



Case Study

Payments Performance Analysis for a Large European Online Travel Agency (OTA)

How do you know if your payments are performing well or not?

Make sure your payments are as optimized as possible for your global online business.

ingenico
ePayments

Don't let your PSP leave you hanging

We work with many global online businesses from a wide variety of industries, and one thing is certain – each industry has different payment needs. Consumer behaviors vary greatly around the world and are even affected by which purchase they are making online. For example, consumers treat large one-off purchases online very differently than they do smaller recurring purchases. Recognizing this, we tailor our offer to each individual merchant – enabling them to offer their customers the right mix of payment products and services to satisfy their particular consumer demands.

But that's just the starting point. Payments are much more complex than just methods and currencies, and a lot goes on behind the scenes that can influence merchants' payments performance. Getting it right can certainly help businesses grow, but by the same token, getting things wrong can have a real negative impact on the bottom-line.

This raises the question: how can global eCommerce businesses really know if their payments are performing well or not?

Hopefully your payments service provider doesn't just facilitate the technical connections to their platform and then leave you hanging. We certainly don't. In fact, we make a point of working closely with our merchants even after they've integrated with our platform, to make sure that everything is running as smoothly as it should, and to see if there are ways we can help them to optimize their payments even more. We call this Payments Performance Analysis, and we use our myriad of data to benchmark our merchants against their own results, their peers, and conduct detailed analyses of how we can improve their performance.

Read on to learn about how we helped a large European OTA improve their payments performance, and how we can help your business in the same manner:

OTA payments can be especially tricky

Online Travel Agencies (OTAs) are third-party agents, who connect consumers to various travel related services such as hotels, flights, car rentals, or vacation packages directly via their websites. Travelers can browse or filter according to their desired services, dates and destinations, and the OTAs search engine will provide all available options.

Once a customer requests a booking for specific travel plans, OTAs typically send their authorization request to the Payments Service Provider (PSP) to reserve the payment amount. However, before they can complete the transaction, OTAs also need to check with the airline, hotel or other supplier, to ensure that the reservation can be honored. Only after the reservation is fully confirmed, can the OTA capture the transaction and complete the booking. This whole process can take up to two hours, and a number of complications can arise, especially if the original price has changed since the customer requested the booking, or if the product (flight, hotel room, ancillary service, etc.) is no longer available.

If a complication arises, the OTA can resolve the situation in one of three ways:

- If the product is no longer available or the customer does not agree to the new price, the OTA is required to issue a refund.
- If the customer agrees to pay a higher price for the booking, the OTA must capture the original amount in one payment and create a new transaction order for the difference, resulting in two separate payments for a single booking.
- If the price is lower than the original transaction, the OTA will capture the original amount for payment and then issue a refund for the difference in the form of a gift voucher.

In the case of one Leading European OTA, this complicated approach often led to customer complaints and lower authorization rates than the

OTA expected. They knew they needed help managing these complications and making the payment process easier and faster, so they turned to us for help.

Deep-diving into the OTA's payments

Our analysis of the OTA's payments performance presented a clear picture of what was going well and where we could help:

Improving the OTA's technical solution:

We began by looking into the OTA's technical solution to identify ways to improve the booking process and increase customer satisfaction. At Ingenico, we had recently released a new technical connection that offered additional functionalities and would be extremely beneficial for the leading OTA's business. In particular, the upgraded technical solution enabled enhanced authorization voiding capabilities (e.g. partial reversals using an enhanced reversal API), which would improve (reversal) authorization rates and ease their refund process. The OTA had been previously reluctant to upgrade to the new connection, as it would require some IT adjustments on their end as well, however, we worked with them to demonstrate the value of the new functionalities to their overall business and encourage them to upgrade to the new connection.

Expediting the OTA's settlement time, especially with refunds and reversals:

Due to the nature of their business model, it is crucial that the OTA differentiates between refunds and payment reversals, and that it correctly identifies when to initiate which transaction, to expedite settlement times. Otherwise, errors can occur which take more time and effort to correct and cause many unhappy customers in the process.

In this instance, we installed a new connection between the OTA and our platform, which enabled them to use the Transaction Identification Number / Trace Identification Number. These Identification Numbers are universal and recognizable to acquirers, issuers and PSPs alike, and are therefore really useful for expediting refunds and reversals.

There are two primary advantages to utilizing this particular unique transaction ID:

1. In case of a reversal, the card scheme's unique transaction ID is sufficient for the acquirer to identify the original transaction authorization, even with the time delay in processing. This means that all reversal requests can be successfully processed by the acquirer, bringing the OTA's acceptance rate for reversals above 90%.

2. The scheme unique transaction ID can also be used as proof in case of a refund inquiry, meaning that consumers can follow up more easily on the status of their refunds with their issuer bank if necessary. In both instances, the process is faster, smoother and easier to trace, paving the way for more satisfied customers and higher authorization rates.

Optimizing the OTA's payments and authorization process:

One area that was having a dramatic impact on the OTA's authorization rates was a gap in the OTA's fraud prevention tooling for Sweden. Because of the country's regulations and banking rules, 3D-Secure is critically important for fraud prevention and successful authorization, however, this Leading OTA had been unaware of its significance and had not activated the option, resulting in particularly low authorization rates in Sweden. Through our analysis, we were able to quickly and concretely demonstrate how applying 3D-Secure checks for Swedish customers could improve the OTA's overall authorization rates for this flow and improve sales.

Analyzing the Leading European OTA's foreign exchange offering:

The importance of offering customers the right currency mix cannot be understated when it comes to conversion performance. In many cases, online consumers still prefer to shop and buy in their own currencies, and failing to offer local currencies can cause cart abandonment and low sales.

In other cases, due to country regulations and banking structures, enabling customers to pay in international currencies can actually increase sales. Each country has unique requirements and customers around the world have very different shopping behaviors, so it's important to look carefully at the details when it comes to foreign exchange, as well as the big picture. In the case of this Leading European OTA,

we examined all of the countries the OTA was selling into and identified the missing currencies that were having the biggest impact on the OTA's payments performance.

How Payments Performance Analysis helps

As mentioned above, it's not enough to make technical integrations into your payments platform and leave things at that. Updates in regulations around the world or changes in consumer behaviors can influence the way online payments contribute to your overall sales and it's important to keep a finger on the pulse of your performance.

Benchmarking your payments' performance against competitors in the same industry, country, region, currency, etc. is a great way to make sure that you're staying ahead of the game. Similarly, benchmarking your payments against their previous performance is good way to avoid anomalies and make sure you're not missing any changes or drops in revenue. It's perhaps needless to mention that with our tailored dashboards, you'll have access to all of your own data and can monitor your performance independently. Adding periodic expert analysis from within Ingenico ePayments on top of regular benchmarking can really drive your payments performance and make sure they are as optimized as possible for your business around the globe.

In the case of this particular Leading European OTA, our Payments Performance Analysis identified opportunities to:

1. Further improve their technical solution, leading to an increase in customer satisfaction levels
2. Improve authorization rates in Sweden and increase sales in the region
3. Expedite transaction settlement times, especially in regards to refunds and reversals
4. Reach more customers through foreign exchange and grow faster in specific markets

We believe that payments performance analysis is all about working together and should be more than just fancy reports. So we also conducted a detailed workshop with the Leading OTA's internal stakeholders, to make sure that everyone was up-to-date on the best payments processes and that the company was fully leveraging all of the technical functionalities of the upgraded connections.

Our advanced technical solution, combined with the expedited settlement times improved the Leading European OTA's authorization rates by almost 10%, immediately improving their existing revenues.

Through this deep-dive, our experience and data helped the Leading European OTA resolve the processing challenges that it was facing, improve their authorization rates and find new ways to connect with more customers through currencies and foreign exchange. If we can do all of that for one eCommerce business, just imagine how we can help you.



About Ingenico ePayments

Ingenico ePayments is the online and mobile commerce division of Ingenico Group. We connect merchants and consumers, enabling businesses everywhere to go further beyond today's boundaries, creating the future of global commerce. As industry leaders since 1994, our innovative spirit drives us forward across all channels.

We are the trusted partner of over 65,000 small and large merchants who rely on us to make payments easy and secure for their customers. With advanced data analytics, fraud management solutions and cross-border commerce expertise, we help merchants optimize their business and grow into new markets around the world.

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