

Digital, the new normal

In the retail world, ease, convenience and security are fast becoming the new normal. Led by the Millennial generation, consumers are increasingly using their mobile device or computer to shop online. To meet these new expectations and changing approach, merchants are continuing to look for ways to deliver a better online shopping experience for their customers.

Digital payment growth continues to explode

From apparel and general retail to mass merchant, QSR and travel and tourism, growth rates in digital Visa spending kept up with, or outpaced card-in-hand Visa payments.

23.1%

YOY Digital Visa Payments Growth

6.9%

YOY Card-in-Hand Visa Payments Growth

Apparel reimaged

The apparel shopper has changed. It's clear to us that the ease and simplicity of buying, shipping and even returning clothes online is helping consumers grow more comfortable with increasing the number of online purchases they make each year. In 2016, Retailers saw a jump in digital Visa payments, along with a decline in the growth rate of card-in-hand Visa payments.



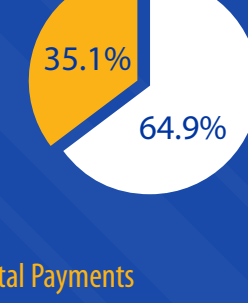
3.5%

Total YOY Visa apparel transactions Growth

Percent change of total Visa apparel transactions in 2016 compared with 2015



2016 % of total Visa apparel transactions



Trend Alert: In an otherwise challenging 2016, e-commerce and digitization were perceived to be the biggest opportunities for the fashion industry, according to a survey by McKinsey and Co.¹ We expect digital apparel purchases to grow going forward.

Black Friday moving to the couch

Cyber sales and e-commerce growth outpaced brick and mortar holiday spending. 2016's Black Friday was the first cyber sales day to see more than \$1 billion in online sales from mobile devices.²



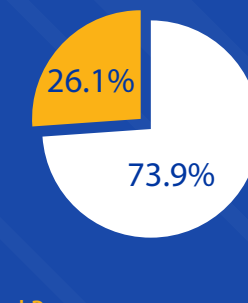
3%

Total YOY Visa general retail transactions growth

Total YOY change in Visa general retail transactions by payment type



2016 % of total Visa general retail transaction



Trend Alert: Online deals proved enticing enough to avoid the lines. The National Retail Federation reported while 99 million people shopped Black Friday deals in-store, more than 108 million people shopped Black Friday online.³

Big box sees it too

Consumers used the websites of mass merchants to get the bigger ticket items, as digital growth matched the growth of card-in-hand payments.



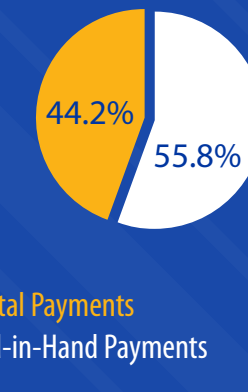
30.7%

Total YOY Visa big box transactions growth

Total YOY change in Visa big box transactions by payment type



2016 % of total Visa big box transactions



Trend Alert: In 2016, digitally or with a card, all mass merchant Visa transactions at big box stores and large online retailers outpaced Visa sales in other categories from the year prior.⁴

It's made QSRs more convenient

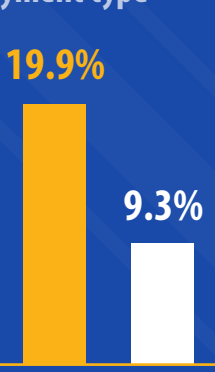
Customers want the convenience of ordering in advance, pre-paying and simply picking up their food upon arrival. And the industry has adapted to improve service, expand convenience and revamp the customer experience.



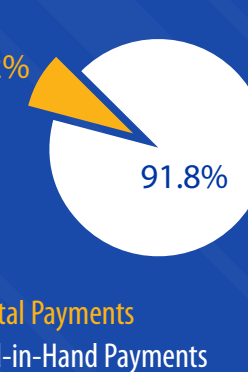
10.1%

Total YOY Visa QSR transactions growth

Total YOY change in Visa QSR transactions by payment type



2016 % of total Visa QSR transactions



Trend Alert: As digital transactions continue to grow, Business Intelligence projects that mobile ordering platforms will be responsible for \$38 billion in QSR spend by 2020.⁵

Digital is changing the world of travel and tourism

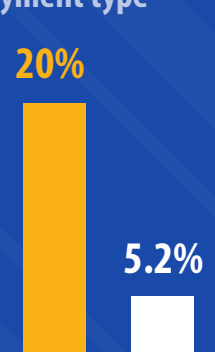
Online bookings continue to alter the way the world travels. As online bookings grow it's critical that providers be able to offer simple, safe and secure payment options.



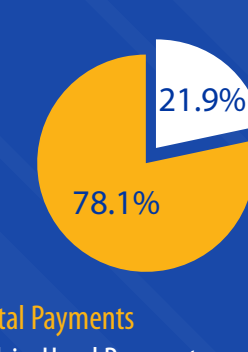
16.4%

Total YOY Visa travel transactions growth

Total YOY change in Visa travel transactions by payment type



2016 % of total Visa travel transactions



Trend Alert: Digitally savvy Millennials (18-35) led a growth in overall travel demand in 2016 — across both business and leisure segments — outpacing their cohorts by more than 25%, according to MMGY Global.⁶

Catering to devices matter, more than ever

A 2016 survey of 1,000 US consumers found many shoppers have used a device to browse, comparison shop or purchase a product or service.⁷



1 in every 3 shoppers have shopped or browsed on a smart phone



1 in every 4 shoppers have shopped or browsed on a tablet

Thriving in the retail word of the future means staying ahead of the digital payment curve. As the face and desires of the consumer change, retailers must remain agile to keep pace. That means more investment in digital solutions – like Visa Checkout – which make purchasing with a smartphone, watch, tablet or other device easier.

Visa Checkout provides a simple and secure payment solution:



- Can help increase conversion rate: Enrolled customers completed 86% of transactions from the shopping cart according to a 2015 survey.⁸
- Streamlines checkout by taking the number of form fields needed to complete a transaction from many to just two for enrolled customers.
- Provides a consistent checkout experience for shoppers across devices, both on browser and in-app.
- Integration is straightforward and requires no changes to existing payment processes.

¹BoF-McKinsey Fashion Survey, September 2016

²<http://news.adobe.com/press-release/marketing-cloud/media-alert-adobe-data-shows-black-friday-breaks-online-sales-record-3>

³<https://nrf.com/media/press-releases/retailers-made-black-friday-irresistible-consumers-great-deals-online-and-store>

⁴Visa Settlement by Market Segment Data 2016

⁵Business Intelligence, "The Mobile Order Ahead Update: Market Forecasts, Top Adopters and Key Trends for Quick Service Restaurants Next Big Opportunity, March 2016

⁶<http://www.mmgyglobal.com/media/1782116/2016-Year-in-Review-White-Paper.pdf>

⁷GfK FutureBuy study, November 2016, commissioned by Visa. Results based on data from an online survey of 1,000 US Consumers.

⁸comScore 2015 Visa Checkout study, commissioned by Visa. Based on data derived from the comScore research panel of one million U.S. PC/laptop users measuring panelists' purchases at 12 e-commerce domains, April-October 2015.