

# How can embedded payments drive better online retail customer experiences?

With South Africa's online retail space now worth more than R50bn and growing continuously, the sector is only going to become more competitive. That's true for online retailers of all sizes too.

By [Joel Bronkowski](#) 6 Oct 2023



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At the top of the market, online-only players that have long been dominant face serious challenges from traditional retailers, which are also competing with each other, and big international entrants. Lower down, the number of medium, small, and niche players embracing online retail is also growing all the time.

While there is undoubtedly room for growth in the online space, which currently accounts for 5% of total retail sales, that growth will only bring more competition. As such, it's critical that online retailers focus on providing the best possible experience to their customers.

Providing that experience entails putting as much effort as possible into the entire customer journey, including checkout. Here, embedded payments can be very helpful.

## What are embedded payments?

Before looking at where embedded payments fit into the customer experience mix, it's important to understand what we actually mean by the term. In essence, embedded payments involve integrating payment processing functionality directly into a digital platform, application, or service, allowing users to make transactions seamlessly without leaving the platform.

Chances are you've probably encountered embedded payments in your own online shopping experiences too. Let's say you're ordering takeout from a food delivery like Uber Eats or Mr D app or groceries from a retail grocery app such as Pick n Pay ASAP or Checkers Sixty60.



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Instead of being redirected to an external payment gateway or website to enter your payment information, the app allows you to complete the entire transaction without leaving its interface. You enter your credit card details or use a saved payment method within the app, confirm your order, and the payment is processed seamlessly within the food delivery app itself.

On the surface, that might feel like a minor improvement to the online buying experience but it can actually make a significant difference to how customers feel about a particular retailer.

Think about it: how much more likely would you be to make a purchase if you could make a payment instantly, rather than being redirected to a third party to make the payment? In the real world that would be like taking your goods to the till at a shop, going to an office next door to make the payment, and then going back to collect your groceries.

### **Don't let your customer experience fall at the last hurdle**

In order to understand why, it's important to know how big an impact a poor payments experience can have on a customer. Here, we don't need to speculate because there's data available.

According to the [2022 South African Customer Experience \(CX\) Report](#), 70% of online buyers have abandoned a purchase at the last minute. Among the top reasons for doing so are payment failures and there being too many steps in the purchase process.

In fact, more than a third of respondents reported having abandoned a purchase for the latter reason. That means it's almost as big a frustration as poor site functionality and deliveries taking too long.

It's also worth mentioning that those are only abandoned purchases. How many more people would have gone through the complex payment process – perhaps because they desperately needed the item – only never return again?

Embedded payments, integrated properly, immediately solve those frustrations through streamlining the payment process and enhancing the user experience by reducing friction.

### **Additional customer experience enhancements**

But there are other ways that embedded payments can help improve customer experience too. They can, for instance, be more secure. That's because many solutions use encryption to protect customer data. They can increase customer trust and confidence in making payments through the platform.

Platforms can also customise the payment experience to match their branding, creating a consistent and familiar environment for customers. This can help reinforce brand identity and trust.



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Retailers, meanwhile, can gain access to valuable payment insights. This data can be used for analytics, customer profiling, and personalisation, allowing companies to tailor their offerings and further improve the customer experience.

Small wonder then that one global survey found that some early adopters brought in 80% of their revenue through embedded payments.

### **Get onboard now**

Ultimately, the South African online retail space isn't going to get any less competitive in the near future. In fact, it's likely to get a lot more competitive in the coming years. Players of all sizes across the sector will therefore have to work hard to attract and retain customers. That, in turn means providing the best possible experience and embedded payments will be key to that.

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