with the likes of H&M, Zara and **M&S rolling out such machines**. Retailers like Amazon Go have pioneered **‘Just Walk Out’** checkout-free technology, where payments happen automatically in the background.

Even in traditional retail environments, integrating **mobile POS systems** allows sales staff to take payments from customers on the sales floor, busting queues and allowing for a more personalised service. Ultimately, payments are no longer just a transaction: they're an important part of the overall shopping experience.

## Quick take on Chapter 5

What's happening?	Why?	How do I keep up?
<p>Social and livestream shopping are reshaping ecommerce</p>	<p>Retail is moving beyond websites and physical stores into social commerce, shoppable videos and livestream shopping on platforms like TikTok and Instagram</p>	<p>Enable seamless in-app payments and integrate one-click checkout options directly within social media platforms</p>
<p>Payments are becoming invisible</p>	<p>Frictionless, embedded and automated payment experiences are becoming the norm. Contactless, mobile wallets and biometric authentication are streamlining transactions</p>	<p>Retailers should invest in integrated payment solutions that support one-click, in-app and voice-enabled payments to enhance customer convenience</p>
<p>The checkout experience is disappearing</p>	<p>Retailers are moving towards self-checkout, mobile POS and cashier-less stores to reduce wait times and improve efficiency</p>	<p>Explore scan-and-go, automated checkout and digital-first POS systems that integrate with loyalty programmes and personalised offers</p>
<p>Alternative payment methods are expanding</p>	<p>BNPL, digital wallets, cryptocurrencies and subscription-based payments are becoming mainstream</p>	<p>Offer diverse payment options to cater to consumer preferences and increase conversions at checkout</p>

# Next-level loyalty programmes

It costs **five times** more to acquire a new customer than to keep an existing one – and loyalty programmes have long been recognised as an effective tactic for customer retention and for increasing revenue. Essentially, such schemes encourage customers to continue buying from you rather than your competitors. The more a customer buys from or engages with your brand, the more rewards they earn.

A study by McKinsey, for example, found that customers who are members of a rewards programme are **59% more likely to choose that brand over a competitor** and 43% more likely to buy weekly.

In fact, the study found that customers who are members of a loyalty programme are 62% more likely to spend more on the brand.

*“Increasing wallet share can be a cheaper, more efficient and therefore a more profitable strategy for boosting revenue than attempting to expand overall market share. By analysing customers’ spending and behavioural patterns, you can build on the information you’ve gathered from your loyalty-programme subscriber lists and target customer segments.”*

**Peter Charmant**

Sales Manager – Enterprise Retail (Ireland), Elavon Europe



# Six reasons why you need a loyalty programme



01

## Improve customer loyalty

This is the most obvious one, of course. Keep customers coming back by offering discounts or free products as incentives to buy more and buy often, if they're happy with your business.



02

## Increase overall purchases

With this type of loyalty programme, customers could gain points per pound or euro to make it to the next reward 'tier'. Spending more means they 'earn' new benefits in future.



03

## Encourage repeat business

For example, a customer gets a stamp for every coffee they order – and they get a free coffee once they collect eight stamps. It's the perfect incentive to draw the customer back to your business.



04

## Top of wallet, top of mind

Not only can a reward card be scanned at your point of sale to help track customer trends, but it also keeps you in sight. Every time your customer opens their purse or wallet (or their phone's digital wallet, if you have an online reward system), they'll be reminded of your business.



05

## Market a promotional programme

For example, a loyalty card that gives users 5% off every purchase or offers a gift card for spending a certain threshold amount. By offering perks not available to non-members, you'll help customers feel a sense of exclusivity and that they're getting a good deal, while giving them an incentive to return to your shop.



06

## Improve customer relationships

Whether it's offering special gifts for their birthday or offering rewards based on their purchase history, you'll help your customers to feel like a VIP.

Loyalty programmes are undoubtedly effective, but nothing new. Retailers are familiar with ways of **gathering shopper contact details** and with using apps, SMS or email to issue offers. They can also send re-engagement messages to remind repeat customers of their goods or services, and outreach messages based on the timing of the customer's last purchase (especially for consumable goods that need to be repurchased or replenished regularly).

But forward-thinking retailers are futureproofing, finding innovative ways to build rewards programmes and inspire customer loyalty. Next-level loyalty schemes maximise in-app technology to reward repeat shoppers. Retailers can personalise offers based on previous purchases or demographics (for example, whether the customer has young children, lives alone or is urban based), surprising them with little 'thank-you treats' or even making **donations to their chosen charities** every time they use the retailers' apps.

The emergence of subscription-based loyalty models, such as **Amazon Prime** and **Tesco Clubcard Plus**, demonstrates how retailers can lock in long-term customer commitment by offering exclusive benefits for a monthly or annual fee.

Subscription-based models generate 'stickiness' for retailers. Once customers have been persuaded to sign up, their behaviour changes: 'I've paid for it, so I should keep using it.' And this is what keeps them locked in. Research has found that members of paid loyalty programmes are **60% more likely to spend more** with a brand, compared to 30% for free loyalty programmes.

Research has found that members of paid loyalty programmes are **60%** more likely to spend more with a brand, compared to **30%** for free loyalty programmes



# Analytics and personalisation

Analytics provides insights into customer behaviours to help tailor marketing efforts and maximise marketing spend, instead of taking a scattergun approach. Clever analysis can help you focus on increasing 'share of wallet' – the amount of money an existing customer spends regularly with you, rather than buying from competing brands – instead of increasing market share.

Retailers can identify never-thought-of contexts in sales data and categorise transactions in detail. Digital payments, whether made in-store or online, can be tracked and analysed to give retailers a view on consumer spending habits in ways that cash never could.

With online, **cloud-based reporting tools**, retailers can access and manage accounts anytime, anywhere. Comparing business data across every shop – weekly, daily or even hourly – provides a comprehensive view of both shoppers and shops, all in one place. Getting to know customer habits means more informed, evidence-based business decisions.

Shopping apps also allow retailers to learn more about their customers. Using apps, shoppers can buy quickly on their phones, while apps also offer discounts and rewards when they shop in-store. But with the **vast majority of apps** able to track users, retail apps can use location tracking to personalise marketing efforts like never before – once they have secured their customers' permission.

*"Some retail shopping apps and digital loyalty programmes can use GPS, Bluetooth and WiFi to let them know customers' locations, so the business can selectively target them with advertisements to spend money in their bricks-and-mortar shops," says Peter.*

The shift towards AI-driven personalisation is one of the most impactful changes in customer loyalty. Retailers are using machine learning and predictive analytics to create tailored rewards based on customers' purchasing behaviours, preferences and engagement history. Boots Advantage Card, for example, **offers personalised discounts** through the Boots app, based on individual shopping habits. Moreover, the integration of loyalty programmes with **mobile wallets and digital payment platforms**, such as Apple Pay and Google Pay, is making it easier for consumers to access and redeem their rewards at checkout.

*"The best chance to get shoppers into your store is when they're nearby, so notifications and offers will pop up when customers are close by – or, if already in-store, the retailer can send a promotion as the customer approaches a particular department. The technology can track people in real life, like online, and then connect the two."*

**Peter Charmant**

Sales Manager – Enterprise Retail (Ireland), Elavon Europe

Payment-solutions providers can also glean information for retailers on what customers are buying, when they are buying and how they pay. **Multi-spend reports use data analytics and insight** into customer spend and behaviour in real time, which retailers can use to incentivise upsell, influence and to increase marginal spend – perhaps an offer pinged to a regular customer’s phone before they make that lunchtime purchase.

## Trending loyalty programmes

### Make rewards personal:

With smart technology like AI, you can tailor rewards to what your customers really want – think personalised discounts, surprise freebies or exclusive deals that make them feel special.

### Stay connected everywhere:

Integrate loyalty programmes across your store, app and website so customers can easily rack up points or redeem rewards, no matter where they shop.

### Turn shopping into a game:

Add fun elements like levels, badges or challenges that encourage customers to engage and earn more rewards.

### Keep it instant:

Use tech like push notifications or chatbots to send real-time updates about rewards, offers and new perks – keeping your customers in the loop and excited.

### Learn what they love:

Use data from loyalty programmes to understand what your customers are buying, then use those insights to create smarter promotions and stock the items they love most.

### Ditch the cards:

Make it easy by integrating loyalty programmes into **mobile wallets** or apps, so customers never have to remember their card again – just a tap and they’re in.

### Offer VIP perks:

Use tech to create exclusive experiences, like early access to sales or members-only events, making loyal customers feel like VIPs.

Although **79% of consumers** say they are more likely to do business with a brand that provides a loyalty programme, they also expect rewards to be instant, relevant and easy to redeem. As AI and automation enable retailers to optimise loyalty strategies in real time, retailers that don’t modernise their programmes risk losing customers to competitors offering more engaging experiences.

## Quick take on Chapter 6

### What’s happening?

Loyalty programmes have shifted from generic, points-based rewards to AI-driven, personalised experiences with real-time incentives and gamification

### Why?

Consumers expect instant, tailored rewards – and advances in AI, mobile payments and data analytics now enable retailers to meet these expectations efficiently

### How do I keep up?

Invest in AI-powered loyalty programmes, integrate them with mobile payments, and use customer data to personalise rewards and enhance engagement



# Sustainable retailing

Sustainability is a vital aspect of any retail business – long gone are the days when it was considered a niche approach. From paying staff a fair wage and minimising packaging, to stocking **certified Fairtrade** items and supporting local producers, consumers care more than ever about the ethics and sustainability of their shopping habits and their purchases.

Any initial outlay required for a retailer to become more sustainable is likely to pay dividends in the longer term, as research shows that consumers are willing to pay more for environmentally friendly choices. More than half of all consumers say they'd pay up to 10% extra for sustainably packaged **meats and fresh produce** (57%), with 26% willing to pay up to 25% more.

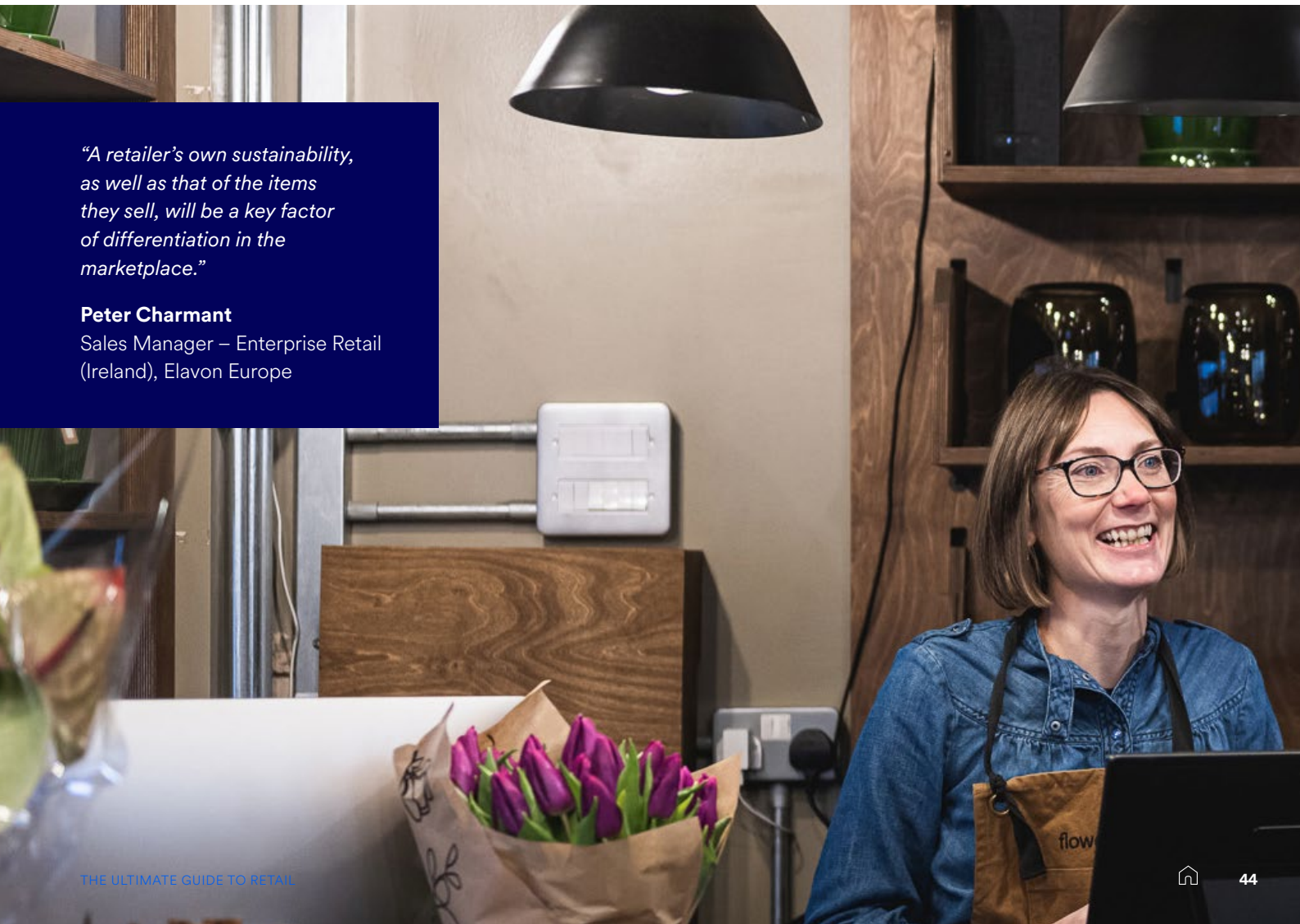
This willingness to pay a premium extends to other areas, as well. Products like sustainable **fitness equipment, gaming consoles** and **cars** are not far behind, with nearly three in five saying they are willing to pay up to 10% more for these products (59%, 58% and 58% respectively).

Interestingly, **younger generations seem more open to paying a premium** for eco-friendly products. This approach has been fuelled by a combination of escalating climate hazards and growing consumer consciousness.

*“A retailer’s own sustainability, as well as that of the items they sell, will be a key factor of differentiation in the marketplace.”*

**Peter Charmant**

Sales Manager – Enterprise Retail (Ireland), Elavon Europe



## Rewards from responsible retailing

Some **26% of UK adults said they would pay more** for goods and services from brands that respect and support human rights. A considerable share also said they would be willing to spend more money on brands that protect and support biodiversity.

More than four-fifths (80%) of consumers in the same survey said they were willing to pay more for sustainably produced or sourced goods. In terms of a price premium, some consumers were willing to pay on average 9.7% more for goods that meet specific environmental criteria, including locally sourced, made from recycled or eco-friendly materials, produced in a supply chain with a lower carbon footprint, and more.

And despite cost-of-living pressures, some consumers say they are willing to spend 9.7% more, on average, for sustainably produced or sourced goods: almost nine in ten (85%) report experiencing first-hand the disruptive effects of climate change in their daily lives.

*“As consumers become ever-more more conscientious about who they buy from and why, they’re weighing up the environmental and social implications of their purchases,” says Peter. “Socially conscious consumerism will continue to grow, as shoppers want brands they trust and that reflect their own values.”*

*Beliefs drive buying, as more and more consumers shop ‘for good’. This shift is not just about regulatory compliance or corporate social responsibility; it is also a commercial necessity. Businesses that fail to align with consumer expectations risk losing market share to competitors that do. So, how can retailers play their part in protecting the planet?*



### **'Re-commerce':**

Rather than the traditional 'take, make, dispose' model, the circular economy prioritises reusing, repairing and recycling materials to extend product life cycles. Fashion retailers, for instance, are implementing resale and rental models, while electronics companies offer refurbishment programmes. Payment platforms that support subscriptions and buy-back schemes can help retailers integrate these new business models while improving customer retention.

### **Ethical production:**

Ethically produced goods and responsible sourcing are central to sustainability, particularly in industries such as fashion, food and homeware. Consumers increasingly demand transparency in supply chains, expecting retailers to ensure fair wages, safe working conditions and minimal environmental impact in production. Some **26% of UK adults said they would pay more** for goods and services from brands that respect and support human rights.

### **Source and shop locally:**

The shift toward 'localism' is driven by a rise in conscious consumerism, as shoppers look to buy authentic, locally and sustainably made products that support local businesses. Retailers are responding by prioritising locally made products, shorter supply chains and partnerships with local producers. This not only enhances sustainability credentials, but also helps mitigate global supply chain disruptions, making businesses more resilient.

### **Packaging:**

A key aspect of sustainable retailing is reducing environmental impact through packaging innovation. Single-use plastics have come under intense scrutiny, prompting many retailers to switch to biodegradable, compostable or fully recyclable alternatives. Some are embracing reusable packaging models, allowing customers to return containers for refilling. The shift away from single-use plastics is being driven by both consumer demand and government regulation. The UK's **Plastic Packaging Tax**, for example, encourages businesses to use at least 30% recycled plastic in packaging materials.

### **Energy efficiency:**

Many retailers are investing in renewable energy, energy-efficient lighting and smart systems to monitor and optimise electricity usage. Technology is also playing a role in enabling efficient, sustainable retail practices. AI-driven inventory management can help retailers reduce overproduction and minimise waste, while digital receipts and paperless transactions cut down on unnecessary paper usage.

*"This movement is strong on direct sales, a rising trend due to online delivery services, and is largely centred on local shops, farmers' markets and farm shops that source or supply from artisanal producers or farmers," says Peter. "These trends are likely to continue, with consumers enjoying closer links to their local economy and engagement with makers about the origins of their products and production methods."*



## Sustainability strategies

### **Premium potential**

Consumers are willing to pay a premium for ethically and/or locally produced goods. Focus your marketing efforts on highlighting the sustainable credentials of your business and the brands you stock.

### **Minimise packaging**

Minimising waste is a priority for consumers. Retail has a responsibility to reduce plastic usage and packaging waste, especially considering the air miles that can clock up when delivering online orders.

### **Appeal to younger shoppers**

Stress the importance of shopping local to Millennial and Gen Z customers, so they're more aware of the positive impact that purchasing locally produced products has on their national economy. Retail should seek to positively influence younger consumers to support businesses in their communities.

# The future of sustainable retailing

## Smart supply chains:

Technology like AI and blockchain can help retailers track products from production to sale – reducing waste, ensuring ethical sourcing and showing customers they care about the planet in the process.

## Eco-friendly packaging:

Use tech to optimise packaging design, switching to sustainable materials or reducing unnecessary packaging, which is great for the environment and your bottom line.

## Energy-efficient shops:

Smart energy systems can cut energy use in stores by optimising lighting, heating and cooling, making your operations greener and more cost-effective.

## Transparent product information:

Give customers easy access to details about product sustainability – like carbon footprints or eco-certifications – using apps, QR codes or augmented reality to build trust and loyalty.

## Circular economy solutions:

Offer tech-enabled buy-back, repair or recycling programmes that let customers return old items, keeping materials in use longer and showing you're serious about sustainability.

## Local (and even on-demand) production:

Use 3-D printing or AI to predict demand and produce locally, reducing transportation emissions and ensuring customers get what they want without overstocking.

## Green rewards programmes:

Encourage eco-friendly behaviour by rewarding customers for sustainable choices like using reusable bags, recycling or purchasing sustainable products, building a community around shared values.





These sustainability trends are here to stay, driven by consumer expectations, regulatory requirements and long-term cost savings. Additionally, retailers that adopt sustainable practices often see operational efficiencies, cost reductions and enhanced brand reputation, giving them a competitive advantage.

For retailers, embracing sustainable retailing is not just about compliance – it's an opportunity to differentiate their brand, build customer loyalty and future-proof their business. By investing in sustainable solutions, retailers can meet consumer demand while improving their bottom line.

## Quick take on Chapter 7

### What's happening?

Sustainability and ethical retail are business imperatives

### Why?

Consumers are choosing brands that prioritise eco-friendly packaging, carbon-neutral shipping and ethical supply chains. Payments companies are even introducing carbon tracking tools for purchases

### How do I keep up?

Highlight sustainable payment options, offer digital receipts and align with eco-conscious logistics partners

# Optimisation – capture sales, cut costs

Shifting consumer expectations, rising operational costs and increasing security considerations all make for a rapidly evolving industry as retail races to keep up. During such change, it makes sense to turn payments into a bedrock for your business – making them work harder so they're more than just a dull transactional necessity. But how can you turn payments into a strategic opportunity?

Payments optimisation is about ensuring every transaction is processed in the most efficient, secure and cost-effective way possible. By adopting the right payment strategies and technologies, retailers can lower processing costs, reduce fraud and **chargebacks**, and provide a seamless customer experience.

The business case for payments optimisation is a no-brainer for retailers. Put simply, it means:

- **Lower transaction costs** by using the most cost-effective payment methods.
- **Reduced fraud and chargebacks** through **advanced security measures**.
- **Improved customer experience** with faster, **frictionless payments**.
- **Stronger cashflow** by accelerating payment settlement times.
- **Streamlined operations** with **omnichannel payment solutions** that unify online, in-store and mobile transactions.

*“Retailers must pivot from their traditional stance. They must view payments as a service and revenue driver, rather than just a functional process at the end of a transaction. The three key areas are managing costs, reducing fraud and maximising acceptance. Your payments partner should provide you with the necessary information to dynamically adjust while preventing fraud. They should help you cut fees by optimising routing, managing interchange costs and promoting low-cost payments – maximising approvals at minimal cost.”*

**Eva Paredes Montejo**  
Head of Small and Medium  
Businesses - UK and Ireland,  
Elavon Europe



# Reducing payment processing costs

Payment processing comes with unavoidable costs, but retailers can take steps to ensure they're paying only what's necessary.

## 01

### Interchange optimisation: reduce fees at the source

Interchange fees paid to card-issuing banks make up a significant portion of payment processing costs. However, businesses can qualify for lower interchange rates by ensuring transactions meet specific criteria.

- Providing enhanced transaction data can help qualify for lower rates.
- Using the right processing methods ensures payments are routed efficiently.
- Regularly reviewing payment data can uncover cost-saving opportunities.

## 02

### Smart routing: choosing the most cost-effective payment methods

Retailers accepting multiple payment methods can benefit from intelligent routing, ensuring transactions are processed via the lowest-cost networks.

- Some card types carry higher fees than others; optimising acceptance policies can reduce costs.
- **Alternative payment methods** such as account-to-account (A2A) payments or **open banking solutions** can provide lower-cost options.
- Automated routing ensures each transaction takes the most cost-effective path.

## 03

### Click-to-pay: faster, more secure transactions

A seamless checkout experience not only improves customer satisfaction, but also reduces **cart abandonment** in online sales. With click-to-pay, returning customers can complete purchases with a single click, eliminating the need to re-enter their payment details.

- Reduces friction at checkout, leading to higher conversion rates.
- Uses secure card tokenisation to protect customer payment data.
- Works across multiple devices and browsers, making payments more convenient.

# Minimising fraud and chargebacks

Fraud and **chargebacks** represent a growing challenge for retailers, leading to revenue loss, operational disruption and reputational damage. Payments optimisation includes fraud prevention tools that help retailers reduce risk without adding unnecessary friction for customers.

## 01

### PCI tokenisation and network tokenisation

Both types of tokenisation (**see Chapter 4**) replace sensitive card details with unique, encrypted tokens, which are meaningless outside of the secure payment environment. This protects businesses and customers from data breaches.

- Helps prevent **card-not-present** (CNP) fraud, a major concern in ecommerce.
- Enables secure one-click payments for returning customers.
- Reduces the risk of storing sensitive payment data on business servers.

## 02

### 3-D Secure 2.0

3-D Secure 2.0 (3-DS2) adds an additional layer of **fraud prevention** for online transactions, authenticating customers in real-time using biometric verification, device recognition and risk-based analysis.

- Helps meet Strong Customer Authentication (SCA) requirements under **PSD2 regulations**.
- Helps reduce **chargebacks** by verifying legitimate transactions before they're processed.
- Ensures genuine customers experience a smooth, hassle-free checkout.

## 03

### AVS and CVV

Simple yet effective security measures like address verification service (AVS) and card verification value (CVV) checks can further reduce fraud.

- AVS matches the billing address provided with the one on file with the card issuer.
- CVV verification ensures the customer has the physical card in their possession.
- These tools act as an additional layer of protection against unauthorised transactions.

*“From increasing acceptance to reducing costs and keeping compliant with security regulations, your payments providers should be constantly monitoring, updating, consulting and advising on optimised payments.”*

#### Eva Paredes Montejo

Head of Small and Medium Businesses - UK and Ireland, Elavon Europe

# Enhancing efficiency and customer experience

Payments optimisation isn't just about cutting costs. It's also about delivering a seamless payment experience across multiple sales channels.

## 01

### Omnichannel payment solutions

Customers expect a frictionless experience, whether they're shopping in-store, online or via mobile. Omnichannel payment solutions allow businesses to unify these transactions, offering consistency across all channels.

- Customers can start a transaction online and complete it in-store, or vice versa.
- Centralised payment data provides valuable insights into customer behaviour.
- A unified payment system reduces operational complexity and reconciliation efforts.

## 02

### Faster settlement times

Waiting days for payments to settle can disrupt cashflow. Payments optimisation ensures businesses receive funds as quickly as possible, improving liquidity and financial planning. With the right payments provider, you'll get next-day funding into your account – and if you opt for **Faster Payments**, it's settled on the same day.

- Faster settlements mean retailers can reinvest in stock, marketing and operations.
- Less reliance on external financing or credit to manage short-term expenses.
- More predictable revenue streams for better forecasting and budgeting.

## 03

### Alternative payment methods

As consumer habits evolve, retailers must be prepared to accept a broader range of payment options. Payments optimisation includes supporting:

- Digital wallets (such as **Apple Pay**, Samsung Pay and Google Pay) for fast, secure mobile payments.
- BNPL solutions, offering customers flexible payment options.
- **Open banking** and A2A payments, which provide direct, low-cost bank-to-bank transactions.

As retail continues to evolve, so will payment technologies. Prioritise your payments optimisation and you'll be best positioned to adapt to changing consumer expectations, regulatory requirements and emerging fraud threats.



## Quick take on Chapter 8

What's happening?	Why?	How do I keep up?
<p>Payment costs are rising, fraud risks are increasing and consumers expect faster, more secure transactions</p>	<p>Regulatory changes demand stronger security</p>	<p>Reduce costs with smarter transaction routing</p>
<p>New technologies like click-to-pay, PCI tokenisation/network tokenisation and smart routing are reshaping payments</p>	<p>Consumers expect seamless, digital-first payment options</p>	<p>Enhance security with PCI tokenisation/network tokenisation and 3-DS2</p>
<p></p>	<p>Fraud and chargebacks are putting pressure on retailers</p>	<p>Unify online and in-store payments for a seamless experience</p>
<p></p>	<p>Optimised payments reduce costs and improve efficiency</p>	<p>Stay ahead by adopting future-ready payment solutions</p>



### Invoice

Invoice Details

Alex Smith

**£823k** **£422.1k** **£401.3k**

Invoice ID: [Search]

**Payment confirmed** ✓

Invoice ID	Customer	Invoice Date	Invoice Due	Amount	Status	Action
INV-0001	Whitney Fowler	Dec 05, 2023	Jan 07, 2024	£ 3,454	Paid	🔗
INV-0002	Julian Santos	Nov 28, 2023	Jan 21, 2024	£ 1,232	Awaiting	🔗
INV-0003	Joanna Todd	Nov 21, 2023	Nov 12, 2024	£ 3,300	Awaiting	🔗
INV-0004	Jeremy Velasquez	Nov 21, 2023	Nov 12, 2024	£ 2,022	Partially Paid	🔗
INV-0005	Cecily Gilmore	Nov 21, 2023	Jan 22, 2024	£ 1,111	Awaiting	🔗
INV-0006	Rikwan Knight	Nov 11, 2023	Feb 21, 2024	£ 6,303	Paid	🔗
INV-0007	Alumne Castro	Nov 10, 2023	Mar 23, 2024	£ 2,162	Partially Paid	🔗
INV-0008	Amaan Shan	Sep 26, 2023	Jul 11, 2024	£ 3,222	Partially Paid	🔗
INV-0009	Chels Anthony	Sep 26, 2023	Jan 04, 2024	£ 3,089	Paid	🔗
INV-0010	Halle Lindsey	Sep 26, 2023	Jul 11, 2024	£ 7,876	Paid	🔗
INV-0011	Kylee Woods	Sep 27, 2023	Jul 11, 2024	£ 412	Awaiting	🔗
INV-0012		Sep 27, 2023	Jul 11, 2024	£ 890	Paid	🔗

# The shape of shopping to come

Shifting consumer expectations, rising operational costs and increasing security considerations all make for a rapidly evolving industry as retail races to keep up. During such change, it makes sense to turn payments into a bedrock for your business – making them work harder so they're more than just a dull transactional necessity. But how can you turn payments into a strategic opportunity?



# Summary of key trends shaping retail

What's happening?	Why?	How do I keep up?
Unified commerce is essential for growth	Consumers expect a seamless experience across <b>online, in-store</b> , mobile and social platforms. Payments, inventory and customer data must synchronise in real time	Implement cloud-based, omnichannel payment solutions that allow customers to start and finish purchases on different platforms without friction
The metaverse and augmented reality are creating new shopping experiences	Virtual and augmented reality (VR/AR) are enabling immersive shopping, virtual showrooms and 3D product try-on	Experiment with AR-powered payments and metaverse storefronts, ensuring transactions are seamless in digital environments
AI and data-driven personalisation are driving sales	AI is transforming pricing, promotions and fraud prevention while helping retailers personalise experiences based on customer behaviour	Use AI-driven payment analytics to optimise pricing strategies, detect fraud and offer personalised payment options like 'buy now, pay later' (BNPL)
New technologies like click-to-pay, PCI tokenisation/network tokenisation and smart routing are reshaping payments	Regulatory changes demand <b>stronger security</b> . Consumers expect seamless, digital-first payment options	Enhance security with PCI tokenisation/network tokenisation and <b>3-DS2</b> . Stay ahead by adopting future-ready payment solutions
Security and compliance are more critical than ever	As digital transactions rise, so do cybersecurity threats. Retailers must prioritise <b>fraud prevention</b> , regulatory compliance and data security	Invest in AI-powered fraud detection, tokenisation and biometric authentication, while ensuring compliance with regulations like <b>PCI DSS</b> and PSD2
Social and livestream shopping are reshaping ecommerce	Retail is moving beyond websites and physical stores into social commerce, shoppable videos and livestream shopping on platforms like TikTok and Instagram	Enable seamless in-app payments and integrate one-click checkout options directly within social media platforms

# Summary of key trends shaping retail

What's happening?	Why?	How do I keep up?
Payments are becoming invisible	Frictionless, embedded and automated payment experiences are becoming the norm. Contactless, <b>mobile wallets</b> and biometric authentication are streamlining transactions	Retailers should invest in integrated payment solutions that support one-click, in-app and voice-enabled payments to enhance customer convenience
The checkout experience is disappearing	Retailers are moving towards self-checkout, <b>mobile POS</b> and cashier-less stores to reduce wait times and improve efficiency	Explore scan-and-go, automated checkout and digital-first <b>POS systems</b> that integrate with loyalty programmes and personalised offers
Alternative payment methods are expanding	BNPL, digital wallets, cryptocurrencies and <b>subscription-based payments</b> are becoming mainstream	Offer diverse payment options to cater to consumer preferences and increase conversions at checkout
Loyalty programmes have shifted from generic, points-based rewards to AI-driven, personalised experiences with real-time incentives and gamification	Consumers expect instant, tailored rewards – and advances in AI, mobile payments and data analytics now enable retailers to meet these expectations efficiently	Invest in AI-powered loyalty programmes, integrate them with mobile payments, and use customer data to personalise rewards and enhance engagement
Sustainability and ethical retail are business imperatives	Consumers are choosing brands that prioritise eco-friendly packaging, carbon-neutral shipping and ethical supply chains. Payments companies are even introducing carbon tracking tools for purchases	Highlight sustainable payment options, offer digital receipts and align with eco-conscious logistics partners
Payment costs are rising, fraud risks are increasing and consumers expect faster, more secure transactions	Fraud and <b>chargebacks</b> are putting pressure on retailers. Optimised payments reduce costs and improve efficiency	Reduce costs with smarter transaction routing. Unify online and in-store payments for a seamless experience

Perhaps you're an online store seeking a safer, **friction-free payments** experience; a **local, independent retailer** considering **online expansion**; a **large chain** that wants to provide an **integrated, omnichannel experience** for customers; or a showcase store that serves as an experiential hub for shoppers. In any case, we hope we've given you a steer to help you adapt to consumer expectations and payment innovations – and maybe even turn challenges into opportunities.

Whatever your interest or need, the retail team at Elavon is ready to help you explore your options and shape your plans. We've created a suite of tools and supports to help you explore and understand the fast-changing world of retail. Visit **our website**, where you'll find **case studies**, industry insights and information about our **retail products and services**.

At Elavon, we're so much more than payments. We've earned the trust of over two million customers in 36 countries, supporting 100-plus currencies across 6.6 billion annual transactions. So, we know a thing or two about making a sale – and a simple, secure one at that.



No matter how you sell today, and no matter where you are on your retail journey, Elavon can give you the technology, advice and service you need to futureproof your business.

For more information on  
any of the topics please visit:

 [elavon.co.uk](https://elavon.co.uk)

 [elavon.ie](https://elavon.ie)

U.S. Bank Europe DAC. Registered in Ireland – Number 418442.

Registered Office: Block F1, Cherrywood Business Park, Dublin 18, D18 W2X7, Ireland.

U.S. Bank Europe DAC, trading as Elavon Merchant Services, is regulated by the Central Bank of Ireland.

U.S. Bank Europe DAC. Registered in Ireland with Companies Registration Office. The liability of the member is limited. United Kingdom branch registered in England and Wales under the number BR022122.

U.S. Bank Europe DAC, trading as Elavon Merchant Services, is a credit institution authorised and regulated by the Central Bank of Ireland. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

We are regulated by the Central Bank of Ireland for our acquiring, transaction risk analysis, and dynamic currency conversion services. For all other products and services, we provide, please note the following:

Warning: The provision of this service does not require licensing, registration, or authorisation by the Central Bank of Ireland, and as a result is not covered by Central Bank of Ireland rules designed to protect consumers or by a statutory compensation scheme.

