

Snapshot report 2021 - 22

The Expectation Gap

What UK and Irish consumers want vs brand readiness.



adyen

Foreword

We've been operating in a state of 'normal-ish' for a few months now. Shops, bars, and restaurants are open at full capacity and social distancing is over (for now). But things aren't as they were. The experiences of the past couple of years and the new learned behaviours won't be forgotten in a hurry.

We all know that the pandemic has accelerated the move to digital and that's not going anywhere. Consumers have become accustomed to and enjoy the convenience of online shopping. Even if the final purchase happens in a store, it's likely digital will have played at least some part in the journey. But physical experiences continue to be important. Perhaps it's pent-up demand, or perhaps it's the local bonds we've formed during lockdowns. In any case, in store shopping and an interest in local high streets remains prevalent.

[Unified commerce](#) continues to be a bit of a sticking point for businesses and our research uncovered some big gaps between consumer expectations and the current reality for a lot of brands. This is a huge opportunity since the brands that get it right, will set themselves apart.

Another important element for consumers is ethics and sustainability. The pandemic has given rise to a greater social consciousness. But, overall, brands are underestimating their customers appetite for doing good. It's important for consumers and brands to pull together.

And finally, as many of you will have experienced, the shift to online shopping has seen a growth in online payment fraud. Luckily, strong customer authentication methods are getting easier. Now's the time to invest to ensure you're compliant and ready for PSD2.

I hope you find this snapshot report helpful. If you have any questions about our findings or would like to explore how we can help you prepare for 2022, [please get in touch](#).

Happy reading.



Colin Neil
Managing Director, Adyen UK

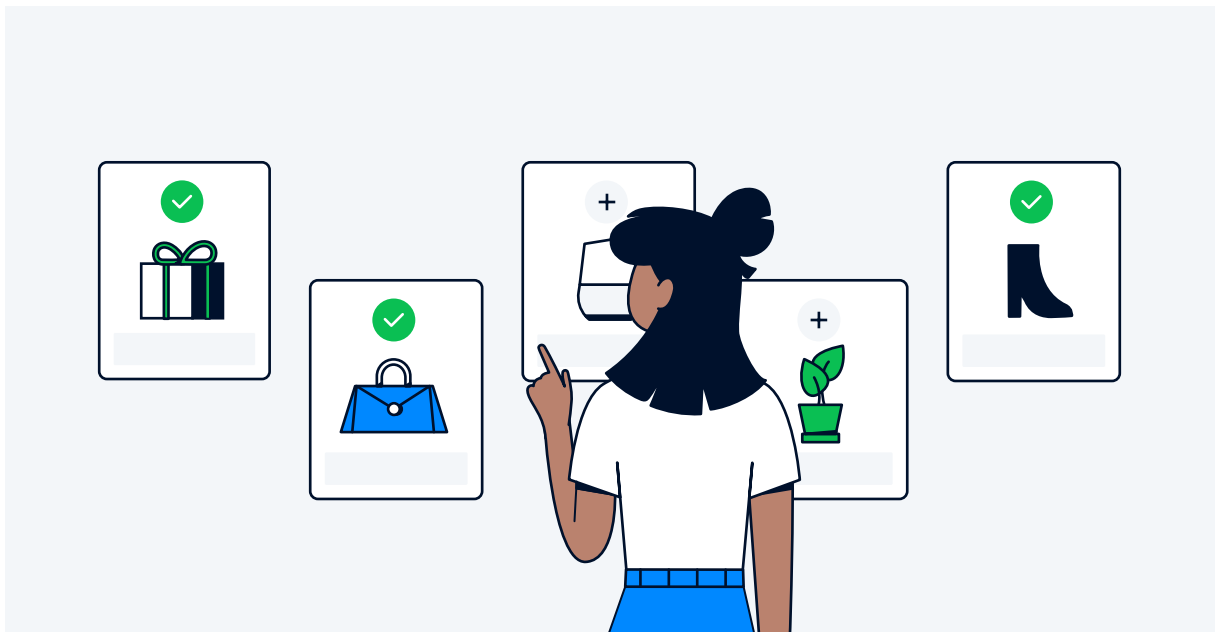


About the report

To understand what customers want, what brands are planning, and uncover any blindspots in between, we surveyed 3,000 consumers and 460 retail and hospitality brands across the UK and Ireland. The following report is a summary of the findings combined with examples from brands like Joe & The Juice, Aesop, and Fortnum & Mason. The report also includes insights from our recent podcast series: [Retail reawakened](#), which features interviews with BBC's Claire Bailey, consumer psychologist Kate Nightingale, and Digital Transformation Strategist Craig Crawford.

New habits: Pandemic behaviours that have stuck

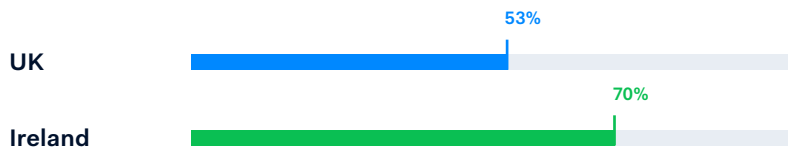
Old habits die hard. And, apparently, so do new ones. Almost two years since the pandemic forced us to overhaul our daily lives, some things have stuck.



Lockdown loyalty prevails

Consumers aren't about to forget the brands that were there for them during the dark days of the pandemic and Irish consumers are particularly grateful.

"I'll stick with the businesses I used during the pandemic."

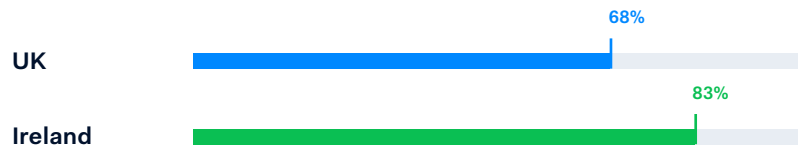


The rise of the 'insperience'

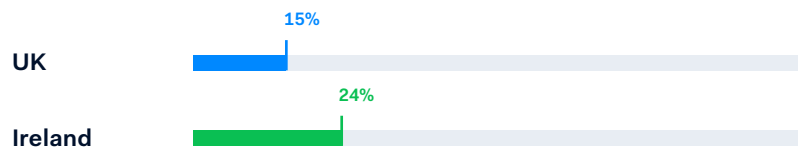
Consuming restaurant-prepared food at home has become standard practice. According to the Adyen payments platform, 50% of customers around the world order food once a week with 25% ordering every two days. Interestingly, 90% of these orders in the UK are for lunch (doubtless catering to home-workers). But there's nothing like losing a sporting event to kill appetites; UK food orders went down by 11% after the Euro Cup final (while in Italy, they went up by 25%).

Now, even though restaurants are open again, the enthusiasm for take-away remains high, especially in Ireland.

"I want takeaway services continued."



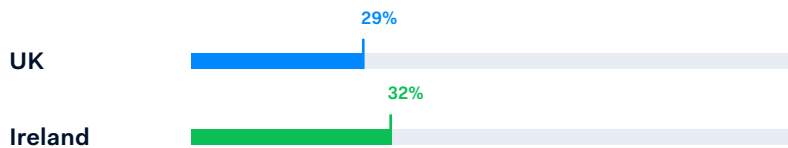
"I want meal kits continued."



Digital is here to stay

Online shopping isn't going anywhere. About a third of UK and Irish consumers are turning their back on stores in favour of the convenience of buying online. But that's only part of the picture, as we'll see below.

"I'm less likely to shop in store because of the good experience I had online during the pandemic."



Adyen advice

At least one part of the customer journey will be digital. Craig Crawford (a driving force behind Burberry's digital transformation) says: "80% of us won't go into a store if we haven't been online first. Digital is discovery." But of course, today, it's not just enough to have a beautiful store and a beautiful site; the two have to be connected. By letting your customers move seamlessly across your stores, your website, your social channels, and your app, you'll not only improve the experience but generate more revenue.

[Explore the benefits of unified commerce ›](#)

Unified commerce for the win

While online shopping is popular, the Adyen platform shows just how profitable it can be to offer multiple channels to your customers. During the pandemic, the volume and value of omnichannel payments rocketed, and shoppers that buy across several channels spend twice as much.

400%

Increase in omnichannel sales across Europe

200%

More spent by omnichannel shoppers

25%

Increase in omnichannel transaction value across Europe



“We had really grand plans of 30-40 stores in the next five years. Website was not even being considered. As a result of the pandemic, we thought: Everyone's sitting at home, right? So maybe we have to go to them. Now our website and stores will coexist. They will survive and they will have to thrive together.”

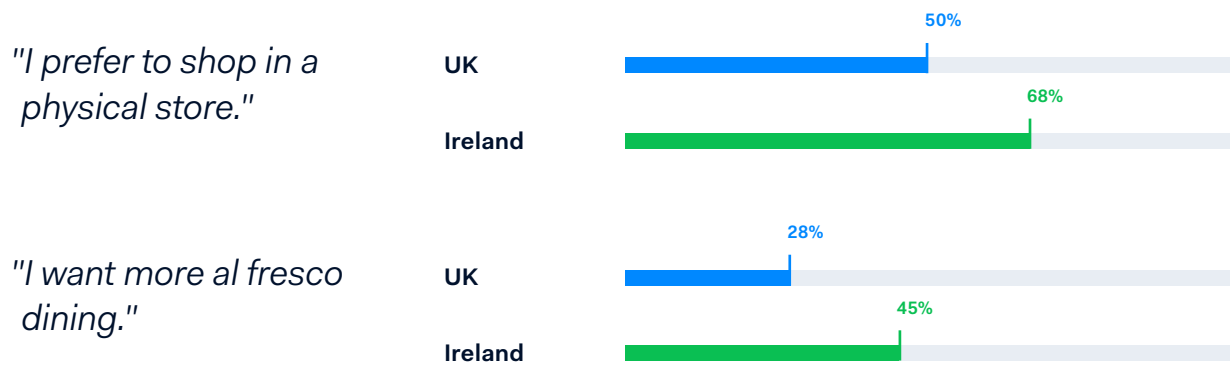
Saad Usman — Director of Finance and Operations

[Listen to the podcast episode >](#)

High street expectations

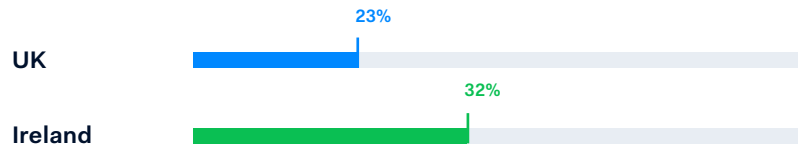
Claire Bailey, Retail Champion for the BBC believes the high street will change but never die. In [Episode 1 of our podcast series](#) she says: "Anybody who wants to talk to me about the death of the high street is going to have an argument on their hands. Because high streets have been with us for literally hundreds of years and will survive long beyond our existences. There's been immense change that's impacted our high streets over those years, but they've bounced back, reshaped themselves, and showed that they offer relevancy to the community that they're there to serve."

Despite the growth of ecommerce, the store continues to hold its own and consumers have a keen interest in their local high streets. There is some appetite for preserving the local character of high streets and Irish consumers have a particular enthusiasm for al fresco dining.

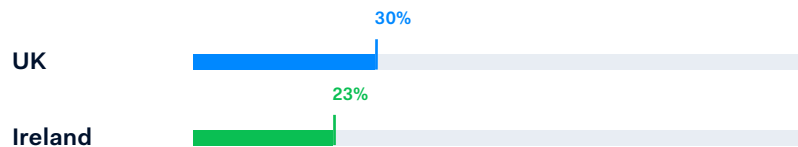




"I'm committed to sustaining a local high street."



"I want more independent stores and eateries."



"We're going to have a new high street at the end of this, which still has a lot of shopping in it. We have a really strong, independent sector as well; the sort of shops that you won't find in any other high streets. But the big, interesting thing is we want a mixture of living. So we're bringing living space in, we're bringing workspace in as well. You need to diversify. You need to bring people into your town centre either to live, or work, or to come to events or to come to wonderful parks."

Nigel Cooke — Cabinet member for regeneration

[Listen to the podcast episode >](#)

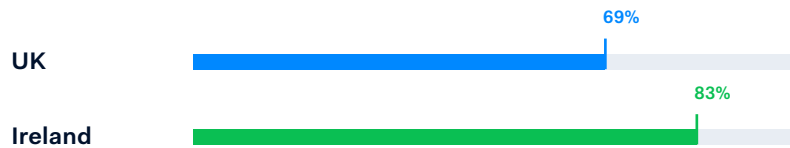
Unified commerce: The gap

Consumers want to hold onto the flexibility brands offered during the pandemic, especially in Ireland.

"I want brands to continue to sell across multiple channels."



"I want brands to continue selling online, even when stores are open."



Aēsop.

"We have a very close relationship with our customers. They know the in-store consultants by name and vice versa. So our challenge was: How do we bring that genuine and beautiful in-store experience to our digital channels? We've launched new customer service initiatives such as live chats and video consultations, curbside pick-up, and click and collect. In this way, we can be sure our customers have uninterrupted access to both our products and expertise. We're now working towards a post-pandemic world where we can continue to deliver the service and experience that's unique to Aesop from anywhere."

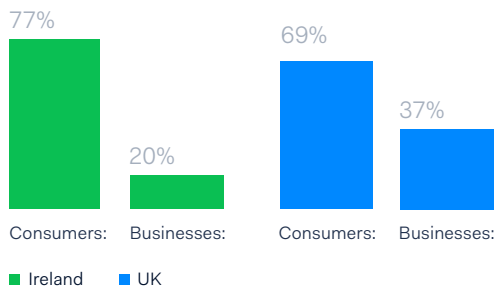
Robbie Tutt — GM of Digital and Technology



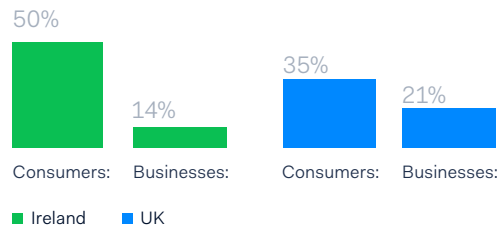
Despite the growing enthusiasm for better digital and cross-channel experiences, businesses seem to be lagging behind consumer appetite, with the difference most pronounced in Ireland. This gap could be costing you money since 65% of UK and 77% of Irish consumers won't return if they've had a bad experience either online or in store.

Digital experiences

Importance of a user-friendly app



Importance of address/payment recognition



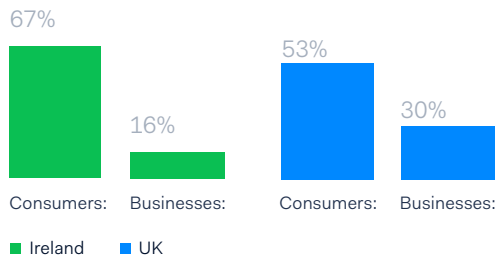
“From the moment you download the app, the communication evolves. From one visit to two, three, four, five, all the way up to our biggest tiers, we’ve customised the journey to make it human and personal. And having payment embedded in the app means loyal customers simply need to press ‘reorder’ and the transaction goes through. It’s basically the most frictionless experience you can have.”

Thomas Evald — Senior Vice President Strategy Business Development

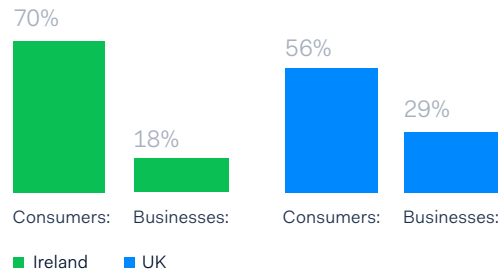
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Unified commerce

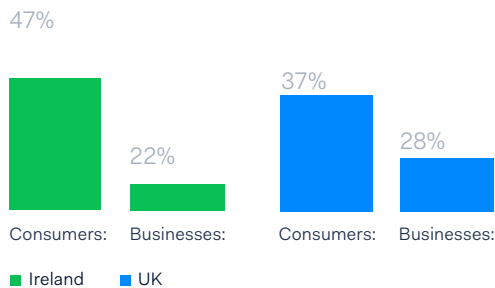
Prioritising the ability to buy online, return in store



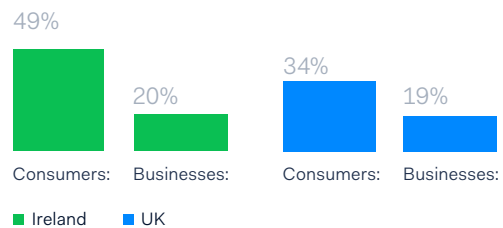
Appetite for endless aisles



Desire for self-checkout in store (via an app)



Prioritising the ability to start shopping in store and finish on mobile



“The blurring of the lines between digital and physical has really been accelerated. For example, Fortnum & Mason has a wonderful in-store experience where you can blend your own tea. Now, we actually provide that experience online as well. And you can give the tea your own name and receive it through the post. But ultimately, it’s about fusing online and offline, since customers demand a unified experience.”

Jon Weg — Chief Transformation Officer



Adyen advice

Unified commerce can seem difficult to achieve, but payments are a good place to start. By connecting your payments across every channel and region into one system, you'll have one source of truth. This not only makes reconciliation easier but makes it possible to support cross-channel shopper journeys from curbside pick-up to in-app payments in store. Tokenisation technology means you can store customer payment details securely so you can recognise them while keeping their data safe and your business compliant.

[Learn more: Unified commerce, a practical guide >](#)

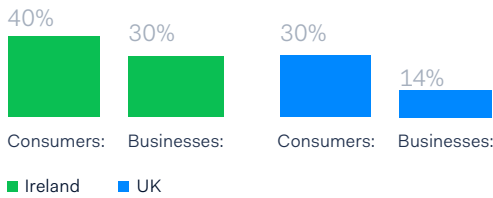


Conscious consumerism

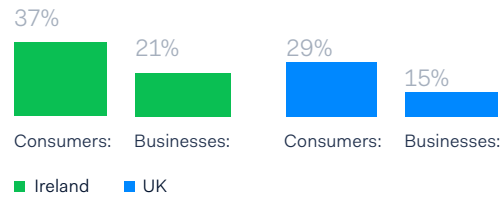
It seems the pandemic has awakened a mass social consciousness, as consumer psychologist Kate Nightingale explains: “When you’re faced with an existential threat, you ask yourself: What legacy will I leave behind? And you’re going to demand it of others too - including brands.” But the survey data suggests that brands are underestimating their customers’ desire to do good. This is particularly pronounced in Ireland where consumers feel strongly, especially when it comes to standing up for good causes and ensuring supply chains are ethical.

Environmental sustainability

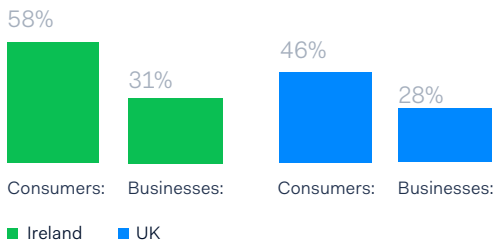
Appetite for ability to offset environmental impact



Prioritising ability to offset delivery CO2



Prioritising environmental impact



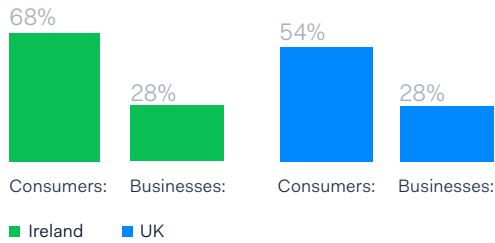
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“I came across Adyen Giving as a way to use the in-restaurant kiosks as a vehicle to do more good in our communities. You pay for your order and then a little message will appear on the payment terminal saying: ‘Would you like to donate to Bags of Taste?’ You can then choose how much you want to donate and simply tap your card to make the donation. That money then goes directly to Bags of Taste, and what we really liked about Adyen Giving, is that Adyen absorbs the cost.”

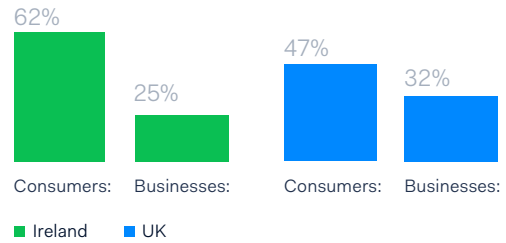
Hugo Engel — Digital Executive

Ethics and values

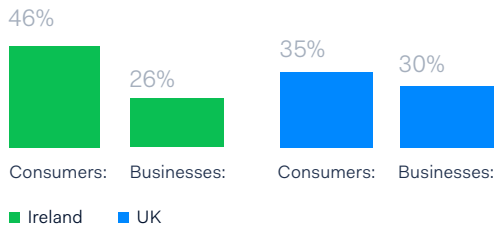
Emphasis on ethical supply chain



Importance of standing up for causes



Prioritising ability to donate at checkout



Adyen advice

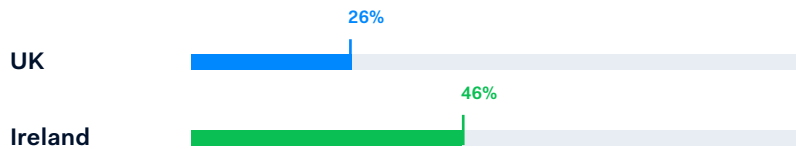
Now it's easier than ever for people to make a positive impact as they pay. Adyen Giving makes it possible for customers to donate to a brand's chosen charity at the point of checkout. Additionally, Adyen Restore lets customers off-set the carbon emissions associated with their order.

[Learn more about Adyen's Impact initiatives >](#)

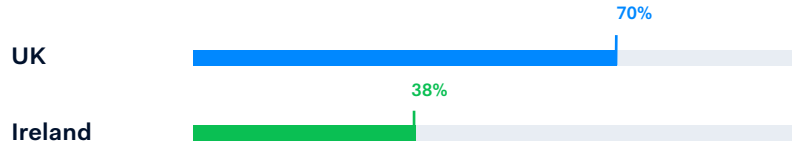
Fraud and compliance

Peak trading season is here, a growing share of transactions are taking place online, and the PSD2 deadline is looming. So it seemed a good moment to ask UK and Irish businesses about fraud and compliance. Alarmingly, almost half of Irish businesses surveyed said they'd been victim of a cyber attack or data leak and only a third feel their fraud systems are effective. UK businesses, on the other hand, have more faith in their fraud systems and over half are ready for PSD2 with strong customer authentication (SCA) in place. Perhaps unsurprisingly, only a quarter of UK brands report having fallen victim to fraud attacks.

"My business has been the victim of a cyber attack/data leak."



"Our fraud prevention systems are effective."



"We are SCA/PSD2 ready."



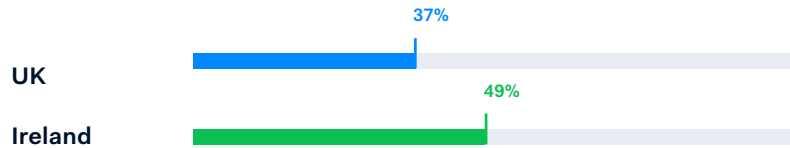
"We've managed to get our chargeback rate down from 2% to 0.2%, which is a 90% drop overall. At the same time, we've managed to keep our authorisation rates high."

Bryony Longden — Ecommerce manager

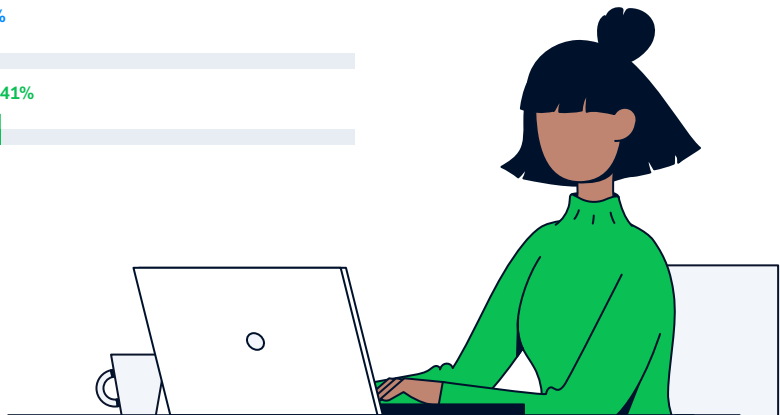
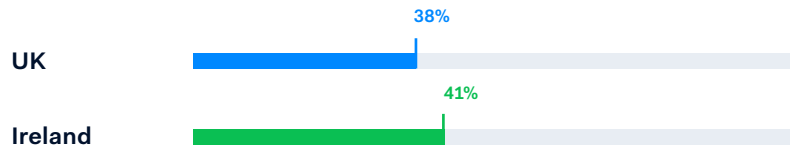
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"Chargebacks are a significant cost to our business."



"We've experienced an increase in fraud during the pandemic."



Adyen advice

As the PSD2 deadline draws closer and you approach high-volume trading periods, now's a good time to ensure your fraud defences are watertight and your payments processing is compliant. Explore the latest regulatory requirements in our [compliance guide](#). And discover how you can reduce regulatory complexity and optimise for authorisation success with our [Authentication Engine](#). On top of that, our smart, data-driven risk solution will help you maintain the perfect balance between conversion optimisation and fraud defense.

[Explore our risk management solution >](#)

Curious to learn more? Let's talk

As we ready ourselves for whatever 2022 might bring, there's lots to think about. But one thing's clear: brands today have to be agile and able to provide customers with total flexibility when it comes to how and when they buy. To achieve this, payments can be a powerful tool, not only unifying your sales channels but providing data to inform your decisions. If you'd like to chat to a payments expert and explore how you can make the most of the opportunities presented in this report, [get in touch](#).