

\*\*\*GERMANY\*\*\*

70% OF GERMANS SAY THEY ARE MOST LIELY TO SHOP ONLINE WITH A RETAILER THEY RECOGNISE FROM THE HIGH STREET.

\*\*\*\*GREECE\*\*\*\*

65% OF GREEKS HAVE PHOTOS OF LOVED ONES IN THEIR WALLET.

\*\*\*\*\*ITALY\*\*\*\*\*

87% OF ITALIANS SAY SLEEPING IS THEIR GREATEST PLEASURE.

\*\*\*\*POLAND\*\*\*\*

73% OF POLISH COUPLES MAKE SHOPPING DECISIONS TOGETHER.

\*\*\*\*\*UK\*\*\*\*\*

70% OF PEOPLE IN THE UK WILL WALK OUT OF A SHOP IF THE QUEUE IS TOO LONG.

# Visa Europe: Consumer Insights Report

March 2008



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SUB TOTAL €198.90



## Introduction

Today's consumers are more demanding than ever before. They are faced with more choice, more information and more claims on their time and attention. As such, they have high expectations about the convenience, flexibility and value they want when shopping.

At the same time, as the retail market becomes more crowded and competitive, retailers are looking to differentiate themselves. At Visa Europe we recognise the importance of innovation and understanding the customer in driving business success. We are continuously innovating and developing new, faster, more convenient and secure payment mechanisms to benefit retailers and consumers alike. We are keen to work with the retail community to understand their requirements and help them use technology to reduce operational costs and boost revenues.

Understanding the customer is central to gaining and maintaining a competitive advantage. It was with this in mind that Visa Europe launched the first Consumer Insights Report in 2006. This shed light on consumers' everyday priorities and spending habits in the UK. The report identified an important shift in consumer attitudes towards an

appreciation of life's small pleasures. In terms of shopping expectations, it showed that consumers wanted shopping to be an experience and not a chore.

Two years on, further research has allowed us to dig a little deeper and find out more about consumer habits in the UK as well as across Europe. European retailers and consumers interact with each other now more than ever before. People are moving more freely and frequently across Europe and harmonised payment systems allow us to participate in the same retail experiences. This second Consumer Insights Report draws on research undertaken in five European countries: Germany, Greece, Italy, Poland and the UK.

We hope that this report will provide retailers with useful insights into how they can use innovation, technology and an understanding of the customer for business success.

**Mariano Dima**

Executive Vice President, Marketing & Products  
Visa Europe<sup>1</sup>

UNDERSTANDING THE CONSUMER IS CENTRAL TO GAINING AND MAINTAINING A COMPETITIVE ADVANTAGE. IT WAS WITH THIS IN MIND THAT VISA EUROPE LAUNCHED THE FIRST CONSUMER INSIGHT REPORT IN 2006.

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THIS SECOND CONSUMER INSIGHTS REPORT DRAWS ON RESEARCH UNDERTAKEN IN FIVE EUROPEAN COUNTRIES: GERMANY, GREECE, ITALY, POLAND AND THE UK.



1. Unless otherwise indicated, findings are taken from Visa Love Every Day research carried out in Germany, Greece, Italy, Poland and the UK in 2006 and 2007.

RESEARCH FROM  
ACROSS EUROPE  
REVEALS A  
UNIVERSAL LOVE  
OF SHOPPING.

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OCCASIONAL TREATS CAN BE GOOD FOR US. IN GERMANY, 69% OF PEOPLE WHO SAY THEY ARE "VERY HAPPY" AND THAT THEIR LIVES "COULDN'T BE BETTER" TREAT THEMSELVES AT LEAST ONCE A WEEK.

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TOTAL €29.85

#ITEMS SOLD 5#

# The importance of everyday, small pleasures

Love it or loathe it, shopping is an important feature of modern life but consumers no longer expect to be a slave to shopping. One of the best ways to please customers and to create customer loyalty is to ensure your retail business fits in with the priorities for their daily lives...

**We love to shop**

Echoing sentiments from the first Consumer Insights Report, research from across Europe reveals a universal love of shopping.

Three-quarters of Greeks say they enjoy shopping, whilst the fashionista Italian stereotype seems true with more than half of all Italians saying shopping is their favourite past time.

In Poland, 69% of people find buying goods enjoyable. Perhaps surprisingly, shopping is favoured more by men in Poland, with 74% of men claiming to enjoy shopping compared to 64% of women.

**We love to treat ourselves**

Findings indicate that occasional treats can be good for us. In Germany, 69% of people who say they are "very happy" and that their lives "couldn't be better" treat themselves at least once a week.

This is compared to 71% of Germans who are "very miserable" and know that they "need to make changes in their daily lives". These people hardly ever treat themselves.

# More than half the Italians surveyed claimed that shopping was their favourite past time





EUROPEAN  
CONSUMERS PRIZE  
THE SIMPLE  
PLEASURES IN LIFE  
ABOVE FLASHY  
MATERIAL GOODS.

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Everyday small pleasures really count

With so much now easily at our disposal, it may come as a surprise to know that consumers across Europe prize the simple pleasures in life above flashy material goods. With fast-paced living increasingly putting a strain on consumers in the 21st century, here are some of the things which truly make us happy:

- **87%** of Italians say sleeping is their greatest pleasure
- Buying sweets are a real treat for people in Poland with **79%** saying sweets are their favourite purchase
- German women also like to treat themselves with sweets (**66%**) whereas a German man's favourite treat is a cool beer (**57%**)
- And the simplest of pleasures? A smile. In Italy, **73%** of people said offering others a friendly smile brightened their day

Not enough hours in the day

Although it is these small things which we all value, Visa Europe's research has shown that our lives are sometimes too hectic to allow us to indulge in these simple pleasures. In Poland, for example, people do not always spend their time doing the things that really make them happy. Poles may say that a weekend getaway is their favoured past-time, followed by chilling-out and meeting friends and family; but in reality they spend most of their free time watching TV.

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026549872035452	€24.00
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TOTAL	€46.99

#ITEMS SOLD 3#

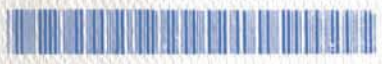
Research has shown that our lives are sometimes too hectic to allow us to indulge in simple pleasures



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TOTAL €48.83	

#ITEMS SOLD 10#  
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41% OF WOMEN  
CLAIM TO "LOVE"  
SHOPPING,  
COMPARED TO 21%  
OF MEN.



**The Greek consumer...**

**Visa research reveals the characteristics of the Greek consumer:**

- 41% of women claim to "love" shopping, compared to 21% of men
- Women prefer shopping and shop more often than men, with 35% of Greek women wishing they had more time to shop
- 53% of Greeks say they buy far more than they really need
- 15% of men say they prefer branded products
- Price is the most decisive factor determining what Greeks buy
- When a couple choose to buy a car, 39% say this is the man's decision alone

**The typical content of the Greek wallet revealed that:**

- 81% of Greeks carry ID, including a driving license
- 73% carry personal notes
- 65% have photos of loved ones in their wallet
- 41% are never without their business cards in their wallet
- 39% carry payment cards: 42% of men carry cards and 37% of women
- 28% store a lucky charm in their wallet
- 25% carry chewing gum
- 18% have some form of medical drugs in their wallet
- 17% use their wallet to hide a condom

65% of Greeks have photos of loved ones in their wallet



QUEUE-BUSTING IS A TOP  
PRIORITY FOR EUROPEAN  
RETAILERS AND PAYMENT  
INNOVATIONS ARE FUNDAMENTAL  
IN MAKING SHOPPING FASTER.

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001321654622651      €10.00  
012154876532181      €15.00  
012465768321354      €50.50

SUB TOTAL €75.50

# European shopping habits

With Europeans enjoying shopping so much, how do consumers get the most out of their shopping experience?

### Alone or in company?

Whilst three-out-of-five consumers in Greece say company is important when shopping, around two-thirds of Italians say they prefer to shop alone. Perhaps Italians have the more sensible approach, as in Greece, **20%** of women say they exceed their allocated shopping budget when under the influence of others!

### Quickly and conveniently

One thing is clear, across Europe consumers now want shopping to be as convenient and therefore as enjoyable as possible. Two years ago, Visa Europe research showed that queuing is a real frustration for people in the UK, with **70%** of people saying they will walk out of a shop if the queue is too long.<sup>2</sup> Research now shows this is a sentiment echoed across Europe. Around half of the Germans surveyed cite queuing as being the most annoying part of shopping, with **40%** saying they waste up to ten minutes queuing each time they go shopping.

# 70% of people in the UK will walk out of a shop if the queue is too long



2. 'Understanding Customers Everyday' A Consumer Insights Report for Retailers by Visa UK, June 2006

INITIATIVES  
SUCH AS  
'VERIFIED BY  
VISA' LOWER THE  
RISK OF ONLINE  
PAYMENTS FOR  
ALL INVOLVED -  
THE RETAILER,  
CONSUMER AND  
THE BANK.

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0035468321.2135	€20.00
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SUB TOTAL €69.50	

**Around the clock**

Consumers are increasingly looking to shop online for maximum convenience. In another Visa Europe study, **78%** of UK consumers said they loved internet shopping because it allowed them to shop 24/7.<sup>3</sup>

Online shopping continues to grow steadily and multi-channel retailing has exploded on the retail scene over the past few years. Retailers need to get to grips with multi-channelling if they want to meet consumer expectations.

Offering a consistent experience across all shopping channels so that the online shopping and bricks and mortar environments are aligned is particularly important.

**Securely**

Consumers are much more likely to shop online with an established retailer. For example, over **70%** of Germans say they are most likely to shop online with a retailer they recognise from the high street.

Consumers are also increasingly concerned about e-fraud. **71%** of UK consumers said they were more likely to shop online if they felt it to be safe<sup>4</sup>. Initiatives such as 'Verified by Visa' lower the risk of online payments for all involved - the retailer, consumer and the bank. By verifying that a genuine retailer and genuine cardholder have taken part in the transaction, 'Verified by Visa' is now seen as the e-commerce equivalent of chip and PIN. Around **66,000** retailers and **17.8** million consumers across Europe are signed up to 'Verified by Visa'.

71% of UK consumers said they were more likely to shop online if they felt it to be safe



3. Findings taken from 'Verified by Visa' research survey by TNS and Visa UK, 2007  
4. Findings taken from 'Verified by Visa' research survey by TNS and Visa UK, 2007



**The German consumer: guilt-free indulgence?**

The happiest Germans are those who indulge in “everyday treats” from time to time without letting it play on their conscience. But what makes Germans feel guilty? And does it stop them from indulging?

- Germans feel more guilty about not brushing their teeth than having an affair. **82%** of Germans feel guilty if they forget to clean their teeth, compared to only **62%** who would feel guilty if they played away from home
- **56%** feel guilty if they blame public transport for their lateness when in fact oversleeping made them late – something they continue to do despite feeling guilty about it

- Although **93%** of German smokers know smoking is bad for their health, only **29%** have a guilty conscience about it
- Only **17%** of Germans feel guilty about indulging in little treats (massages, manicures, champagne, going out to dinner), although **79%** are certain it would have been more sensible to have saved this money for the future



Germans feel more guilty about not brushing their teeth than having an affair

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000654641354654	€15.80
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000354653213132	€46.50
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035465432132122	€10.00
000035465412121	€07.50

SUB TOTAL €264.40



VISA EUROPE'S  
RESEARCH SHOWS  
THAT WE ALL  
LOVE TO GIVE,  
BUT EXPENSIVE  
GIFTS AND BOLD  
GESTURES ARE  
NO LONGER WHAT  
WE WANT.

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## Gift-giving across Europe

Not only do we shop for ourselves, but giving to others also makes us happy.

### We love to give

Visa Europe's research shows that, across Europe, we all love to give. Gift-giving is more important to us than receiving. **94%** of Germans, for example, enjoy spending time thinking about and choosing gifts and **55%** said giving to friends and family was important.

Expensive gifts and bold gestures are no longer what we want. **95%** of Germans agree that the price of a present is not important whilst in Britain, **93%** of people prefer presents which show thought and effort, rather than a big price-tag.

93% of Brits prefer presents which show thought and effort, rather than a big price-tag

### The problem of unwanted gifts

However, in Britain, it seems our attempts to please and impress with gifts are not so well received, with **47%** of gifts being given away or sold online. When asked about their experiences of Christmas 2007, **one third** of UK consumers admitted to being disappointed with the gifts received, **16%** of people admitted they would be giving their gifts as presents to others next year<sup>5</sup>.

Interestingly, in Germany, a similar percentage of people give unwanted gifts to others and **45%** of people say unwanted gifts simply end up in the bottom of their cupboard.

In Italy, one-in-eight people hide unwanted gifts only putting them on display when the gift-giver visits their house!



**80% OF BRITISH  
MEN CHOOSE THE  
RIGHT VALENTINE'S  
DAY PRESENT FOR  
THEIR PARTNER.**

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012165461321322      €35.42  
013551762123542      €14.80  
TOTAL €50.22

#ITEMS SOLD 2#



**The new romantics**

Despite the reputation of British men as the least romantic in Europe, Visa Europe's research found that **80%** of British men choose the right Valentine's Day present for their partner. In 2007, British men spent nearly **£800** million on Valentine's gifts, with **13%** of men saying their top gift would be little love notes left around the house.

Perhaps even more surprisingly, research shows that German men are the most sentimental - almost three times as many German men (**34%**) than British men said their top Valentine's gift would be romantic love notes.

In both the UK and in Germany, women said they prefer gifts costing less than **£20** or displays of affection as opposed to large, expensive gestures. Top gifts include a card that says "I love you", a kiss, a bunch of flowers and a romantic dinner cooked at home by their partner.

As for the Latin lover, it seems the popular stereotype is true. **87%** of Italians consider giving and receiving gifts as one of the little pleasures of daily life, with little thought to economic implications. They buy nine gifts on average each year in addition to their Christmas gift-giving.

**In both the UK and Germany, top romantic gifts include a kiss, a bunch of flowers and a romantic dinner cooked at home**



# Europeans and money management

VISA CARDS CAN BE CONFIGURED IN A VARIETY OF WAYS DEPENDING ON HOW THE CONSUMER PREFERS TO MANAGE THEIR MONEY.

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000015676513210	€15.00

TOTAL €356.17

#ITEMS SOLD 16#

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Offering consumers a choice of payment options demonstrates that you are fully supportive of their needs and understand that there are important reasons behind the decisions of how they choose to pay...

Research today shows that consumers find it difficult to keep track of their spending. In Greece, for example, it is estimated that people spend €17 billion a year without knowing how, whilst 49% of Italians say they are unaware of how much they spend each week.

### Cheques no longer check out

In the past, cheques were seen as a way of helping us to keep track of our spending and manage our finances. However, cheques are time-consuming to write and impractical in a number of modern payment scenarios. As such, cheque-usage has declined rapidly in recent years. In the UK major retailers, such as Tesco, Sainsbury's, Asda, Boots and Shell, no longer accept cheques. However, cheques are not only unpopular with consumers, but also costly to handle for retailers. Between 2005 and 2006, the average cost of handling cheques to UK retailers was £104 million.<sup>6</sup>

### Payment cards: a credible alternative

Payment cards are increasingly cited as an effective way for consumers to manage their finances. Advantages include having a consolidated record of purchases on a single statement. Consumers not only have an overview of what is happening with their finances but they can also check back and analyse their expenditure.

Visa cards can also be configured in a variety of ways depending on how the consumer prefers to manage their money. Cards can draw down on pre-loaded funds or access a current account. They can also access a line of credit to enable consumers to smooth the peaks and troughs of their spending.

Payment cards are more secure than cash as a lost bank card is not necessarily lost finances. They are also a credible alternative to cash and cheques in that they are convenient and increasingly widely accepted.

# Cheques are not only unpopular with consumers, but also costly to handle for retailers



6. Findings taken from the Centre for Retail Research, Nottingham study 'Payment Systems in UK Retailing 2007' commissioned by Visa Europe



## MOTHER KNOWS BEST...

INTERESTINGLY IN THE UK, THOSE WHO TAKE THEIR MOTHERS' FINANCIAL ADVICE ARE THE MOST CAREFUL WITH THEIR MONEY - 73% OF THOSE WHOSE MOTHER IS THEIR FINANCIAL INFLUENCE CLAIM TO BE CAREFUL WITH THEIR FINANCES.

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### Who are the thrifty spenders?

Consumers have to make important daily decisions about how to spend their money. In Italy, **70%** of consumers claimed to be “worried” when spending their money. In Germany, consumers try to be most careful when shopping for food, with **70%** doing their grocery shopping in discount stores.

In Greece, research found that it is women who try harder to shop sensibly with **42%** of women, compared to **28%** of men, taking time to find the best bargains.

### Who holds the purse strings?

Visa Europe set out to find out whether it is the man or woman in a couple who controls the household budget.

In the 1990s, women in the UK took the financial decisions in **9%** of partnerships. This figure has now risen to **12.5%** reflecting the changing fabric of society. Similar research carried out across Europe produced some surprising results which continue to highlight our cultural similarities, and differences:

- **73%** of Poles make shopping decisions together and 66% say that they jointly finance household expenses
- In Greece, **63%** of couples living together have a common account for all expenses
- **29%** of Greek women who share a house with their other half believe they are the primary financial ‘managers’, whilst **35%** of men say they are in charge of every financial matter!
- In the UK, **68%** of women control grocery spending and have twice as much control over their partner in choosing holidays
- **69%** of UK couples now have equal say in choosing a mortgage
- Holidays are often when we are most likely to lose control of the purse strings. In Germany, **63%** of “careful spenders” turn into “big spenders” when on holiday

In Greece, research found that it is women who try harder to shop sensibly with 42% of women, compared to 28% of men, taking time to find the best bargains



## MYSTERY SPENDING

£83 BILLION 'DISAPPEARS' FROM UK WALLETS EACH YEAR AS ON AVERAGE WE CAN'T ACCOUNT FOR £33 WE SPEND EACH WEEK.

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## CONSUMERS' DISLIKE FOR CASH DEEPENS

INCREASINGLY ACROSS EUROPE, CONSUMERS ARE SHOWING A DISLIKE FOR CASH.

56% OF GERMANS ARE "BORED" WITH COINS AND ARE RELUCTANT TO CARRY THEM AROUND.

AROUND 40% OF GERMAN MEN PREFER TO PAY WITH THEIR CARD AND WOULD USE IT MORE OFTEN IF IT WERE POSSIBLE TO DO SO MORE IN SHOPS.

## Europe and the decline of cash

Visa Europe's first 'Consumer Insights Report' found that cash puts UK consumers at a disadvantage in managing their money. Two years on, it is clear that this is an issue across Europe...

Cash is the main contributor to the phenomenon of 'mystery spending'. This refers to the large amounts of money spent that we cannot account for, as well as the large amounts of coins lost and secreted around our homes.

### Mystery spending

- £83 billion 'disappears' from UK wallets each year as on average we can't account for £33 we spend each week
- In the UK younger people, those aged between 18 and 24, are the worst offenders, confessing to mystery spending of £50 per week, followed by 25-34 year olds who can't account for £48 per week
- Half of all the Germans surveyed have up to €30 lying around at home in drawers, trouser pockets and piggy banks
- 73% of Greeks say they leave coins lying around and forget where they've left them

- Greeks spend around €17 billion a year without knowing how
- Almost half of all Italians surveyed can't account for all the money they have spent each week

### Consumers' dislike for cash deepens

- Around 40% of German men prefer to pay with their card and would use it more often if it were possible to do so more in shops
- Older people in Germany prefer to pay by cash with 54% of those over 50 preferring this traditional payment method
- In the UK, consumers feel cash is cumbersome and time-consuming<sup>7</sup>
- 53% of Greeks take cards when travelling abroad as they offer safety, flexibility and convenience
- 83% of Greeks state that cards are quick and simple
- 70% of Italians "hate coins"
- 20% of Italians believe that within ten years they won't pay with cash anymore

Consumers find that once they have taken money out of the ATM and broken the notes, they have no idea what they have spent it on



## CASH: A GREAT TURN-OFF

IN BRITAIN, 90% OF WOMEN  
WOULD BE UNIMPRESSED IF  
THEIR DATE PAID IN CASH,  
WITH 33% OF WOMEN SAYING  
THEY WOULD ACTUALLY FIND IT  
"WEIRD" IF THEIR DATE  
PRODUCED A WAD OF BANKNOTES  
TO PAY FOR A ROMANTIC MEAL.

CONSUMERS SPEND 7 MINUTES  
AND 18 SECONDS AT AN ATM  
PER WEEK.

CONSUMERS SPEND 3 HOURS, 8  
MINUTES AND 34 SECONDS A  
YEAR BUYING A NEWSPAPER.

THE AVERAGE CONSUMER SPENDS  
10 HOURS, 41 MINUTES AND 19  
SECONDS AT THE GROCERY  
CHECKOUT PER YEAR.

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### Reluctance to carry cash

Given the increasing dissatisfaction with cash, consumers in certain parts of Europe are reluctant to carry it. Over a quarter of UK adults now carry as little as **£10** in cash, with **one-in-50** claiming to carry no cash at all. In Poland however, cash is still highly popular, with **81%** of consumers paying for everyday shopping with cash.

Although attitudes towards cash are changing at a slower pace in some European countries than in others, the message to retailers is clear: cards are increasingly the preferred choice amongst consumers.

### Costly to the retailer

Although cash is often thought of as being costless for retailers, it needs to be counted, checked and banked securely. Visa UK research in 2007 shows that cash is the most costly form of payment to handle (at a cost of **2.75%** of each retailer cash receipt), while cards were the cheapest (**1.10%** of card receipts).<sup>8</sup>

The research shows that cash-handling costs retailers on average **£2,204** million a year, with cash related fraud costing a further **£505** million on average. This is compared to the combined average cost to retailers of handling credit and debit cards - **£1,749** million.<sup>9</sup>

The hidden costs of  
cash include counting,  
banking, secure  
transportation and shrinkage



8. Findings taken from the Centre for Retail Research, Nottingham study 'Payment Systems in UK Retailing 2007' commissioned by Visa Europe

9. Findings taken from the Centre for Retail Research, Nottingham study 'Payment Systems in UK Retailing 2007' commissioned by Visa Europe

## WAVE GOODBYE TO CASH

FOR CONSUMERS, VISA PAYWAVE IS FAST, CONVENIENT AND SECURE. FOR RETAILERS, IT SPEEDS UP SERVICE, IS SIMPLER FOR STAFF AND CUTS CASH-HANDLING COSTS. VISA PAYWAVE WAS IMPLEMENTED ACROSS SEVERAL EUROPEAN MARKETS IN 2007.

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021365462121011	€14.00
001354872111213	€54.00
000246871222432	€12.80
TOTAL €80.80	

#ITEMS SOLD 3#



### Slow and inconvenient

The recent 'Time in Motion' study carried out in the UK showed just how time consuming paying by cash can be. The study found that commuters waste up to three days a year paying for everyday low-value items in cash. Commuters in London spend on average 162 seconds waiting for the payment to go through when buying their daily coffee - this compares starkly with the sub-second transaction times when paying with a Visa payWave card, Visa's contactless payment solution to displace low-value cash purchases<sup>10</sup>.

### Wave goodbye to cash

For consumers, Visa payWave is fast, convenient and secure. For retailers, it speeds up service, is simpler for staff and cuts cash-handling costs. Visa payWave was implemented across several European markets in 2007.

Commuters in London spend on average 162 seconds waiting for the payment to go through when buying their daily coffee



10. Findings taken from the NEMS study 'Time in Motion', August - October 2007, commissioned by Visa Europe



CONSUMER  
AWARENESS OF  
THE CONVENIENCE  
OF CARDS IS  
SPREADING FAST.

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OVER THREE-QUARTERS OF UK  
RETAILERS ATTRIBUTED  
SIGNIFICANT REDUCTIONS IN  
FRAUD TO CHIP AND PIN  
TECHNOLOGY. THEY HAVE ALSO  
REPORTED SAVINGS IN CASHING  
UP, PAPERWORK AND BACK-  
OFFICE ADMINISTRATION  
AROUND DISPUTED  
TRANSACTIONS.

## Implications for retailers

Consumer demand for a more convenient and enjoyable shopping experience provides great scope for retailers to harness technology and innovation to transform the retail experience for mutual gain.

Providing high standards of customer service, employing exciting in-store technology and eye-catching store layout and design all play a part in engaging the consumer and ensuring that the retail experience is memorable.

However, retailers should not underestimate the impact that innovations in payment technology are likely to have on their business, or the opportunities they create to stimulate customer loyalty and brand differentiation.

**In particular we would like to highlight the following points:**

**Offering a full range of payment systems gives consumers choice**

Consumer awareness of the convenience of cards is spreading fast. Whilst cash may be the preferred payment option in some parts of Europe, cards are increasingly the European consumers' choice. In the UK, for example, Visa Europe research has indicated that consumers are now "annoyed" by card-phobic retailers as cash payments are often more time consuming and may reduce their ability to control

their expenditure<sup>11</sup>. Consumers at the very least expect payment options. Visa Europe can play a vital role in enabling retailers to meet consumers' expectations and encourage customer loyalty.

60% of UK shoppers now choose cards as their preferred payment method and about 20% are annoyed by 'card phobic' retailers

**The future is chip-enabled**

Chip and PIN has brought important benefits for retailers and consumers alike. In particular, retailers have reported savings in cashing up, paperwork and back-office administration around disputed transactions. Over three-quarters of UK retailers attributed significant reductions in fraud to chip and PIN technology. For consumers, the technology has also led to shorter queues, faster payment and increased peace-of-mind when shopping with cards<sup>12</sup>.

## Chip and PIN has brought important benefits for retailers and consumers alike

11. Findings taken from the Centre for Retail Research, Nottingham study 'Payment Systems in UK Retailing 2007' commissioned by Visa Europe  
12. Findings taken from the Centre for Retail Research, Nottingham study 'The Retailer Experience of Chip and PIN 2006' commissioned by Visa Europe

RETAILERS CAN EXPECT A  
WHOLE HOST OF NEW AND  
EXCITING ADVANCEMENTS,  
POSSIBLE AS A RESULT OF  
CHIP AND PIN.

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Retailers can expect a whole host of new and exciting advancements, possible as a result of chip and PIN. Developments which are likely to become common-place in the future include, contactless, prepaid and multi-application cards as well as in-store instant Visa card issuance. Mobile payments are just around the corner too.

Visa payWave contactless cards, recently commercially launched in Switzerland, Turkey and the UK with pilots in France and Spain, are a great replacement for cash for low-value payments (e.g. less than £10/€15).

Prepaid cards are already very popular in continental Europe and offer retailers a massive opportunity to replace paper gift vouchers, lock in loyalty and differentiate their brand.

Multi-application cards combine various payment and/or non-payment applications on the same chip, allowing retailers to offer their customers greater choice of how to pay at point-of-sale.

Instant issuance will allow retailers to provide customers with a fully-functioning Visa card immediately in-store. Great for retailers with co-branded Visa cards or considering private label conversions, this while-you-wait service gives consumers instant spending power in-store and wherever Visa is accepted.

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RETAILERS NEED  
TO ENSURE THAT  
THE ONLINE AND  
BRICKS AND  
MORTAR  
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CONSISTENT.



### Embrace multi-channel

Across Europe, people are working and commuting for longer and juggling competing claims on their time: work, home, family, friends and community. There just doesn't seem to be enough hours in the day to fit everything in. This is where retailers can help and where the multi-channel approach comes into its own.

Retailers need to ensure that the online and bricks and mortar experiences are consistent and that consumer concerns about transacting safely online can be allayed through state-of-the-art technical solutions. This means embracing the various security initiatives on the market. 'Verified by Visa', Visa's global online authentication programme, lowers the risk of online payment for all involved by verifying that a genuine retailer and genuine Visa cardholder have taken part in the transaction. Other advancements in remote payment include 'dynamic passcode authentication' where a consumer uses their chip and PIN card and a pocket-sized reader to generate a one-time passcode for each card-not-present transaction.

Self-service kiosks will also become increasingly important in a multi-channel strategy. They not only help retailers cut queue times, improve customer service and free up staff for other duties but, as part of a multi-channel strategy, can also provide product information and the opportunity to interact with the retailer's brand.

Developments which are likely to become common-place in the future include contactless, prepaid and multi-application cards as well as in-store instant Visa card issuance

## Conclusion

UNDERSTANDING WHAT MAKES  
CONSUMERS TICK WILL ONLY  
SERVE TO ENHANCE YOUR  
BUSINESS AND BE REPAID BY  
HIGHER LEVELS OF CUSTOMER  
SATISFACTION.

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000001656811000	€1.99
000003546542121	€0.99
000000367654321	€0.99
000001546321358	€2.50
000000546876543	€2.99

TOTAL €9.46

#ITEMS SOLD 5#



Understanding the needs and expectations of customers will always be at the very heart of successful retailing and the ability to recognise and act upon this is usually what differentiates the “winners” from the “losers” within the industry.

The Visa Europe Consumer Insights Report reveals that a love of shopping is a way of providing pleasure, both for ourselves as well as others, and that is clearly good news for retailers across the continent. However, it also highlights some of the important needs and views of shoppers. Security is crucial, particularly as online shopping and “multi-channel retailing” gathers momentum, and pressure on time means convenience is a high priority. And that is clearly something that retailers need to take seriously.

This is particularly important at a time when there is increasing evidence of storm clouds gathering on the economic horizon. Retailers are increasingly encountering tough trading conditions and they must ensure that every aspect of their service provides the experience and quality which consumers demand.

There is little loyalty in retailing these days, so if consumers don't like what they are getting from their shopping experience it's very easy for them to vote with their feet and take their business elsewhere, offline or online. Retailers cannot afford for this to happen at the best of times, let alone when conditions are more challenging.

But given the growing pressures on credit availability and consumer confidence, it is reassuring to hear that giving gifts and “the little things in life” make everyone happy. And, although online shopping is increasingly easy, shopping centre developers across Poland, Italy and Greece in particular will be pleased to see that modern “bricks and mortar” retailing is still attractive to consumers. Retailers with the right clicks, the right bricks and the right information and payment systems will prosper whatever the economic background.

### Nick Bubb

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