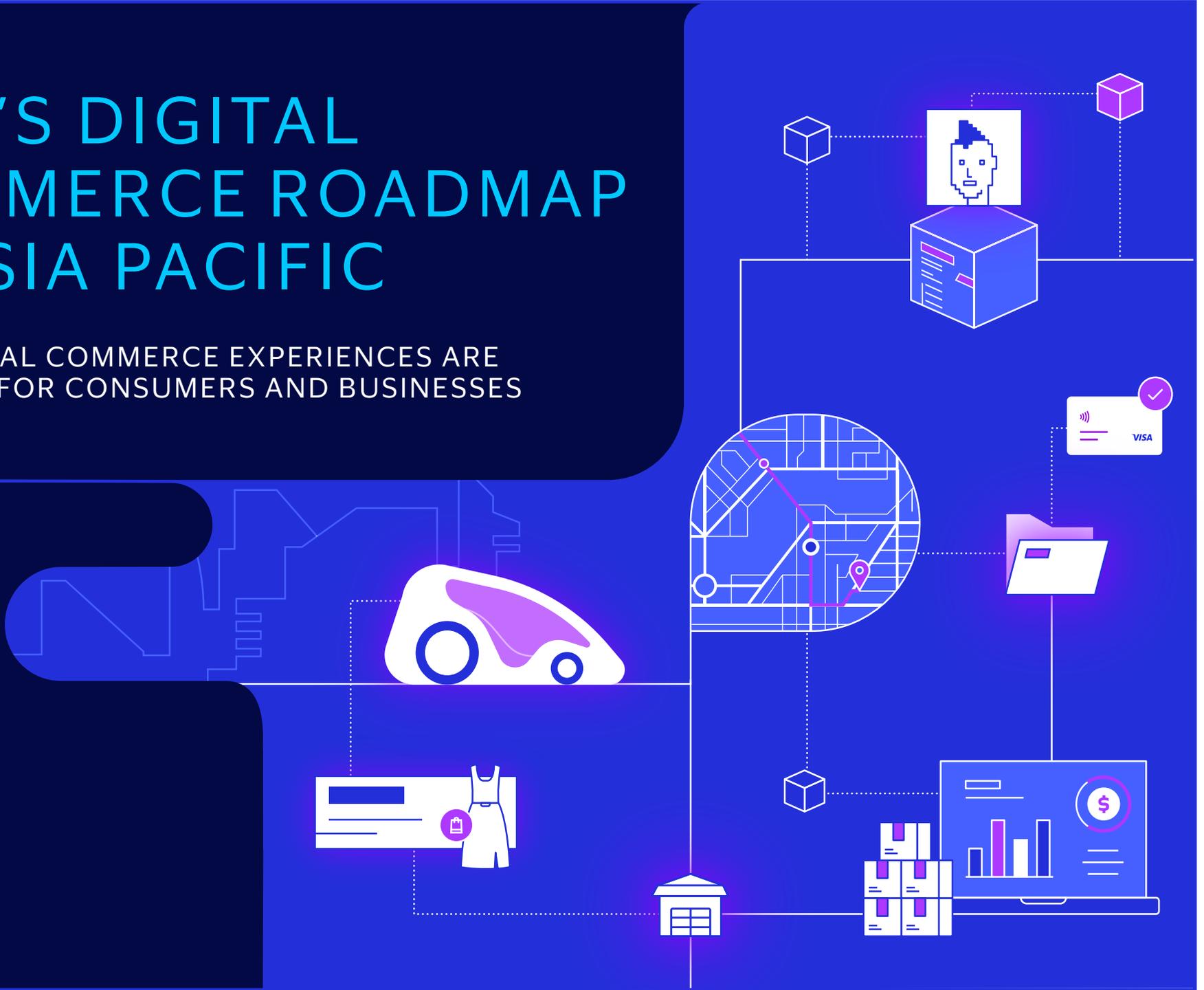


VISA'S DIGITAL COMMERCE ROADMAP IN ASIA PACIFIC

HOW DIGITAL COMMERCE EXPERIENCES ARE
EVOLVING FOR CONSUMERS AND BUSINESSES

VISA



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INTRODUCTION



As a network of networks, Visa has a broad perspective on how commerce is evolving in Asia Pacific across a wide spectrum of stakeholders. Starting with the consumer, expectations for digital commerce have evolved rapidly, and new shopping behaviours that were adopted during the pandemic are now here to stay.

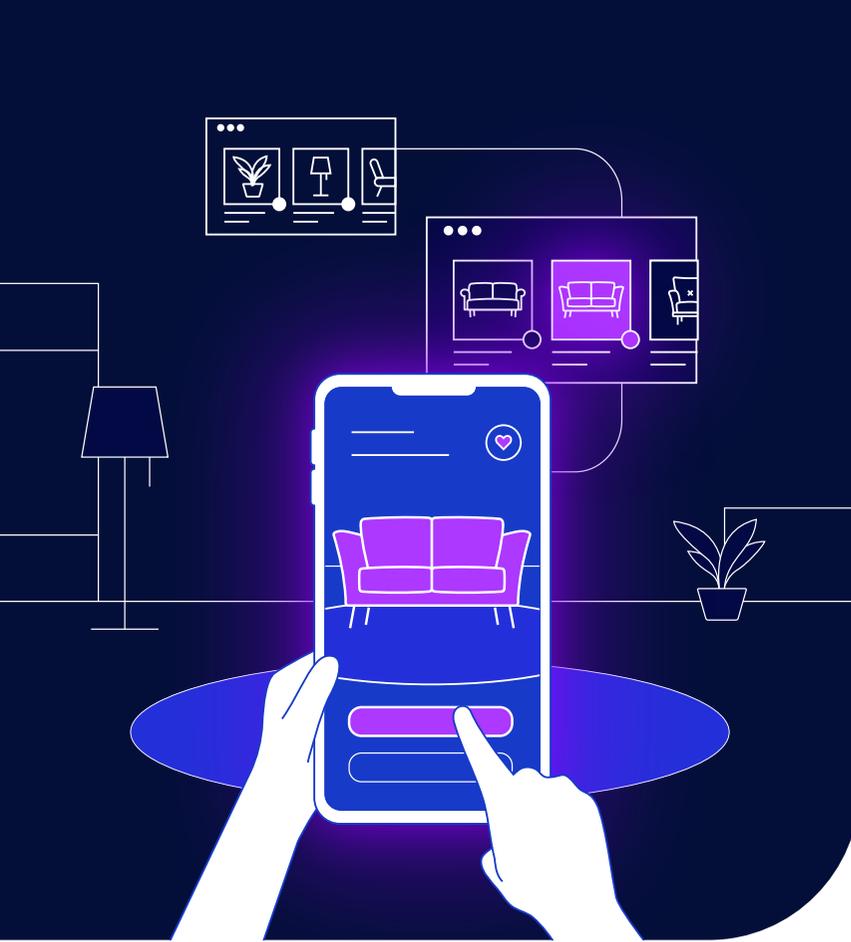
This is creating a new paradigm for businesses, financial institutions, payment networks and other service providers – all of whom aspire to deliver on consumers’ new expectations for a great commerce experience. Our challenges range from how to best cut through the noise and engage with consumers where they are, whether in the real or digital world, to how best to leverage new technology and partnerships to connect customer-facing platforms with back-end operations, so as to maximise sales conversion and efficiency.

Here, we outline Visa’s view on the next horizon in our industry, including the trends we see impacting consumer and business payments and how we can support our network partners in capturing the opportunities these trends present.



UNDERSTANDING THE DIGITAL-FIRST CONSUMER

As consumer preferences and technology evolve at an exponential pace, the challenge is to meet expectations today while continuing to innovate for tomorrow.

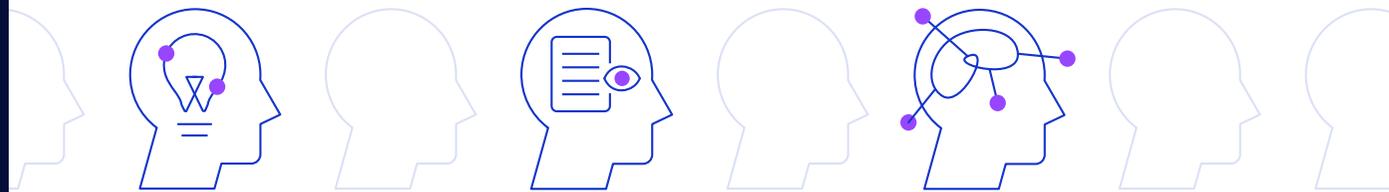


NOW: MEETING TODAY'S BASELINE FOR CONSUMER EXPERIENCES

Stellar User Experience

Consumers already have expectations that extend beyond the mere availability of digital shopping options. Having an eCommerce storefront isn't enough: as a baseline, consumers expect a stellar user experience that is seamless across all channels.

Visa sees three core principles for designing an experience that commands buyers' attention:



INTUITIVE

Reduce cognitive load on buyers through simple, easy-to-understand interfaces

TRANSPARENT

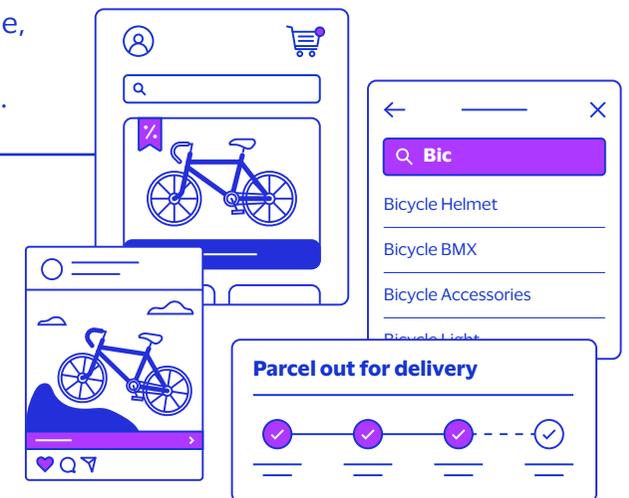
Keep buyers updated and informed throughout their shopping journey

CURATED

Provide choices that fit with individual preferences

Consumers don't just want to shop online, they want to do it effortlessly, without navigating a confusing or clunky process.

Features like hyper-targeted ads, predictive search, frictionless checkout and simple order tracking and rewards are now table stakes. From predictive text search based on key words and recent history, to pre-filling delivery information and granular order tracking, consumers are looking for buying experiences where everything "just happens".



Omni-channel Experience

Expectations are similarly high for omni-channel shopping experiences, where consumers no longer think twice about hopping across online and offline channels throughout their purchasing journey.



In-store Technology

Physical stores are evolving into experience centres, with technology pushing the boundaries of consumer interaction. Some retailers are using smart mirrors and augmented reality enhancements increase engagement and keep customers excited about shopping in-store.



Cross-channel Fulfillment

With diverse lifestyles, consumers also expect choice in how their items are fulfilled – be it clicking and collecting in-store or choosing the exact time they'd like their purchases delivered. Successful businesses that provide excellent fulfillment typically have strong and dynamic back-end technology that integrate both physical and digital experiences, giving consumers choice in how they receive their items.

OFFLINE

ONLINE



Digital Storefronts

More consumers now start their shopping journeys online. Dynamic inventories help consumers discover products and ensure availability.



Flexible Checkout

Consumers demand a swift and seamless checkout experience at any time of day and with their preferred mode of payment, whether it's at the till, in-app, or through instalments. In-store, retailers are experimenting with till-free technology, unmanned self-checkout kiosks, and smart baskets that use RFID tags to automatically add up purchase totals.



Loyalty & Rewards

To turn a one-time shopper into a repeat customer, the post-transaction experience is critical. An effective loyalty engine gives customers a choice in how they are rewarded - whether it's points, offers, or cashback. The rewards experience is increasingly real-time, dynamic, targeted and gamified.

For many of us, the pandemic has accelerated the blurring of our real and digital worlds – and we now expect a similar seamless experience when we shop.

NEXT: STAYING AHEAD OF TOMORROW'S EXPECTATIONS



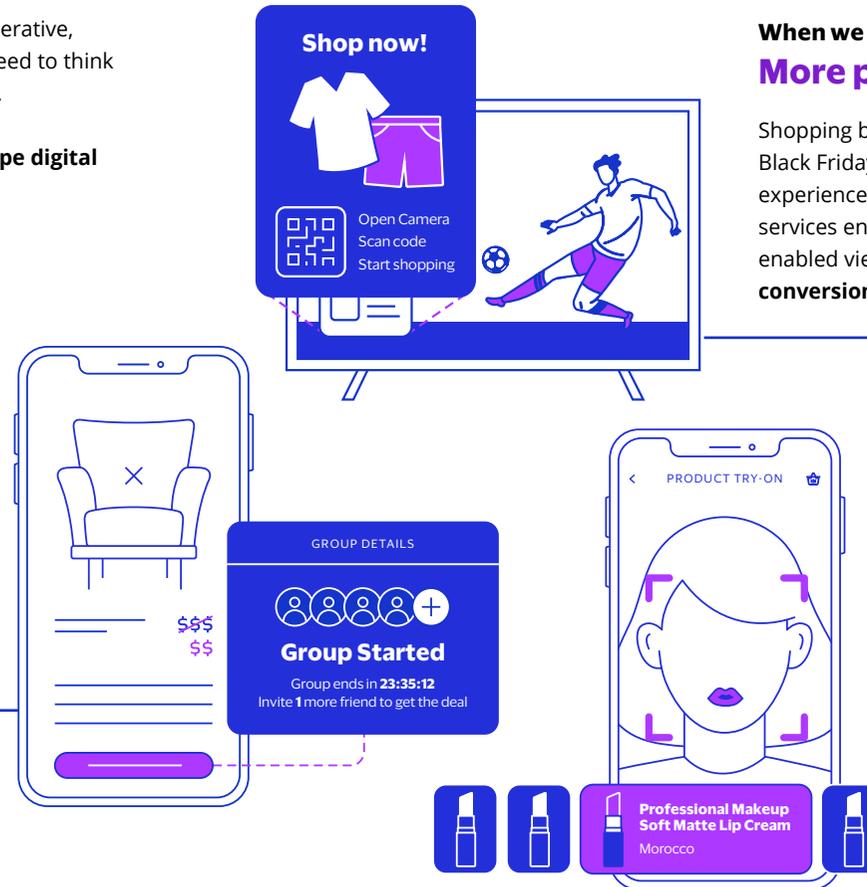
Keeping up with today's baseline expectations is imperative, but the digital world isn't standing still. Businesses need to think ahead and continue adapting as new trends emerge.

Visa sees three macro-level changes that will shape digital commerce tomorrow:

Where we buy More touchpoints

Consumers are shopping across more digital touchpoints, and the purchasing experience is increasingly social and community-led. In Indonesia, a regional shopping platform saw a **200% increase in live-streaming content** hours in a single quarter.¹

Sources: ¹ KR-ASIA, June 2020
² Washington Post, Nov 2019
³ Braze, Jan 2021



When we buy More purchasing moments

Shopping behaviour used to be predictable - Sunday grocery runs, Black Friday sales, lunchtime errands. However, these planned shopping experiences are gradually disappearing. On-demand applications and services enable consumers to purchase in the moment. A TV network that enabled viewers to purchase products in real-time saw **30% higher sales conversion** compared to e-commerce benchmarks.²

What we buy More types of products

New digital buying experiences are emerging as retailers tempt consumers to buy more product categories online. Virtual test drives, filters and try-ons encourage new forms of digital immersion. A cosmetics retailer saw a **48% increase in traffic** after implementing an augmented virtual artist experience, helping customers better match products to their exact skin tones.³

IMPLICATIONS FOR THE FUTURE OF COMMERCE

More touchpoints

Businesses will need to **go beyond omni-channel and be present wherever their consumers** - and their social networks - are in the digital world.

More purchasing moments

Every moment in the day becomes a shopping opportunity. As a result, retail will no longer be purpose-built. Instead, the right offer needs to be presented to consumers at just the **right moment to cut through the noise.**

More types of products

More businesses will innovate on their products' digital attributes, not just the physical, and experiment with new digital-only products such as avatars, skins and NFTs to break into new segments.

A STEP FURTHER INTO THE FUTURE



Where we buy The World as Marketplace

Every digital touchpoint will become an opportunity to buy. As smart devices proliferate, any of them can become a point of sale – such as smart cars that can trigger geo-alerts and help pick up a purchase during your daily commute.



When we buy Ambient Commerce

Data, predictive technologies and seamless automation mean purchases can happen even more effortlessly, as an extension of everyday routines. For example, smart kitchens could keep track of ingredients used while cooking and restock when running out.

What we buy Enter the Metaverse

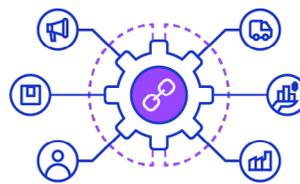
Technology breakthroughs and new forms of digital immersion like the metaverse will redefine the types of goods we own, and the very notion of ownership. Digital consumers will own NFTs for digital assets like art, collectibles and gaming items, for the digital environments they inhabit.

The future of commerce will be fully digital. To succeed, businesses need to adapt and evolve the way they operate, in order to meet the demands of tomorrow's consumers.

DEFINING THE FUTURE FOR DIGITAL-FIRST BUSINESSES

Consumer-led commerce innovation is just one side of the story. New digital breakthroughs are also transforming the way businesses operate, potentially to an even greater extent.

Visa sees the following trends shaping inter- and intra-business operations.

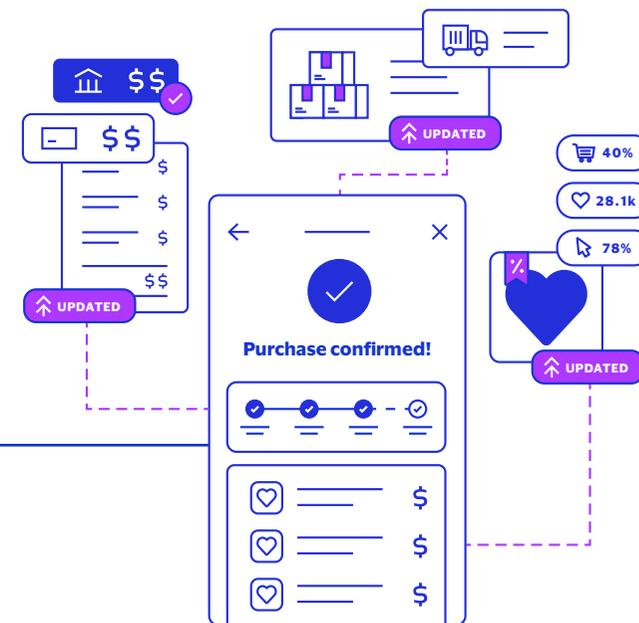


DIGITAL FROM THE GROUND UP

When businesses embark on a digital journey, consumer-facing touchpoints like social media campaigns or eCommerce storefronts tend to receive the digital makeover first. However, piecemeal digital injections are just temporary solves.

Businesses are going beyond front-office functions and are holistically transforming their infrastructure by also upgrading their back-office processes in finance, supply chain, HR, legal, and more.

To reap the benefits of a truly digital business, both front and back-end processes should be connected digitally - and digitising payments is a great place to start.



IMPLICATIONS FOR THE FUTURE OF BUSINESS OPERATIONS

Payments is usually the first step to connecting the digital chain, because payments run across the entire business, from front-end customer touchpoints to supplier invoicing and reconciliation. **By streamlining expenses such as supplier payments and business travel, businesses are able to further optimise their operations and working capital.**



GLOCALISATION OF COMMERCE

Digital commerce has exploded in the recent years, with more customers buying online and demanding faster delivery than ever before. However, traditional supply chains are having trouble keeping up.

It's clear that supply chains of the future must be diversified across global and local channels to withstand breakdowns.

Previously, supply chains were frequently optimised for cost efficiency. However, contingencies are more important than ever before, as the trade-off between resilience and economic efficiencies must be re-evaluated.



IMPLICATIONS FOR THE FUTURE OF BUSINESS OPERATIONS

The first step is to **digitise the supply chain to easily onboard new suppliers and vendors, regardless of where they are.** Once partners are onboarded to the digital systems, payments can be seamlessly conducted across all parties.



NEW ACCESS TO WORKING CAPITAL

While funding is critical for businesses of all sizes to operate and expand, large gaps in the system remain. To meet the growing demands for capital, crowdfunding sources, P2P platforms, and new forms of underwriting are gaining traction to access and grant more flexible credit options.



Visa sees that emerging and traditional funding sources are leveraging new digital data points to supplement existing information to make faster and better credit decisions.

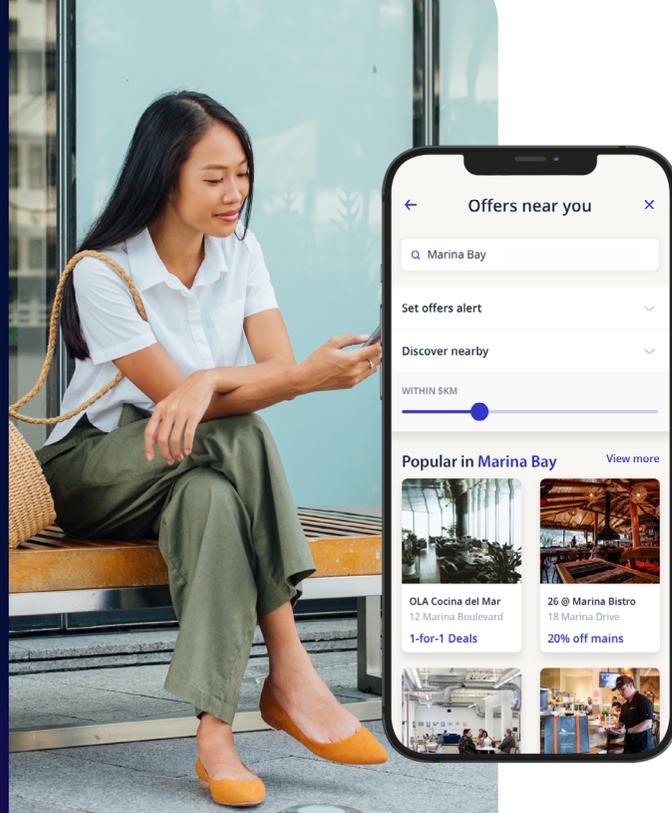
Data and analytics are becoming critical components of lending as predictive credit models leverage new information from third party platforms (e.g. accounting software, merchant platforms) to better score and grant financing to businesses.

To ensure access to this expanding pool of working capital, **businesses should utilise the business data that has been gathered from their digital chain** (payments, supply chain, marketing, etc.) to **pinpoint areas of growth, and access working capital in new ways.**

HOW VISA CAN HELP

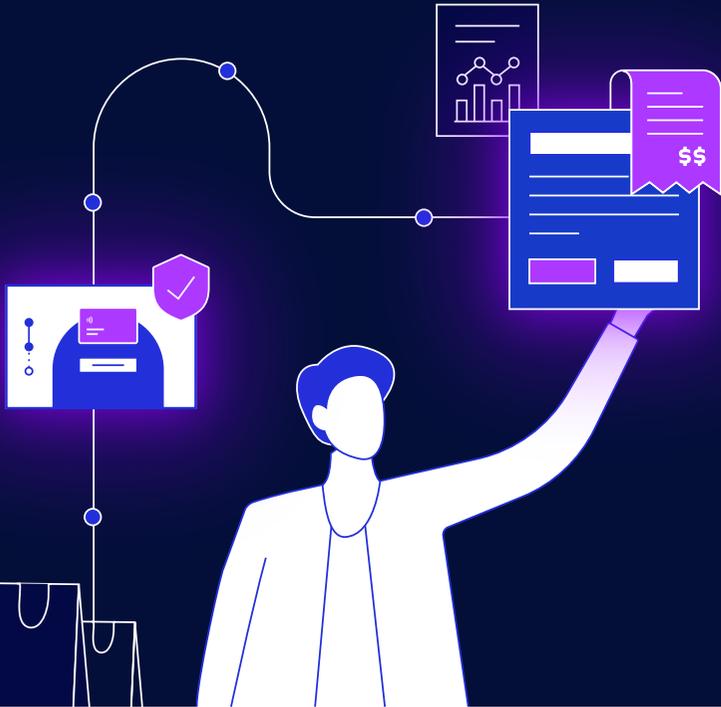
Visa offers a range of products and solutions for our partners to capitalise on emerging digital trends.

We see these opportunities focused on four categories.



ENGAGING CUSTOMERS

As expectations for commerce experiences continue to rise, hyper-targeted engagement across the customer journey will become baseline, powered by open data and networked solutions. Leveraging rich data and insights as well as collaborating with partners will be central in providing tailored, highly engaging experiences for customers. Whether it's the ability to pay by instalments or delivering personalised, prioritised offers to cardholders based on their spend patterns, Visa can enable an experience that's **tailored for and relevant to the right person at the right time.**



PAYMENTS

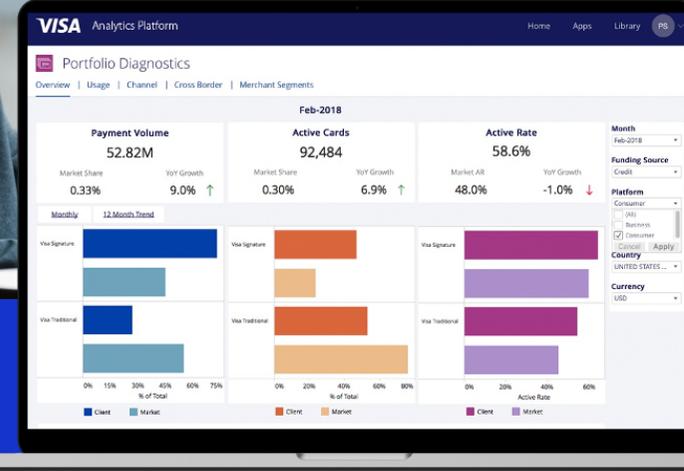
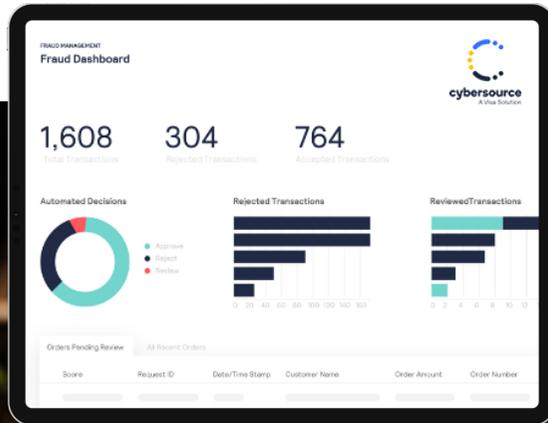
A core enabler of any commerce experience is the payment. As the number of places where people shop expands and flexibility becomes the norm, interoperable, embedded and ubiquitous payments will be the expectation at every checkout. With Visa, businesses can reduce the amount of time it takes to start accepting digital payments with Rapid Seller Onboarding, or pay suppliers who don't accept card payments through our Business Payment Solution Providers. We're also developing **solutions to support the changing nature of money itself.** Visa has been working with our partners to **develop digital currency capabilities** that cut across investing in digital assets, paying with digital currency and even earning new digital rewards like NFTs or other digital goods.





RISK & (CYBER)SECURITY

As technology evolves, security has to keep pace. Fraud management will need to be nimble, adapting to the ever-changing landscape and leverage smart processing and analytics to manage risk and fraud effectively. Cybersource fraud management tools leverage Visa data and machine learning to aid intelligent automated fraud decisioning and enable more accurate fraud risk protection, reducing checkout friction. As an industry, we must also **holistically close gaps in the ecosystem** by **increasing the adoption of tokens** and **improving authentication rates**.



DATA AND INSIGHTS

As more shoppers go digital, data will be a key component in enabling superior digital experiences. Transparency, security, privacy and consent will be pre-requisites for data collection and usage – allowing for a more open and collaborative data ecosystem that puts the user at the forefront. Visa Spend Clarity and Visa Analytics Platform can help our partners understand payments data and use it to optimise their consumer and B2B offerings. These data can subsequently be inputs for credit scoring models, leading to more seamless access to working capital funding. Visa also offers **advisory and consulting services**, from designing and developing new solutions to identifying recommendations to **drive better business decisions**.

These are just a few examples of how Visa's products and solutions are evolving. For more information on Visa's digital commerce roadmap, please contact your account representative.

VISA everywhere
you want to be