

Retail Report 2023

# Connecting ambitions



**adyen**

engineered  
for ambition

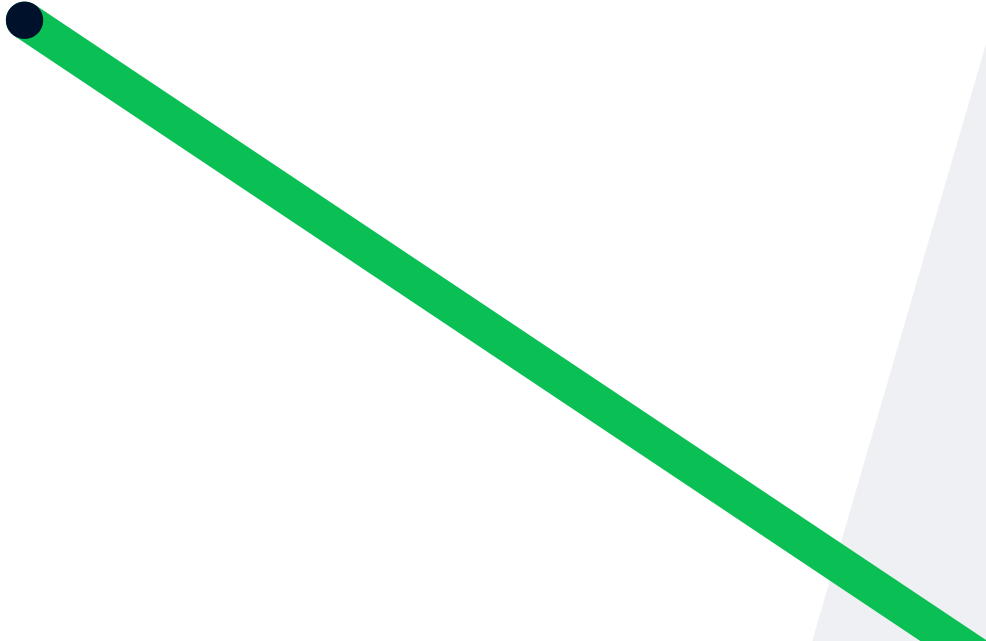
We asked over

# 12,000 businesses from 24 countries

to detail their fears, hopes, strategies, and  
investments for 2023 and beyond.

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Then we asked 36,000 consumers  
from 26 countries if they're getting it right.



Welcome to the Retail Report 2023

# Connecting ambitions

Change is always accompanied by opportunity. As uncertainty becomes more palpable in the current economic climate, US retailers' ambitions are shifting to cutting costs and protecting their bottom line. They'll need to invest in technology that will help them connect the dots and strengthen their business in the long run.

In this report, we've collected insights into business strategies adopted by retailers across the globe and compared with the US. Trends show that retailers are focused on optimizing loyalty programs, increasing efficiency, diversification, and looking for effective strategies to prevent fraud.

The biggest takeaway? Connecting payments to other parts of the business will open up a realm of possibilities. And tech-first solutions will bring much-needed agility to big businesses by giving teams the time and resources to create better shopper experiences.

What investments retailers make in technology today, will open up new opportunities tomorrow.

# Retail in 2023

<b>Chapter 1</b>	<a href="#">Shoppers want more choices in return for their loyalty</a>
<b>Chapter 2</b>	<a href="#">Unified commerce is a \$1.5 trillion retail opportunity</a>
<b>Chapter 3</b>	<a href="#">Enterprises are venturing abroad for the long run</a>
<b>Chapter 4</b>	<a href="#">2 in 5 retailers face considerable fraud costs</a>
<b>Conclusion</b>	<a href="#">A connected industry is a disruptive one</a>

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## Methodology

The Adyen Retail Report is a comprehensive guide to the global and local trends impacting businesses around the world, fueled by evolving consumer behaviors and the possibilities of financial technology.

This study includes merchant and consumer data from a wide scope of countries, examined and compared on both global and local levels to ensure a holistic view complemented by regional nuances.

## Consumer insights

Opinium Research LLP polled 36,000 adults in Hong Kong, Japan, Malaysia, Singapore, India, Australia, UAE, UK, Ireland, Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Canada, USA, Brazil, and Mexico. Respondents were incentivized to participate.

## Business insights

Censuswide polled 12,328 merchants in Hong Kong, Japan, Malaysia, Singapore, Australia, UAE, UK, India, Ireland, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Canada, USA, Brazil, and Mexico. Respondents were incentivized to participate.

Fieldwork was conducted between February 6, 2023, and March 1, 2023.

Opinium and Censuswide campaigns are conducted in accordance with all ESOMAR principles and best practice.

## Economic insights

We commissioned the Center for Economics and Business Research (Cebr) to provide analysis on the current state of retail businesses around the world.

# Chapter 1

## Shoppers want more choices in return for their loyalty





## 67% of shoppers want more rewarding experiences

Post-pandemic consumers are more deliberate in their buying. As inflation lowers purchasing power and downshifts spending, more shoppers prioritize value, affordability, and convenience.

The overwhelming majority of shoppers (78%) are now spending more time bargain hunting, searching for the best deals online and in stores. Almost a third of them (31%) are also looking for seasonal moments like Black Friday and Cyber Monday for added discounts.

More and more shoppers expect tailored rewards and experiences for their continued loyalty during tough economic times. Up to 68% of shoppers want more personalized discounting from retailers they regularly shop with. And almost half (48%) want retailers to remember their preferences and purchase history for more customized browsing.

Customers are also willing to go the extra mile. Up to 68% of them would download a retailer's app to receive better loyalty bonuses, an 11% increase from last year.

Retailers are feeling this shift. 58% of them reported an increase in customer expectations because of the cost-of-living squeeze. And more than 2 in 5 (42%) saw a decrease in customer loyalty due to rising inflation. That's why 48% of retailers started offering discounts year-round.

As consumers rethink their spending, retailers are looking at innovative ways to stay in tune with their consumers' dynamic sentiments and behavior. Investing in personalization proves essential. And data is the way forward.

Up to 52% of businesses find it hard to categorize shoppers by their needs. Only 27% of them use a customer relationship management (CRM) system to curate stronger personalized journeys. And only a quarter have centralized databases showing sales from all channels. This leaves only 23% of retailers who can connect online and in-store transaction data.

Yet 27% of retailers are already planning to invest in collecting and analyzing payments data this year, a 23% increase from last year.





**53%**

of shoppers want better personalization from their current loyalty programs



**38%**

of retailers have the data to plan for shopper loyalty



**27%**

of retailers are able to maintain shopper loyalty during inflation



**56%**

of retailers are in a better position from investing in customer experiences



# What does this mean for **the US?**

According to US consumers, there is a great opportunity for retailers that improve their loyalty offerings. 65% of consumers feel that retailers need to improve their loyalty programs like private label credit cards, loyalty cards tied to Apple and Android wallets, and card based loyalty. 68% would like to see more personalized discounting at their favorite stores.

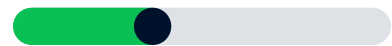
This doesn't come as a surprise. 41% of US retailers report they don't have any formal loyalty programs in place. That could be due to the fact that 36% of retailers feel like they don't have the data to make intelligent decisions on customer loyalty. Additionally, 48% feel it's getting harder to categorize consumers by behaviors and needs because consumers truly want a personalized experience.

Since 51% of US consumers prefer retailers who remember their preferences to create a more tailored shopping experience, the retailers that can solve that knowledge gap will get a boost on the competition.



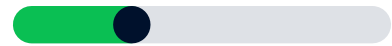
**65%**

of US consumers feel that retailers need to improve their loyalty programs



**41%**

of US retailers don't have any formal loyalty programs



**36%**

of US retailers lack the data to make intelligent decisions on customer loyalty



**51%**

of US consumers prefer retailers who remember their preferences to create a more tailored shopping experience

**AWAY**

*“Working with Adyen allows us to consolidate all customer payments activities under a unified financial technology platform, which eliminates the complexities of interacting with and managing disparate payments platforms. This allows for a standardized and uniform experience for customers resulting in more streamlined access to and management of customer information.”*

**Mohan Itwaru** — Director of Direct to Consumer Technology, Away Travel

# From insight to action

## Power your personalization strategy with data

### Turn transactions into relationships with unified commerce

Retailers can elevate their personalization strategies using data. Unified commerce allows them to manage online and in-person payments data better and draw more accurate insights from it. It connects real-time data from across your different channels, payment methods, brands, and regions into one centralized view. It shows you exactly what your shoppers are looking for, when and where they want to get it, and how they want to pay for it.

This keeps you ahead of the curve and lets you respond to your customer preferences quicker, more accurately, and at scale.

Unified commerce also helps you design more effective strategies to give shoppers the best value for money. You can use actionable insights to offer tailored loyalty programs, promotions, sales bundles, perks, dynamic pricing, and subscriptions that go beyond mere discounts. And you can meet your shoppers wherever they are in their nonlinear journeys.

Having the right payments partner by your side can help you curate these customer relationships and optimize your business performance.



# Chapter 2

**Unified commerce  
is a \$1.5 trillion  
retail opportunity**





## 8 percentage point boost to their revenue last year as retailers broke down silos

Unified commerce is gaining traction in retail. And the data clearly shows accelerated adoption rates.

Up to 17% of retailers are already heavily investing in unified commerce. 33% are beginning to invest in it, and 39% are considering doing so. This is just over the span of a year.

And it's for good reasons. Retailers who used unified commerce in 2022 saw an 8 percentage point boost to their revenue growth. Our research concludes an estimated \$1.5 trillion increase in the retail sector worldwide if more retailers adopted unified commerce.

On the shoppers' side, there's greater demand for seamless and flexible omnichannel experiences by the day. Up to 55% of consumers abandon purchases if they can't pay using their preferred methods, whether in stores or online. 61% are more loyal to retailers offering in-store web returns. 63% are also more loyal if they can purchase an item that was out of stock in stores and have it shipped directly to their homes. And 44% are more loyal if they can shop in store and finish the purchase online (showrooming) or vice versa (webrooming).

By connecting detached frontend and backend systems into a single platform, retailers can shift how they use technology to support their businesses. Technology becomes an integral part of their offering.

Shoppers crave this agile and seamless integration. Over a quarter of consumers (26%) would frequent a store because of its technology. And almost 3 in 5 businesses (59%) turned consumer browsing into spending via experiential retail. Memorable shopping experiences blended with technology are what's in vogue.

When it comes to technology, shoppers prefer solutions that make their journeys more convenient. 38% liked in-store technologies that sped up their shopping experience. A quarter believed they made it more fun.

And retailers are quick to respond. More than a third of businesses (35%) plan to invest in connecting backend systems to customer-facing payment channels, which is a 119% increase from last year. And 40% plan to invest in technology to improve the overall shopping experience.

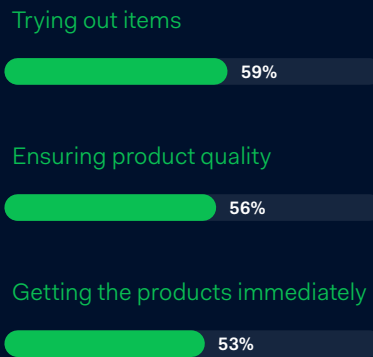


**25%** of retailers have a centralized database with all cross-channel sales

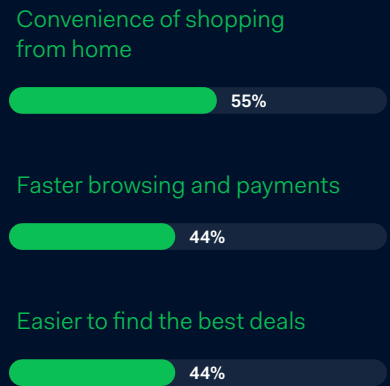
### How do consumers prefer to shop?



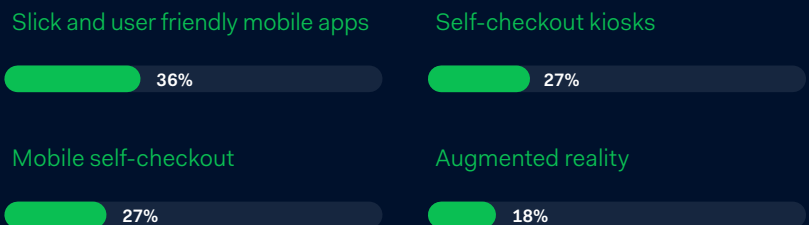
#### Top reasons consumers prefer in-store shopping



#### Top reasons consumers prefer online shopping



### Technology influencing consumer purchasing decisions



# What does this mean for **the US?**

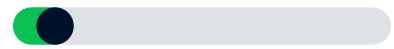
Unified commerce is the next frontier for US retailers, where the demand for seamless and flexible omnichannel experiences is growing by the day.

That's reflected in the numbers. 66% of consumers love the ease of purchasing an out-of-stock item in store and having it shipped to their home and 67% are more loyal to retailers offering in-store web returns.

Last year, US retailers that connected their online and offline payments in one system saw a 16% revenue boost.

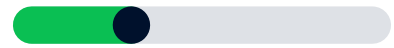
Retailers in the US are paying attention. 42% of retailers are starting to invest or are investing heavily in connecting online and in-person payments in one unified experience. 53% are considering doing the same.

Only 33% of US retailers are able to connect online transaction data with in-store transaction data. Coupled with the fact that currently 36% of retailers are investing in payments data collection and analytics, there's a lot of opportunity.



**16%**

boost in revenue for US retailers that connected their online and offline payments



**36%**

of US retailers are investing in payments data collection and analytics



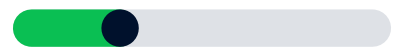
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**66%**

of US consumers love the ease of purchasing an out-of-stock item in store and having it shipped to their home



**33%**

of US retailers are able to connect online transaction data with in-store transaction data





BROMPTON

*“Whether it’s brick-and-mortar retail, click and collect, or other digital transactions, all of these interactions can be accommodated by Adyen anywhere in the world. The reporting and the level of data has tremendous potential value, helping us make better internal strategic decisions.”*

**Rich Spencer** — President, Brompton North America

# From insight to action

## Shift your focus from touchpoints to journeys

### **Connect the dots through unified commerce**

Shoppers focus on end-to-end experiences and not individual channels. Yet businesses have been interpreting customer experiences through the lens of siloed touchpoints. Unified commerce makes both see eye to eye and helps retailers keep up with their customers' complex and dynamic habits.

It connects multiple touchpoints into a seamless journey and curates personalized, frictionless experiences for your customers.

### **Take back control of your operations**

Operational agility is key in today's global economy. Break down silos through unified commerce to connect your frontend channels and backend systems and streamline your operations.

Embrace a holistic, long-term strategy as you do so. Think of key business, organizational, and technological factors. Consider the channels you'll connect and the supply chains, legacy systems, and operating models involved. Are you conducting cross-border and local transactions? And do you need to revise your team structures for more agility?

### **Strengthen your supply chain management**

Unified commerce can help retailers better manage their supply chains. It connects components like warehousing, inventory, and procurement, showing you the weak links.

It powers your operations with data. This optimizes your stock allocation, delivery, and returns, wherever you conduct your business. And it makes you reliable for your shoppers.

### **Manage your payments better**

Move away from a fragmented payments ecosystem to a unified one. Instead of aligning different payment solutions across multiple channels, unified commerce means you can have a single payments stack. This improves authorization rates, optimizes costs, and eliminates downtime. It gives you a consolidated view of your payments across channels, payment methods, banks, and currencies.



# Chapter 3

## Enterprises are venturing abroad for the long run

A decorative graphic on a light gray background. It features a large white circle in the lower-left quadrant. A thick green line enters from the bottom-left, passes through the center of the white circle, and extends towards the right. Another thick green line enters from the top-right and extends towards the center. A third thick green line enters from the bottom-right and extends towards the center. The lines are solid and have a slight shadow effect.



## 68% of retailers plan to expand into new markets this year

Compared to last year, more retailers plan to invest in cross-border commerce in 2023, with the majority looking to do so online. The top 5 destinations they're targeting are the US (25%), France (22%), Germany (22%), China (19%), and Canada (18%).

Given the looming recession and increasing prices, connecting to global markets might seem paradoxical. But these conditions present new opportunities for enterprise retailers, particularly over the long run. Up to 55% of businesses reported being in a better position in 2023 because of the diversified revenue generated from operating in multiple markets.

This maps neatly onto consumer behavior and expectations. 1 in 5 shoppers surveyed reported making an online purchase from a retailer based in another country in the last six months of 2022.

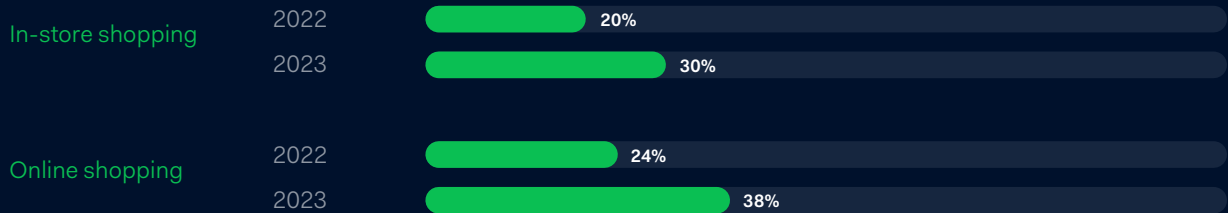
The top considerations for customers when engaging in global ecommerce relate to variety, price, and convenience.

Up to 21% of shoppers look for unique products that are locally unavailable. When it comes to payments, almost a third of online shoppers (32%) said they would only buy products from abroad if the delivery charges were reasonable. A quarter would avoid it altogether if they had to incur customs charges in addition to the delivery fees.

As for the payment methods, shoppers still prioritize flexibility. Around 23% would only shop on websites in other countries if they can use their usual payment methods. Another 21% reported to do so if the retailers automatically converted prices to their local currency.

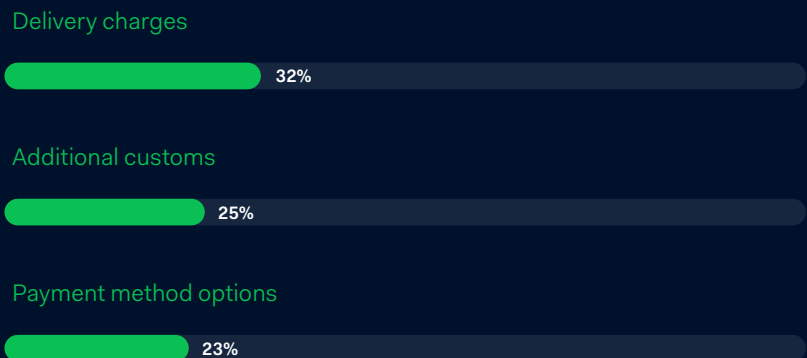


## Global expansion plans for retailers



**1 in 5 shoppers** made an online purchase from a retailer in another country in the past six months

## Top considerations for shoppers in cross-border ecommerce



# What does this mean for the US?

While the US is a large and diverse market, retailers companies are still looking to expand beyond American borders.

The percentage of US retailers that sold online in new markets increased by 15%, from 24% in 2022 to 39% in 2023. The percentage of US retailers that expanded to new markets with brick-and-mortar increased 16% in that same timeframe, from 21% to 37% .

US Retailers also became more comfortable accepting international payment methods like Klarna and WeChat Pay. In 2022, only 26% of retailers accepted international payment methods. In 2023, that increased to 38%.

For US consumers, the possibility to use preferred payment methods took top billing. Around 21% would only shop on websites in other countries if they can use their usual payment methods. Another 20% reported to do so only if the retailers automatically converted prices to their local currency.



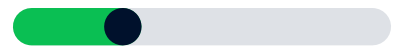
62%

increase from 2022 to 2023 of US retailers that sold online to new markets



76%

increase from 2022 to 2023 of US retailers that opened brick-and-mortar stores in new markets



34%

of retailers don't have the data to make intelligent decisions on shopper loyalty



46%

increase from 2022 to 2023 of US retailers that accepted international payment methods

## BROMPTON

*“We had 3 months to go live in 6 markets while ensuring the customer experience stayed firmly on-brand. Adyen made this possible with a single platform to process payments across all markets at once. So we were able to roll out quickly and easily. The launch was a huge success and we saw an immediate lift in conversion.”*

**Harry Mann** — Head of Customer Experience, Brompton





# From insight to action

## Strategize your expansion and diversify

### **Find the right opportunities for expansion**

A recession could mean unmet customer needs, less competition as others retreat, and better deals when purchasing equipment and raw materials. This could provide you with a competitive edge for overseas sales. But to succeed, plan wisely.

Aim for the long term and set up and test smart localization strategies. Research the countries where you want to expand. Understand the product-market fit, pricing, price sensitivity, and regulations. Map out plans for logistics, shipping, and marketing.

While global expansion can provide you with varied revenue streams and a wider customer base, it's vital to know when to opt out. The key is making informed decisions and adding value to your business and customers.

### **Choose a payments partner and cater to “glocal” shoppers**

Expanding into foreign markets is financially complicated. Consider local payment methods, currency conversions, taxation, and banking requirements. You don't have to navigate these challenges alone or start from scratch, especially when it comes to payments.

Choose the right payments partner to help you set up shop. There's a clear need for such a partnership. 72% of retailers don't accept local payment methods from outside the operating country of their business despite customer preferences for them. And only 39% of businesses accept all major card payment methods, even though 77% of their customers prefer using them when shopping in store and 72% of them when shopping online.

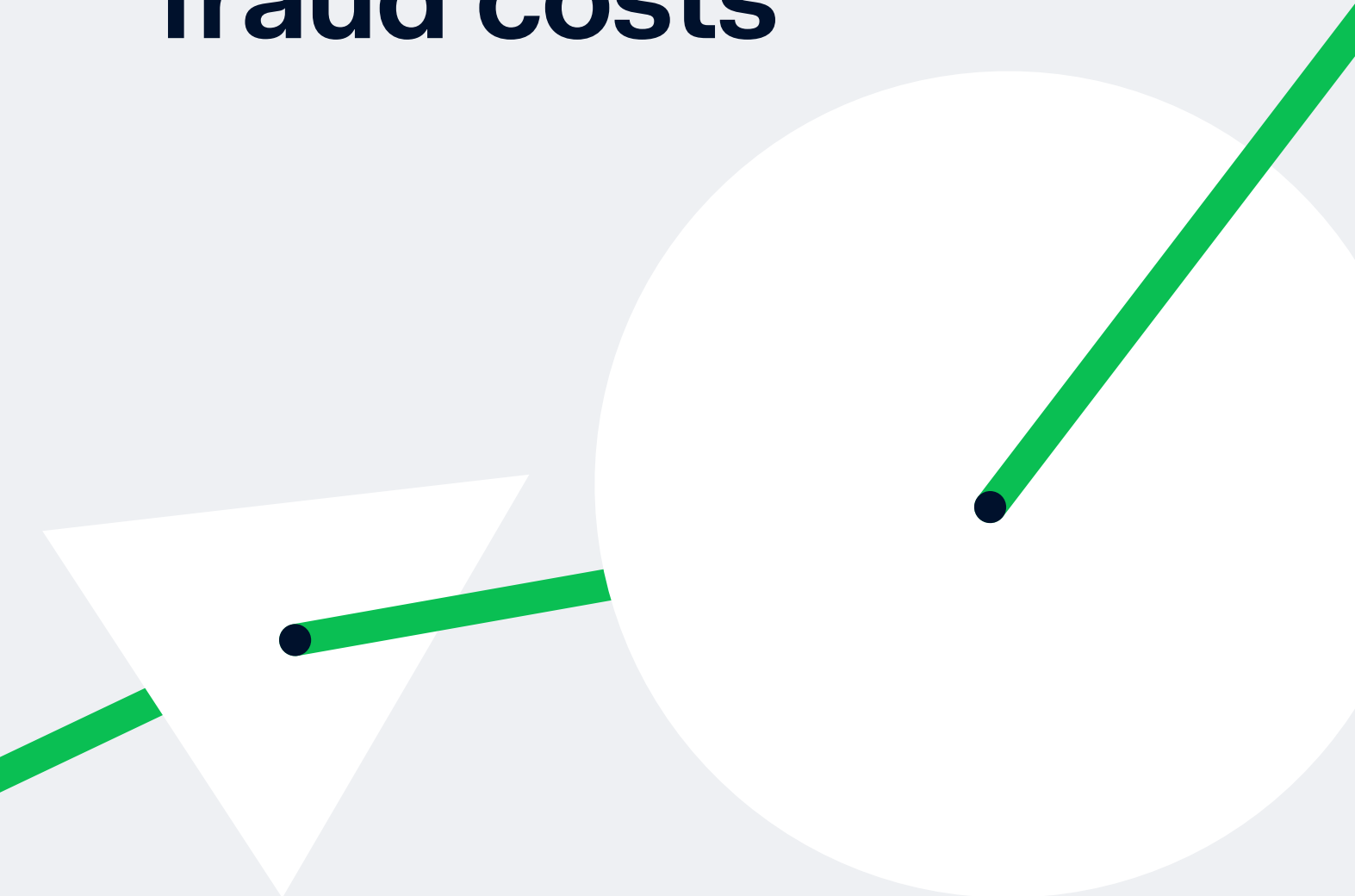
Working with the right global payments partner allows you to seamlessly and quickly integrate locally acceptable payment methods and bypass the need for opening local bank accounts. Retailers can receive payments in their usual currency, regardless of the customer's location. And shoppers can pay with their trusted payment methods and preferred currencies.

This makes your localization strategies efficient, compliant, and enjoyable, without multiple intermediaries. It simplifies the nitty-gritty details of international payments, allowing you to focus on delivering consistent yet locally relevant and diverse shopping experiences around the globe.

And you can bring all of your cross-border operations under a single platform to remain connected wherever you are.

# Chapter 4

## 2 in 5 retailers face considerable fraud costs





## 1 in 4 shoppers experience fraud

As the retail industry continues its digital transformation, shopping experiences are becoming more innovative, diversified, and sophisticated. And so does fraud.

During the last year, about 2 in 5 retailers (39%) experienced increased payment fraud attempts. And over a third (34%) experienced cyberattacks or data leaks.

This is proving costly to both retailers and shoppers. 44% of retailers suffered significant losses from fraudulent transactions and chargebacks. And almost a quarter (23%) of shoppers experienced payment fraud over the past year, losing an average of \$242 each. This more than doubles for consumers using digital currencies like bitcoin, with 49% of shoppers using these currencies experiencing fraud.

As shoppers reconsider their spending habits to cope with surging prices, their confidence is taking an extra hit from cybercrime. Around 60% of consumers find online shopping less attractive because of fraudsters. 70% want to know who is processing their payments on behalf of retailers. And 75% want retailers to communicate their online fraud protection measures better.

Shoppers also undertake various techniques to minimize fraud risks themselves. 40% of consumers check whether a website is secure before purchasing, and 30% won't shop on an outdated website. Up to 31% avoid saving their payment details for security concerns. And 24% rely on biometric authentication online and in stores.

A quarter of retailers plan to invest in fraud and risk management systems over the coming year. Over 2 in 5 of businesses (44%) will expand their fraud and risk teams in 2023. And technological solutions are on the rise. 51% of businesses already leverage artificial intelligence in fraud prevention, a 13% increase from last year.



24%

of retailers consider increased fraud a major threat to their business

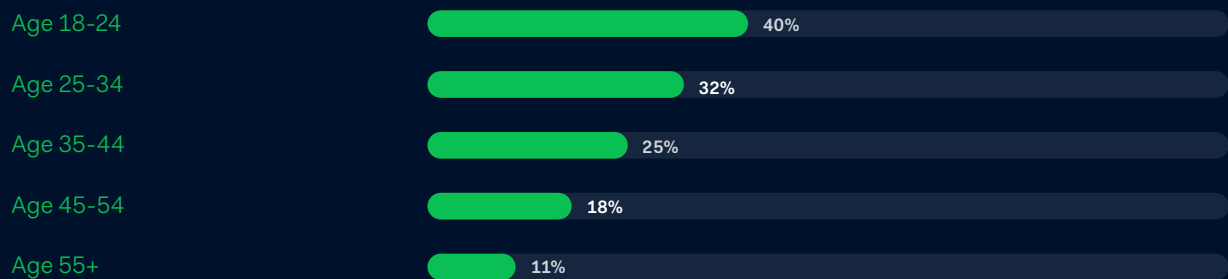
58%

of retailers use strong customer authentication to comply with the Revised Payment Services Directive (PSD2)

### Top fraud tactics in 2022



### Shoppers experiencing fraud in 2022



# What does this mean for **the US**?

Fraud is a growing concern for US retailers. 49% said fraud attempts had increased in the past year, compared to 39% globally.

Fraud hurts retailers bottom line and fraud prevention can negatively affect customer experience. 53% of US retailers say fraud and chargebacks are a significant cost to their business and 61% of US consumers believe fraudsters are making online shopping a less attractive proposition.

US retailers are fighting back. 69% believe their fraud prevention systems are effective, and 27% are investing in fraud and payments risk management systems. 69% use artificial intelligence to help prevent fraudulent transactions in their stores and 58% said they are doubling the size of their fraud prevention teams.

With real focus and investment in the sector, now's a perfect time to put fraud prevention top of mind.



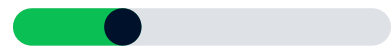
## 53%

of US retailers say fraud and chargebacks are a significant cost to their business



## 61%

of US consumers believe fraudsters are making online shopping a less attractive proposition



## 34%

of retailers don't have the data to make intelligent decisions on shopper loyalty



## 69%

of US retailers use artificial intelligence to fight fraud



## 58%

of US retailers said they are doubling their fraud prevention teams



*“We want to move to exception-based risk management so that, as much as possible, we can limit the number of transactions that require review. If we compare to before, when we had multiple payment service providers in each country, the fact that we have all the chargebacks held centrally adds real value.”*

**Chloée Daullé** — Group Treasurer, Christian Louboutin





# From insight to action


## Optimize your detection and create secure connections

### **Stay one step ahead of fraudsters with technology**

Choose the fraud prevention model that suits your business needs. The most effective solutions today combine machine learning with customization. They let you identify unusual behavior and differentiate genuine shoppers from fraudsters. And you can set up additional measures tailored to your business.

### **Stay up to speed on industry regulations and trends**

Know the latest updates on your different markets and shopper behavior. And keep track of the changing regulations, cybercrime trends, and risk management solutions. The right global financial technology partner will help you customize your approach to managing fraud, regardless of where you are across the globe. And it will ease your compliance on top of that.





# Conclusion

## A connected industry is a disruptive one

Retailers can become trendsetters. By connecting with their consumers and integrating their technologies and systems, they can sync with ongoing trends and set the course for new ones. Instead of reacting to disruptive forces, they can become creative disruptors.

At Adyen, we support our customers' journeys toward long-term sustainable growth. We're passionate about engineering new solutions for their ambitions and ensuring they're ahead of the curve in this rapidly changing and complex industry. We look forward to exploring with you how financial technology can power your way forward.

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Adyen (AMS: ADYEN) is the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of H&M, Nike, Casper, Rituals and Levi's.

**adyen**