

Is your Payment Strategy part of your Business Strategy?



Photo and art by Marie Fredriksson

Introduction

This is an article that I have thought of writing for a while now, because I want to share that it is possible to make your end-consumer payment process better, more sufficient, hassle-free, secured, inclusive and by your customer the selection of choice. It boils down to make your end-consumer payments part of your overall business strategy. To do so that requires a plan, a map, and a strategy of what to do, when and where to go, same as everything else in your business. I hope this article will prove my assumptions correct.

It is hard to know what to do when it comes to end-consumer payments, especially since you might just want to get your goods and products out to the markets as fast and as convenient as possible. You are looking for sales, earning money, onboarding customers by mesmerizing them with your fantastic websites, products, photos, customer journeys, prices etc., and the list goes on. You probably also have a vision and a mission with your business. Perfect! And when you are almost there you might take a deliberate choice, or you might not, in how your customers should pay.

If you are the one of those merchants that have an end-consumer-payment strategy and a payment roadmap then this article is probably less interesting for you, but still you never know, what you can find so please continue to read, comment and like if you want.

They Journey

Payments requires a strategy and a roadmap regardless of, if you are a new start-up or, if you are well established global merchant. The only difference is how the strategy, and the roadmap will look like, and they could be different of course, but they could also be very similar. But to go without any plan for your main income that is not the best business choice one can make.

The financial markets of payment service providers, banks, acquirer, fintech's and other financial partners is an overgrown jungle. To your help there are several different companies that have written and shared their knowledge of which payment providers there is out there, and in which markets they are in, which payment methods they provide, key actors, trends for both B2C and B2B etc., and reading those it can make one feel a bit overwhelmed. But please keep in mind that there are people out there like me and others knowledgeable in this area that can help you analyse and map your business into a strategy and a roadmap.

So how to tackle it? Should you build your own embedded payment solutions, or go with an all-inclusive financial partner? Should your customers have the choice of Pay-now or buy-now and Pay-later (pay by invoice, instalments). Shall you provide direct debit, online bank payments, account-to-account, mobile payments (e-wallets, super apps), QR codes etc.? There are several options and possibilities and many choices, that requires a considerable amount of time and effort plus knowledge to decide what to do and in which order.

There are a considerable number of financial partners to select from, plus vendors that provide an all-inclusive service, many of which are very good and even excellent providers but in the end the question boils down to what is best for your business? As a start-up you might want to start off with an easier more convenient solution, not having to think and deal about all payment aspects and processes, so you select an outsourced all-inclusive service. And to be fair this is a solution often also used by larger well-established merchants as well, but then most often not as an outsourced service but more as complement to other payment methods in their portfolio.

To not make this article too long, I will start by looking at an all-inclusive approach by sharing a family story. My parents when they turned 70, they took the whole family with kids and grandkids with them to a Mediterranean island to celebrate one of their birthdays. Super kind of them and I know that we are very fortunate. We had a fantastic week, and to make it easy both for them and us they booked an all-inclusive trip and outsourced the whole booking process etc. to someone that took care of everything. The only thing we had to do was to show up. Super, and what a holiday. A week that we still talk about! The trip ticked most of the boxes, not all but most, and by doing so it of course had a price tag. Was it worth it? Yes, if you ask me but then I was not the one that paid for it. The next year when the other one turned 70 they felt it was such a success that they wanted to do a re-run, so we did, but did we go to the same place. No, we did not, and it was not because the facilities were bad, or the place was boring but perhaps not that spectacular and they wanted something different after having done the first one. But then again all-inclusive offers, unless you pay a much higher price, does not strive to be top-notch in all aspects, they strive to make their business profitable and by doing so they know that in some areas their service is good enough and in others it is excellent. We could of course have built our own trip, done all the bookings ourselves etc., and perhaps we could have got an even better trip, but we could also have gotten a much worse one. With the experience from the first one we still did an all-inclusive trip, in the same price range as the first one, but to a different island so different hotel and with a different service provider. Where we as happy as the first time? Yes, we were. And did we have the similar experience of the level of service? Yes, we did.

So, what is the sense of morality? That an all-inclusive with outsourcing works as long as it does, and that you as a merchant know what you have signed up for both pros and cons. They provide their customers with a set of pre-defined payment methods and processes, and they manage your whole payment operations for you plus that they manage your customers. They will be the first point of contact upon payment related questions. You will be released from a lot of hassle, you will get your money and they will handle some of the fraud incidents that might occur, but they will never take

the full risk so in the end the risk will always fall upon you as the merchant. Important to keep in mind is that vendors in general have their own agenda and their own business cases, while providing you with an acceptable level of service that you are happy and satisfied with.

Closing words

This is a journey and sometimes a bumpy one. I know that the financial markets of payment service providers, banks, acquirer, fintech's and other financial partners is an overgrown jungle, it is here where I have spent almost ten years of my professional career working with online/e-commerce payments. I hope that this article and others to come might be an inspiration for you to review your payment strategy.

My name is Marie Fredriksson and I have worked in one form or the other, with payments either that has been as now in the e-commerce business or in the telecom industry for more than 20 years.

Next time we will investigate what it will take to have a more of a 'build-your-own approach', hope to see you then.