

RESEARCH REPORT:

UNCOVERING THE VALUE OF PAYMENT FLEXIBILITY, OPTIONALITY, AND CHOICE



Merchants know that offering their customers multiple payment options at checkout, whether **in-store or online**, is essential to meeting those customers' expectations both now and in the future.

“Embracing the latest payment trends and technologies provides a competitive advantage, showcasing the company’s adaptability and commitment to staying current. Offering a variety of payment options delivers greater customer satisfaction and in-store experience.”

Chris Kronenthal, President of FreedomPay.

As merchants evolve the consumer checkout experience, understanding what consumers want from checkout and what flexibility and choice at the point of sale look like can help them make decisions that drive benefits for their businesses. This report explores the results of a survey of 150 retail and e-commerce executives and uncovers what’s important to many merchants in payments.



I. EVOLVING CHECKOUT

BENEFITS AND PAIN POINTS

Consumers' options at checkout are frequently changing.

FreedomPay's research shows that merchants offer their customers 5.9 different payment method choices, on average, and tend to add new payment methods fairly often — with 67% of retail and e-commerce executives surveyed indicating that they added one new payment within the past six months, and another 21% indicating that they added one or more payment methods within the last six months, but less than one year ago.

Retailers are adding new payment methods because they recognize the benefits.

"Adding new payment methods expands the customer base by catering to diverse preferences, both regionally as well as globally," says Kronenthal. "This not only enhances convenience for customers, but also reduces cart abandonment rates, leading to increased conversion rates for retailers and e-commerce businesses."

Whether by driving up conversions or realizing other benefits, most retail and e-commerce executives anticipate that adding a new payment method can yield positive results quite quickly — with 62% of those surveyed expecting they would see an impact on their organization's sales, costs, or number of new customers within a month of adding a new payment method.

When it comes to the payment methods they've added to date, however, merchants face challenges — with security topping the list. "Concerns about security" were retail and e-commerce executives' most common pain point concerning the payment methods they currently offer, cited by 55% of respondents.

"The vulnerability of payment processing systems to cyberattacks, ransomware, or malware is a constant worry for many companies," says Kronenthal.



What are your top pain points concerning the payment methods you currently offer?

(Note: Respondents could select up to three pain points)



55%

Concerns about security

41%

High costs and fees

39%

Slow payment processing speed

28%

Concerns about fraud/theft

25%

Lack of payment flexibility for customers

23%

Too many steps in online payment processes

22%

Lack of support from payment provider(s)

22%

Complex implementation process

19%

Complexity in managing payment methods

II. FOCUS ON SECURITY AND TRUST

INNOVATING WITH NEW PAYMENT METHODS

When considering the addition of a new payment method, security is paramount.

When asked how important certain factors are when they are considering adding a new payment method, 63% of respondents said the “security of that payment method for customers” was “very important” — making it the most important factor. Factors like “the higher likelihood for a customer to complete their transaction” (62%), new customer acquisition (60%), increased revenue (59%), improved customer retention (57%), and “security of that payment method for the merchant” (55%) were also cited as “very important” by more than half of respondents.

“A lack of secure payments increases the risk of data breaches and unauthorized access to sensitive customer information. Assessing the security of a payment method is crucial for safeguarding sensitive

financial information and maintaining customer trust,”

As merchants move from considering a new payment method to assessing it, security remains critical. Only two criteria were cited as “very important” when assessing a new payment method by over six in ten retail executives: Speed of payment processing (66%) and security of the payment method (63%).

As they change up their checkout options, merchants must protect payments by ensuring that security measures such as encryption, tokenization, and multi-factor authentication are in place, and that security audits are regularly conducted.

Trust in payment service providers is also highly critical to merchants’ decisions to add a payment methods — even more critical than the innovation of that provider.





64%

of retail and ecommerce executives surveyed say trust in the brand providing the payment method is “very important” to their decision to work with a new payment service provider.



54%

cite innovation — a provider that is future-proofing their business — as “very important” to them.

Ideally, however, merchants shouldn’t need to choose between trust and innovation. Both are critical.

“The ideal approach is to find a provider that combines a solid track record of security and reliability with a commitment to staying at the forefront of technological advancements,” says Kronenthal.

“This way, companies can prioritize both trustworthiness and innovation in their payment solutions.”

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III. GIVING CUSTOMERS CONTROL

DEFINING 'FLEXIBILITY AND CHOICE'

Embracing innovation in payments — alongside trust — opens up new opportunities to boost customer satisfaction. Consumers may want to split their payments over time without incurring interest, for example, or defer their payments for a specified period.

Retailers agree that flexibility is important — **with 93% of retail and ecommerce executives surveyed reporting that offering payment flexibility and choice to their customers is either “extremely important” (34%) or “very important” (59%) to their organization.**

But merchants aren't aligned on what offering payment flexibility and choice means. Most retail and executives surveyed (79%) agree that it includes accepting credit and debit cards, but just 49% say it includes offering customers a variety of financing options. Even fewer (19%) say it includes offering customers promotional financing.



What does offering payment flexibility and choice look like to your organization?

(Note: Respondents could select all that applied.)

79%

Accepting credit and debit cards to their organization

72%

Offering customers a variety of payment options

69%

Accepting digital payment methods such as digital wallets and peer-to-peer payment apps (PayPal/Venmo/Zelle)

57%

Easy-to-navigate payment processes

49%

Offering customers a variety of financing options

19%

Offering customers promotional financing



Offering options such as installment loans and promotional financing — such as deferred payments and interest-free periods — allows consumers to make purchases on their terms. Embracing digital-first payment solutions helps make this possible.

“Payment flexibility and choice is about empowering customers with the freedom to choose the payment method that best suits their needs and financial situation,” says Kronenthal. “Providing options like installment loans and promotional financing empowers customers to align their payment methods with their financial preferences, enhancing overall satisfaction.”

IV. CUSTOMER-FOCUSED PAYMENTS

CONVENIENT, ACCESSIBLE, AND FEATURE-RICH

Retailers are seizing the opportunity to enhance customer satisfaction. A number of customer-focused motivations are driving merchants to offer multiple payment options.

Increasing the average amount spent per transaction, for example, is high on retailers' priority lists: 74% of retail and e-commerce executives surveyed report that increasing the average amount spent per transaction by their customers is either "the top priority" (13%) or a "high priority" (61%) for their organization, and 87% agree that adding new point-of-sale payment methods (such as buy now, pay later and installment loans) can increase the average amount spent per transaction.

Even more retail and e-commerce executives surveyed **(91%) agree that adding payment methods can bring in new customers.**

"Businesses can appeal to a wider customer base, especially those inclined towards digital wallets, by incorporating buy now, pay later as a payment option, for example," says Kronenthal. "Mobile accessibility [also] aligns with the prevalence of mobile commerce, enabling transactions on the go. Consumers can also manage their accounts seamlessly, track transactions, and access purchase history."

Improving accessibility and convenience for customers through new payment options can help merchants drive up customer loyalty.

A full 87% of retail and e-commerce executives surveyed agree that adding new point-of-sale payment methods can improve customer loyalty.



V. CONCLUSION

As consumers' needs, preferences, and financial situations continue to evolve, merchants must continue adapting their mix of payment methods. But keeping security, trust, and customer experience top-of-mind is key.

"Consumers want an easy and quick checkout, but a secure experience is also crucial," says Kronenthal. "They like having various payment options to make the process more convenient and personalized to their preferences, but they also want to know their personal and payment data remain secure and not open to a breach or fraudulent charges when shopping with a trusted retailer. Having a partner to enable leading technology is crucial to implementing a user-focused and secure checkout experience to ensure happier customers."

FreedomPay works with many of the world's biggest brands in hospitality, retail, and food and beverage. It is modernizing, monetizing, and democratizing the payment space in bold and innovative ways through a single, secure payment gateway. To learn more, go to [FreedomPay.com](https://freedompay.com).

ABOUT THE RESEARCH

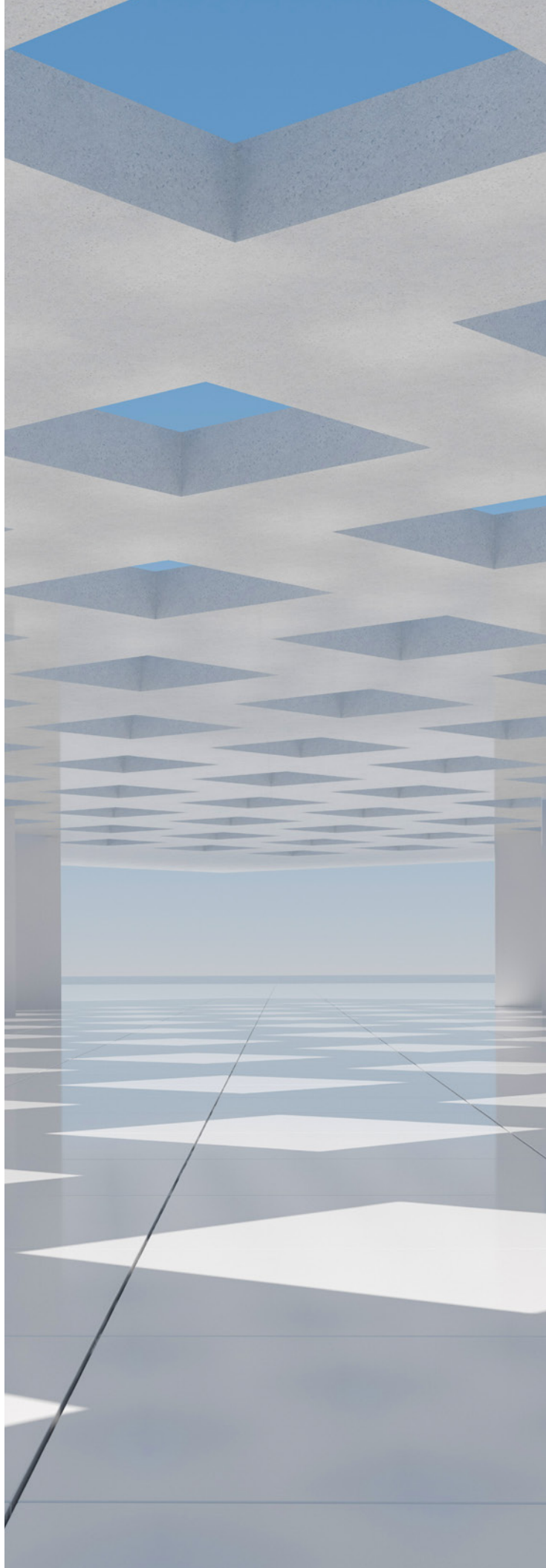
FreedomPay partnered with Retail Dive's studioID to survey 150 executives at retail and e-commerce companies with annual revenues of \$100 million and over. The online survey was conducted from December 20, 2023 – January 2, 2024.

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FreedomPay's Next Level Commerce™ platform transforms existing payment systems and processes from legacy to leading edge and enables merchants to unleash the power of pay. As the premier choice for many of the largest companies across the globe in retail, hospitality, lodging, gaming, sports and entertainment, foodservice, education, healthcare and financial services, FreedomPay's technology has been purposely built to deliver rock solid performance in the highly complex environment of global commerce.

The company maintains a world-class security environment and was one of the first payment solution providers in North America to be validated by the PCI Security Standards Council. FreedomPay's robust solutions across payments, security, identity, and data analytics are available in-store, online and on-mobile and are supported by rapid API adoption. The award winning FreedomPay Commerce Platform operates on a single, unified technology stack across multiple continents allowing enterprises to deliver an innovative Next Level experience on a global scale.

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