FLASH REPORT

E-COMMERCE EXPO 2016: DAY ONE

1) Fung Global Retail & Technology attended day one of E-Commerce Expo in London. The focus of our visit was on payment solutions, strategies to minimize checkout abandonment and the future of e-commerce after Brexit.

2) Providing a seamless shopping experience through the provision of straightforward checkout options and building trust emerged as key elements to increase online sales conversion rates.

3) Brexit provides opportunities for British e-commerce companies to expand into markets where consumers have a high propensity to undertake cross-border online shopping. Internet of Things (IoT) and invisible payment solutions are among the trends that will shape the future of e-commerce.

E-COMMERCE EXPO 2016: DAY 1

Fung Global Retail & Technology attended day one of E-Commerce Expo 2016, the event dedicated to e-commerce operations, trends and technology, which was held at Olympia, London (September 28- 29).

The focus of our visit on day one was e-commerce payment solutions, strategies to minimize checkout abandonment and the future of e-commerce after Brexit and in terms of the trends that will shape online retailing.

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PAYMENTS AND CONVERSION RATES

Trends, strategies and technology applied to payments in e-commerce were major topics during day one. Among the presentations we attended was one from chip and pin devices provider **Ingenico**, which focused on how to increase sales conversion in e-commerce, which is much lower than in brick-and-mortar retail. Unexpected shipping costs and the need to create an account are some of the reasons that cause checkout abandonment. Ingenico suggests five strategies to improve conversion rates:

- **Build trust:** Links to customer reviews through Trustpilot Review or through social media profiles and using secured payment systems.
- **Create a frictionless environment:** A transactional webpage should be as simple as possible. Ingenico showed the webpage of British clothing retailer Charles Tyrwhitt as a virtuous example.
- **Have a mobile strategy:** Easy integration among different devices and seamless mobile browsing, with clear, large images and no need to zoom in and out.
- **Localize payment methods:** In Germany, less than 22% of customers use credit or debit cards, while bank transfers are very popular.
- **Post-checkout management:** 20% of payments are declined by the bank. Therefore, once the checkout is processed, it is important to have systems in place to avoid fraud or other issues.

THE IMPACT OF BREXIT ON E-COMMERCE AND FUTURE TRENDS

Another central topic of E-Commerce Expo 2016 was the impact of Brexit on e-commerce. In a presentation, **Global-e**, a company specialized in providing cross-border e-commerce solutions, highlighted that Brexit will open several opportunities for British e-commerce companies, such as selling to countries outside the EU, as consumers tend to buy from abroad. In Israel, for instance, 82% of e-commerce is cross border, in Switzerland it is 62% and in China it is 32%. The UK, being the third-biggest e-commerce cross-border player after the US and China, and the leading European e-commerce provider, is well positioned to take advantage of these opportunities.

We spoke to a delegate from **Alibaba**, who confirmed that the company sees Brexit as an opportunity, as it will encourage the UK to expand its trade relationships with China and will increase the appeal of the Chinese consumer market for British retailers.

Payment provider **World Pay** delivered a presentation on the future of e-commerce and the role of invisible payments. By 2020, 26 billion devices will be connected as part of IoT, and potentially most of these devices will be able to process e-commerce orders. This raises the issue of finding the right balance between the convenience of automated fulfillment and the level of delegation of authority that the customer is willing to allow to the devices.

Another issue will be the dilemma between speed and security. Invisible payments—such as the ones that occur when using Uber—or one-click payments increase convenience for the customer and minimize checkout abandonment. However, at the same time, these solutions raise the issue of security, as the provider will hold the payment details of the customer. At present, only 36% of customers trust the provider to hold their payment details. Options such as social verification—using social media accounts for identification—and biometric recognition—use of physical features to verify identity—could be the solutions to increase security and speed up payments.

- Look out for our flash report on day two of E-Commerce Expo 2016.

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