

E-commerce: Visa Everywhere

MSS Team

March 2018

Forward-looking statements and disclaimer

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as "outlook," "forecast," "projected," "could," "expects," "will" and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa's business, economic outlooks, population expansion and analyses.

All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict.

Studies, survey results, research, recommendations, opportunity assessments, claims, etc. (the 'Statements') should be considered directional only. The Statements should not be relied upon for marketing, legal, regulatory or other advice. The Statements should be independently evaluated in light of your specific business needs and any applicable laws and regulations. Visa is not responsible for your use of the Statements, including errors of any kind, or any assumptions or conclusions you might draw from their use.

What are we solving for?

We're looking for ideas and services that create an integral and seamless experience for consumer while shopping in digital taking in consideration his personal preferences and transaction context.

Opportunities to address (Ideas for R&D):

Digital commerce growth rates outpace the traditional retail formats, but its value chain is more complex and includes such elements as platforms, gateways, payment aggregators that add friction. Consumers are expecting from online stores faster service with higher quality comparing to traditional retail formats. Major digital players are working hard on consumer stickiness and frequent usage to challenge incumbent retail brands. Traditional retailers expand their online sales channel and are looking to create similar consumer & payment experience across all retail formats

We're looking for concepts and products that can reduce friction and add value for major ecosystem players – consumers & merchants while acting in online environment. Partnerships across the value chain are considered fundamental.

The ultimate goal is to erase barriers and differences for seamless consumer experience across channels, devices and Visa card form factors.

Seamless consumer experience:

Transactionless commerce. Ease of daily routine tasks. Lifetime subscriptions concepts.

Better targeting through search, social & payment data convergence

Augmented reality to boost e-com purchases

New sales channels – chat bots

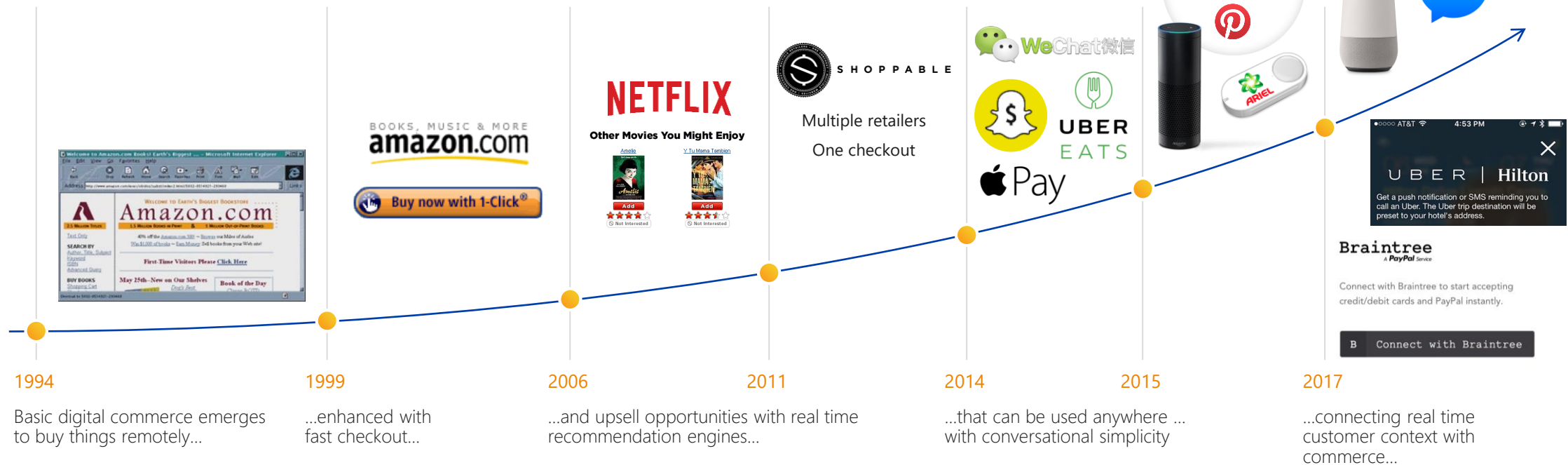
Reduce friction & increase conversion:

What value add would increase trust and encourage consumers to prepay online for goods and convert from cash on delivery?

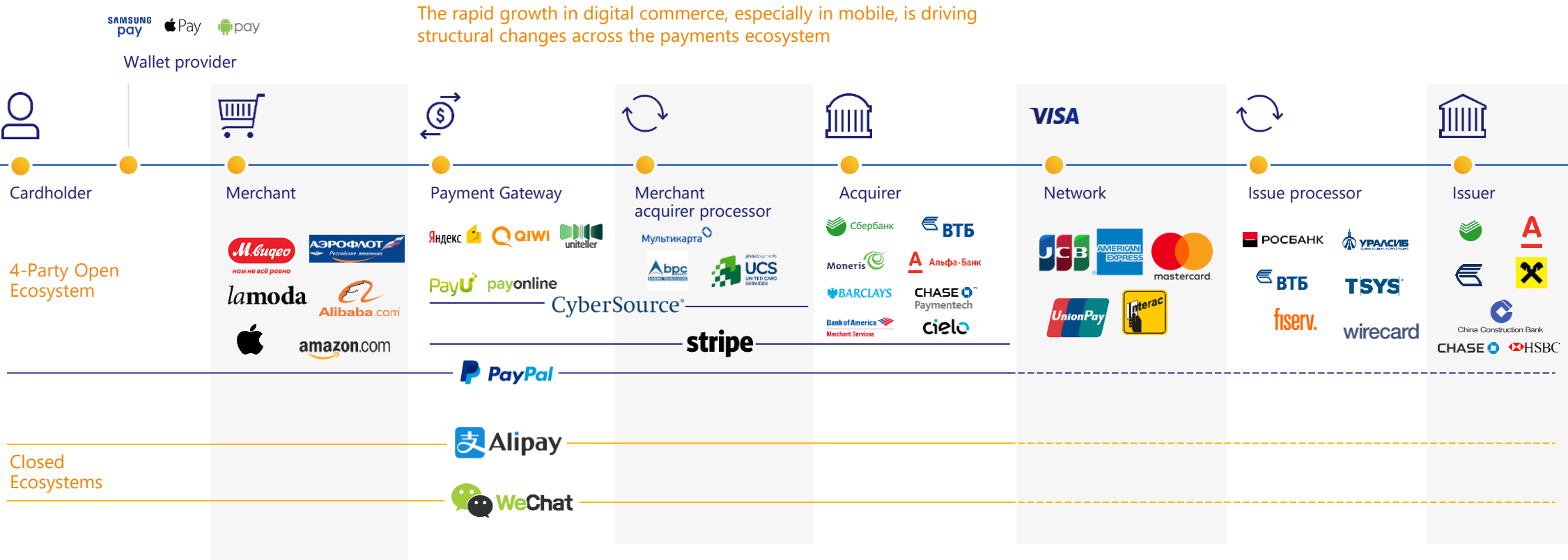
Light authentication & checkout, one click purchases

E-com as an integral part of 360 omni channel: erase channel difference in consumer UX for orders, payments, loyalty, delivery, returns

New digital commerce experiences continue to evolve



E-com and m-com value chain: Multiple players enter the ecosystem



Segment behavior: how online payments starts and mature towards purchases

25%
Emerging



- Bills
- Cosmetics
- Personal electronics

Number of categories purchased online

29%
Evolving



- Bills
- Food delivery
- Cosmetics
- Personal electronics
- Movie tickets
- Household electronics

43%
Mature



- Bills
- Food delivery
- Movie tickets
- Event/concert tickets
- Airline
- Cosmetics
- Personal electronics
- Digital content
- Household electronics
- Fashion
- Groceries
- Hotel

86% 73

43 1

93 85

48 3

96 92

68 5

Laptop online access

Mobile online access

Tablet online access

Smartwatch online access

Trends in consumer behavior & growth opportunities

Consumer segmentation and online payment behavior

- To e-com is not dependent on age
- Online shopping starts with online payments
- Cost is the key trigger for e-com and price is a most searchable item
- One out of five online purchases is made from a smartphone

Trends in consumer expectations and UX in e-com

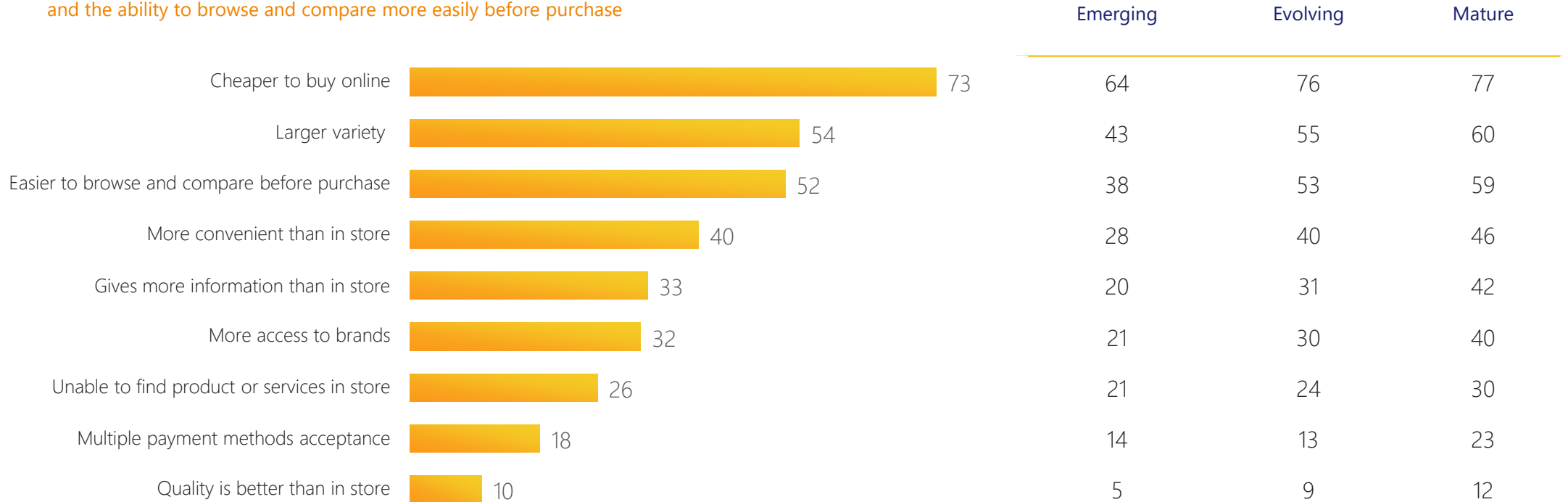
- From consumption to lifestyle. Consumers expect as many customized services and goods as possible. Retailers must be aware of and understand their preferences
- Key challenges for online shopping: trust in product quality
- Key challenges for online payments: security

Key growth opportunities for online sales & payments

- Industries: Grocery, Transportation, Fashion
- C2C is a key opportunity for growth in Russia
- Omnichannel approach
- Platforms, AI, big data

Triggers to E-commerce

Cost is the biggest trigger of eCommerce followed by variety of products and the ability to browse and compare more easily before purchase

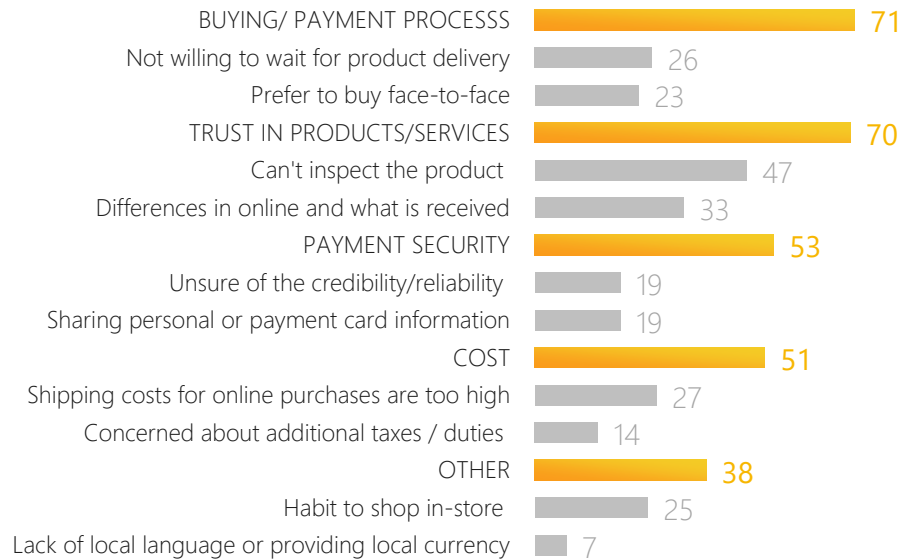


Base: All online buyers (n=780)

B0: Generally, which if any of the reasons below encourage you to buy or pay online compared to in store or face-to-face?

Barriers to E-commerce

Hesitance to purchase online is largely due to concerns in the Buying / payment process as well as concerns around Trust in products and services especially not being able to inspect the product



	Emerging	Evolving	Mature
	68	72	70
	67	69	74
	47	52	56
	48	41	53
	42	38	34

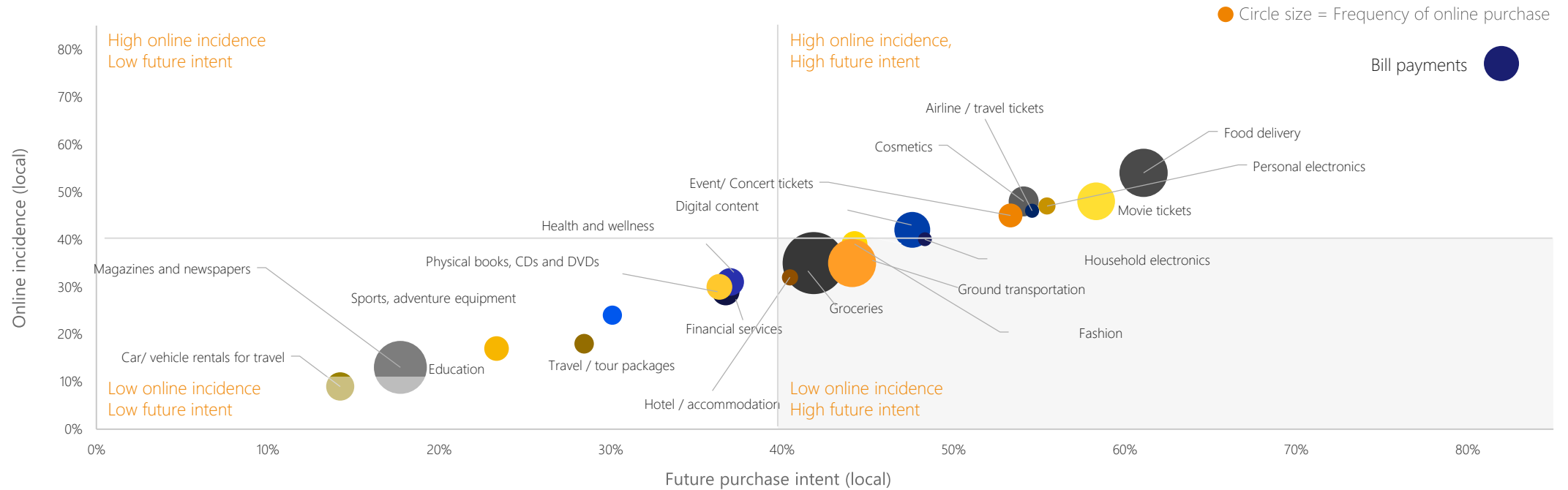
Only top 2 barriers for each nett is shown

Base: All respondents who bought offline categories (n=789)

B1: Which, if any, of the reasons below prevent you from buying or paying online generally compared to in store or face-to-face?

Overall growth opportunities for local e-commerce

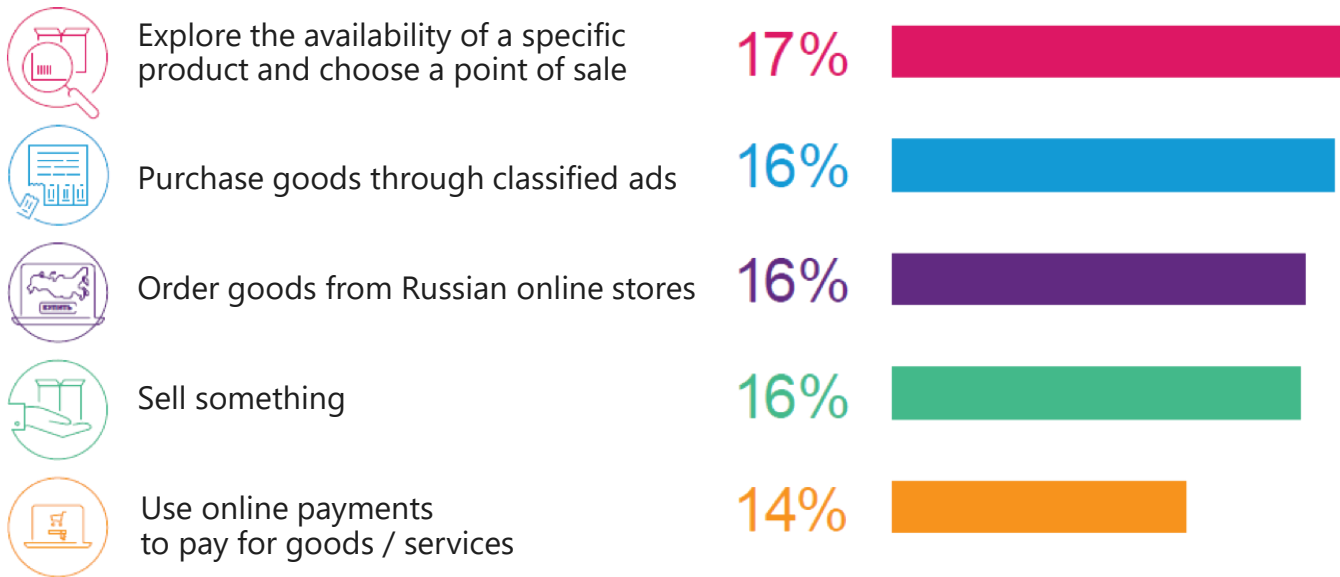
Groceries, Ground transportation and Fashion are ideal candidates for growth with high future intent and frequency but low incidence.



Base: All respondents (n=804)

C2C e-commerce is a key growth area

Which of the following are you likely to start doing online within the next 12 months?



Source: Wikipedia

Customer journey:

Key insights & recommendations

1. Trigger

Top 3 triggers to E-commerce:

- Lower cost of buying online
- Larger variety and ease of browsing
- Comparing before purchase

Encourage merchants to focus on online pricing, variety, ease of browsing on their websites and ensuring Visa is a payment option

2. Search

Price is the most searched for information and official brand website being the most used source of information. Strong behaviour of browsing online and purchasing in-store.

Tie up with key merchants to run promotions exclusive to online purchase

3. Evaluate

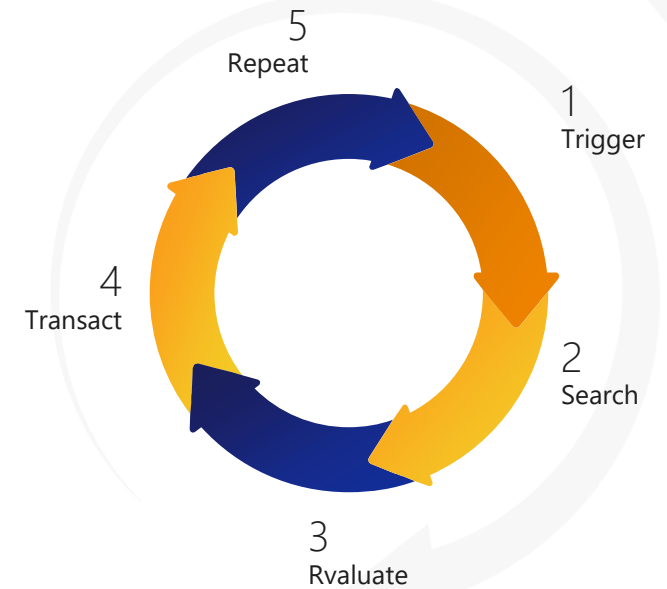
Buying or payment process like slow wait for shipping of purchase and confidence in quality of products like not being able to inspect the product are the main barriers. Confidence in quality is particularly the main barrier for Mature.

mPOS upon delivery for Visa transactions or offer free expedited shipping with tracking

4. Transaction

High share of non-card payment methods due to security and other reasons like habit, insufficient limit or funds.

Merchants displaying security symbols (especially Global Payment Operator like Visa) can help to increase trust towards websites.



We're looking for concepts and products that can create seamless consumer experience and reduce friction in omni channel world. Solutions should encompass key digital commerce stakeholders: consumers, merchants & payment providers

The ultimate goal is to erase barriers and differences across channels, devices and Visa card form factors to create an integral and seamless experience for consumer taking in consideration his personal preferences and transaction context.